

“Little Village Syndrome”

Excerpt from forthcoming book:

Beyond Business

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Little Village Syndrome

Small businesses can be like lush tropical villages protected by mountains and water that keep the outside world outside. Inhabiting the village is a pleasant experience. Life is good, comfortable and familiar. Natives get along well, save for an occasional argument undertaken in a context of security and trust. Every inhabitant has their own safe place in the village. Over a period of decades villagers learn their roles. Special rituals are performed. When the history of the village is told, it is clear that unique behaviors have become accepted as keys to group success. People do the things that have always worked in the past. Villagers do not compare themselves to other villages they have heard about. What would be the point in that, they wonder incredulously. Their village is special, better and unique. Villagers know in their hearts that there truly is nothing to compare themselves to. It is hard work to maintain the village's prosperity and happiness. The inhabitants have not taken the time to look out into the world. This inward focus is the natural order, as opposed to a character flaw or risky behavior.

It is easy to spot a "little village" company. First, the people working there are happy. Unhappy people leave the village, not the happy ones. Second, in many cases, people have lived their whole working life in their village. Third, they have a great deal of pride in their accomplishments. If the village was not an admirable place to be, villagers would go elsewhere. Fourth, when I ask their leaders about their competition, they believe that their product or service is so great, special, or unique, or that their customers are so well loved, appreciated and catered to, that they do not actually have any competition, in the conventional sense of the word. At first the only plausible explanation for these circumstances

must be that the village has no newspapers, cable TV or reliable high-speed Internet connections. If they did, more of the outside world would have permeated their borders.

When we identify a company with Little Village Syndrome, we begin to gently push the villagers out into the world, and ask them to bring back information. We ask them to shop their competition and discover the practices of other people in other villages, towns, cities and countries. We point out that if you are not an expert in your segment or industry, you are going to have a hard time making the most of your opportunities.

Often villagers do not want to spend the money or take the time to travel to foreign lands and learn the ways of other cultures. They would rather do what they have always done successfully: stay home and tend to business... When we spot one of these companies, we use every chance to get them out to trade and neighborhood associations, industry conventions and seminars. The result is a new-found understanding of competition, possibilities, and potential. As people explore beyond their village, improvements become easier and more frequent.

At many of our restaurant company clients, we expect each manager to dine with the competition once a month and document their findings. We pay the expense of going out on a date with their spouse, significant other, friend, or co-worker. Those findings are shared with their peers. Since there is paperwork involved, we often have to push people to do this. A knowledge base is developed, stimulating the group to embark on new programs and products. People experience the excitement of being in an industry and a profession. They learn both to innovate and to steal ideas.

Even companies that are integrated into the outside world and are far away from Little Village Syndrome tend to underestimate the depth and breadth of their competition. Every

business person ought to know as much as can be known about their competition. They ought to spend as little time as possible figuring out something that another company has already mastered.

Oscar Sanchez was born in his family's village, their world of business and family relationships connected to their restaurants. In 1981, when he was six, his parents opened their first restaurant. La Calle Doce is in a converted house on Twelfth Street, in their Oak Cliff neighborhood. C12, as we call it in shorthand, was the first Mexican seafood restaurant in Dallas. The family patriarch, Oscar Sr., had previously managed restaurants for others. His wife, Laura, had worked in restaurants in a number of service positions.

When Oscar was eight, his parents opened El Ranchito a few blocks from La Calle Doce. This Mexican steakhouse featuring the cuisine of Northern Mexico was housed in a former barbecue restaurant. It is located on Jefferson Avenue, which was to become the city's "main street" for its Hispanic community. The restaurants were run by his parents, aunts, uncles and their spouses. That group pulled together, worked hard, and became successful, to the point where their operations were the most popular restaurants targeted to Hispanic diners in the Dallas-Ft. Worth area. The day was not far off when Hispanics would be the majority of the population in North Texas. These restaurants were becoming a big deal in the community.

As he grew up, Oscar appreciated the village and all it provided for his family. He knew one other thing about the restaurants: he did not want to work in them. Oscar looked at the proverbial mountains and water surrounding his village and pined for mountain climbing gear, or a boat. He was an arts student who loved to play jazz guitar. A deep thinker and also a lover of life, Oscar was just as at home having fun playing basketball with his friends in the

neighborhood as he was contemplating a complex book on philosophy or politics and reflecting on its message.

