



LOUIS B. BARNES

Sorelle Bakery and Cafe

More than 40 years ago when she was a young bride, Sabina Donato confided to the casewriter, she had a dream of owning a restaurant. Sabina had always loved cooking and was intrigued by the idea of working in a professional kitchen. But it wasn't until two of their five daughters, Joan and Susan, asked Sabina and her husband Joseph to invest in the bakery-cafe the two had been planning for two years that the opportunity to fulfill Sabina's dream finally arose.

Sabina and Joseph were second generation Italians with a strong sense of family obligations. They had raised their daughters amidst the food cases and milk crates of Joseph's parents corner store where they unhappily worked six days a week. They understood the commitment of owning a business. Sabina didn't think her daughters understood this, nor was she even sure that they fully understood her strong sense of family loyalty. "But we figured, they were all set on it, and well, give it a chance." Both daughters had been interested in the food business for some years. Joan, the oldest at 33, although majoring in psychology at Berkeley had also taken many courses in Restaurant and Hotel Management there and had worked as a cook in several restaurants. Susan, at 31, had studied cooking in Paris, was a registered dietician, and served as a pastry chef at one of San Francisco's better restaurants.

And so the parents bestowed their blessing and invested their savings in the venture, called Sorelle, (So-rel-la) which means sisters in Italian. In order to further finance the restaurant, Joan put together a business plan and with her husband, Edward, took out a bank loan with their house as collateral. Edward also subcontracted out the renovation work that needed to be done on the small building they bought. Susan kept her job as pastry chef in order to make ends meet until shortly before Sorelle opened at which time she was paid from family funds until enough money became available to pay her out of the restaurant's earnings.

Description

Sorelle Bakery & Cafe was located on the corner of two well-travelled streets in an historic neighborhood of San Francisco. The neighborhood, covering one square mile, was cut off from the rest of the city by bridges and the harbor. Outsiders tended to not know much about the area unless they had some good reason to find themselves there. Joan, who had lived in the neighborhood for almost ten years, had faith in her vision that the captive audience could and would support them. The neighborhood was gentrifying and there was no gathering place for newcomers before Sorelle opened in March and filled the void.

Research Associate Joanne Massaro prepared this case under the supervision of Professor Louis B. Barnes. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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The shop had a quirky wedge shape that was used to advantage in the design. The result was comfortably-scaled, compact and efficient. It was open Tuesday through Saturday from 7:00 A.M. until 6:00 P.M. and on Sunday mornings. Entering the shop, a customer felt like an expected guest, greeted with the sight and scents of plates and bowls of delicious-looking food. About 70% of the business was takeout, and the place was bright and shining clean. There was a counter and several small tables, and a courtyard out back for added seating in the warm weather. The kitchen was open to view from the counter so the cooks were often engaged in conversation with customers about the weather or the food. Music, laughter and banter filled the air. Eighty percent of the customers were regulars. They were usually waited on by Sabina or one of the sisters. "We knew everyone by name. It was like we were all family," said Sabina. Within its first year, Sorelle received local fame in the San Francisco Chronicle's "Hit of the Week" food section as one of two "hands down winners" for its "scrumptious poppy seed scones with bits of orange zest, topped with a thin orange glaze." Several months later, another paper, in an article called Cheap Eats, described Sorelle an "Obscure Haunt Worth Tracking Down." The article went on to say:

At Sorelle Bakery and Cafe, there is seating for about a dozen persons and parking for absolutely nobody. You need a bloodhound to find the place. The menu is limited, and the daily specials always seem to be gone before the chalk dust has settled on the blackboard,

So why bother?

For a calzone to kill for, that's why. For luscious pizza that makes the sub shop variety taste like roofing shingles. For muffins that have the neighbors scleeping up the front steps before the sun peaks over the roof tops. And more.

But that was out front, on stage. Sabina knew this was only part of the story. It was real, but so was the drama unfolding between the sisters. "Some days it was tough going in to work. As much as I liked being there, I knew what was going to happen. Susan's moods would set the pace for the kitchen and, really, the whole shop. Everyone would be walking on eggshells waiting for the other shoe to drop." She was concerned that if things didn't get better the business would eventually be hurt.

Sabina's Story

How had it happened? Looking back over the first six months, Sabina tried to make sense of the clues. "Susan was never as excited about the business as Joan. She didn't have her heart in it, and didn't own quite as much stock. It was Joan who set up the business and ran it. She was at a point in her life where she had something to prove. And this was going to be it. Susan felt like Joan had dragged her into it."

Joan, the older sister by two years, was married and had two young daughters. Susan was single. Despite conflicts growing up, as adults, the sisters had been best friends. Susan was the godmother of Joan's oldest daughter. "I thought they had a good relationship but right after we opened I knew we were in for trouble."

Susan ran the kitchen and Joan, the front. The original plan had included Joan doing some cooking in the afternoons. But shortly after opening, this became unrealistic for Joan who found managing the business end of the restaurant and working the counter as much as she could handle. Susan resented this reversal although she admitted to being relieved to get the inefficient cook/Joan out of her kitchen. She felt she was left with all the hard and dirty work and Joan got to keep her hands clean. "It was true," Sabina said to the casewriter. "Susan did more physical work. But they were two different jobs. You couldn't compare them. Susan could never understand that."

At first, Susan had asked Sabina to work one or two days per week "because otherwise there would be too much family. But then after we opened, I was there almost every day, or as much as they could get me!" Sabina laughed. The business was labor-intensive and it was growing at an unexpected rate. The kitchen staff of three was quickly overwhelmed. "Susan was so creative with food. She really knew what she was doing. Customers loved all the wonderful things she would make. I think it was too much for her, though. She saw all that had to get done and she knew if she didn't do it, no one would. She was tired. She got up at 3:00 am and worked 'til 3 or 4 in the afternoon. After she would do all this work, she'd still have to clean the kitchen. Get down on her hands and knees and scrape the floor. Then she'd see Joan talking on the phone or laughing with a customer, but I didn't feel that I could say anything."

Joan loved the interaction with the customers. Her background and interest in psychology made these daily encounters with the same people interesting and meaningful. Customers responded with loyalty. "People like to be recognized. They shop where they feel comfortable." In this way she was much like Sabina. Both of them dealt easily with difficult customers who would send Susan back to the kitchen rolling her eyes, unable to hide her impatience.

Joan's long days also put strain on her marriage and family life. Sabina empathized and did what she could to help Joan make time for her children who came often to visit the shop with their babysitter or friends. Joan's husband Edward helped out too, working Sundays and whenever needed, so that Joan could be home more with the girls.

The favorable press reviews and new customers continued to come in. Everyone was excited by these events, but the kitchen found the increased business a burden. Susan especially felt pressure to keep up the quality and the creativity. But for