Oscar became the first member of his family to graduate from university, earning a degree in Economics at the University of Texas. He studied in Austin, two hundred miles away from the village of his birth. He did not have a plan of what to do with the rest of his life. The prospect of taking some time off and maybe traveling around Europe looked like an appealing option. That made his pulse race.

Then fate intervened. In 1997, Oscar Sr. had a heart attack and died on the family's ranch near Monterrey, Mexico. Laura, a brilliant businesswoman in her own right and an honors graduate of the old school, was left to run the company by herself and deal with her grief. She had become a widow at forty-six. Oscar Jr. was called home to partner with his mother and operate the company. There would be no year off touring Europe with a backpack and a guitar case. It was back to the village for Oscar.

It took him a while to find his role. Was he going to be a restaurant manager, or take on projects? Should he go into the office and concentrate on improving the whole company, or spend his time looking at the numbers? He researched and observed the restaurant industry and saw how it was consolidating and becoming increasingly controlled by bigger companies. He factored in the projected population growth of Hispanics in America, and he realized that if it was tended to properly, the family business could grow beyond his parents' dreams and be a major success. His dream was to build 50 restaurants around the country catering to Hispanics in their adopted neighborhoods, the local equivalents of Oak Cliff. If he was going to realize his dream, he had to upgrade the company's operations.

Oscar felt that no one in the family was listening to him. Perhaps they saw him as their nephew or son, focusing on the memories of the child they had nicknamed “Carin,” since Oscar was a man’s name and did not fit a little boy. He was a man now, and they were still calling him Carin. Maybe they just could not see over the mountains and across the water that surrounded their village.

I met Oscar and Laura through a mutual friend. At first, I did not know what to make of this mother/son team. Oscar described his frustration at his failure to persuade his aunts and uncles who managed the restaurants that things could be better. I saw a big-picture thinker who did not want to give up. Laura uncharacteristically did not say much, except to talk about her brothers’ and sisters’ loyalty to her company. I knew we could assist Oscar in discovering the potential for his family’s company. Whether we could persuade everyone to go along was something we were going to have to find out along the way.

Out of love for her son, and a desire not to “clip his wings,” Laura agreed to go forward with Surrender. This was a huge step for her. During the first year she listened to us, tolerated us and balanced our words with the history of her village. About a year into the program, Laura kicked into high gear. Then she led us in enhancing and updating her company. She had started to see results and realized her son’s grand vision was not just a dream, it was a possibility. We spent our time taking people over the mountain and to the other side of the water. When they did not want to go, sometimes we persuaded them, sometimes Laura dragged them, and sometimes she pushed them in her old-school style.

Oscar was now Operations Director of the company, supervising the managers who had bounced him on their knee when he was pre-verbal. He applied his natural propensity for future-oriented strategy to the business. His relatives thought that was something he had

learned in college. In truth, it came naturally to him. What he did learn in college was his way around a spreadsheet and financial statement. Developing strategy and understanding numbers was a powerful combination.

As decisions were made to improve the company, some of the villagers put up barriers. Things had been so good for so long that they did not understand the reason for change. People wondered if they were being criticized for “doing things wrong all these years.” From the customer’s point of view, they argued, the restaurants were already great. Behind the scenes though, it was clear that many of the sophisticated advances the restaurant industry had undergone since the Sanchez family first opened their doors in the early ’80s had not been applied to their operations. No one had gotten out of the village and imported these techniques. People were suspicious that there were ulterior or personal motives behind the desire for change and improvement. Many of the villagers were reticent about our so-called enhancement of their company. Oscar’s grandmother was concerned that I was a spy who was going to steal recipes and open my own restaurant.

This was a complex family puzzle that Laura and Oscar navigated skillfully. Little by little they won people over, a role I was accustomed to taking in our projects. But in this case, the enrollment had to come from a family member. Purchasing, plate presentation, cost control and service all improved, and profits increased. Laura’s commitment to continue moving forward, backed by these results, fostered buy-in. We asked the villagers to shop their competition and learn how they could improve by comparing other operations to their own. We took them to restaurant trade shows to give them a sense of the expansive industry they were a part of. The mountain range and the big body of water that surrounded and protected

the village started to look like links to the outside world, to be utilized for improvements to the village.

Every aspect of the company was upgraded. Oscar led with his typical smile and a sparkle in his eye that would turn to an upwards rolling of both eyes and a shake of the head when people did not perform as expected. He was energized, and his commitment to moving forward became a crusade he knew he would never give up. We imported the best practices of successful restaurant companies all around America into the Sanchez family restaurants, through pre-shift meetings, manager meetings, cost control, statement review, budgets and business plans. The food was already great, and customers were already happy. We knew we could do even better in categories ranging from food presentation to server training.

One thing we did not change was management style. Laura, a strong, charismatic and inspirational leader who everyone around her learned from, was going to stay old school. There is a lot of laughter in Laura's world, much of it self-deprecating, but also an expectation that people would do what they were told, and not make excuses. More people were taking initiative, and all levels of management were learning and growing. She continued to lead in the matriarchal way that had worked for her from the start. We respected the fact that participative democracy was not going to replace the natural order in her family.

Oscar was becoming an influential leader of his family. Under this leadership, the village had taken its place in the world. The combination of his foresight and thoughtfulness along with his mother's orientation towards action made for a dynamic duo. Plans were being made for the expansion of the company.

Then fate struck again. On January 18, 2005, Oscar was on his way to his office to meet Laura and me to review financial statements and develop strategy for including investors

in a future restaurant. We were planning to break at lunch and look at a potential location for another El Ranchito.

Oscar never made it. He was kidnapped two blocks from his home. Later that day, he was killed. We spent ten excruciating days with his fate unclear until his body was located. Everyone connected with Oscar was bereft. I still have a touch of disbelief that my client and friend is gone. After Oscar's funeral, his Uncle Juan made a statement on behalf of the Sanchez family, reminding the world, "We will never forget Oscar." There are so many memories, personal and professional. He was the golden boy of the Sanchez family, a son, husband, father and nephew. He left behind a wide circle of friends and many tales of compassion, concern, hilarity and adventure.

Laura will carry on with her own dream of growing her business. It is more modest than her son's drive to own fifty restaurants. He is no longer physically here, so Oscar's work will be done by those who remain. Oscar had left the village, seen the outside world, and was no longer content with village life. He would go on to open new possibilities for his company. His family will never be the same. They will resist the periodic appeal of going back to the old ways. As excruciating as it is for a whole family to go back to work after such a deplorable loss, when they did go back to work, Laura observed that everyone was focused and performing at the level Oscar had expected. They heard his voice.

Oscar Sanchez was many wonderful things beyond the scope of a business book, but one is that he was an example to us all of how to ignore the barriers of imagined mountains and water surrounding our village. We get out into the world, participate and move forward. We will never forget him.

It is not only family business that can have Little Village Syndrome. It is generally accepted that it is great to grow from within by promoting people who have started in line positions, become management trainees and finally managers. Employees who want to stay and be rewarded for doing so is one sign of a good company. Team members have a sense that, if they contribute and show initiative and a willingness to learn, there is opportunity to be had. In life, we learn that when you make an absolute statement you are likely to see the exception later. There is always an exception to the rule. Companies that exclusively promote from within can get Little Village Syndrome. That slows them down. Just as we suggest mixing up different personalities and work styles, we also suggest it is important to bring in outsiders who have been trained elsewhere, so that the gene pool remains vibrant and strong. Outsiders bring with them a different perspective. They have the knowledge that has already been worked out, tried and perfected when conquering challenges. Whatever issues you may be facing in your organization, I guarantee that the solution has been invented at another company. When there are people in your company from the outside world who have already seen the solution, they save you time, energy and effort.

This philosophy can be a hard sell internally. It appears to reduce opportunities for the people who have already worked their way up from line employee to management trainee, and are about to be promoted into management. They may be unhappy and feel betrayed if an outsider gets “their job.” We recommend you sell hard, and explain these principles and how they benefit everyone on the inside to receive their buy-in. When you make that hire from the outside you have got to stay strong, consistent and supportive. I have seen management teams turn on an outsider like ideological opponents at a political convention, undermining

them and literally driving them out of a company when senior management failed to get the buy-in, and then wavered in support once an outsider was hired.

The new manager from another company is not going to have the rich heritage in the company and know the culture, policies and procedures with the depth of someone who has come up through the ranks. But instead they are going to bring experience of the world that they will put to work for everyone's benefit. Collaboration of insiders and outsiders creates strength and a gene pool with the versatility to handle whatever comes its way. The best companies look at candidates from the inside and the outside when a position is open, and make sure that they periodically bring in outsiders.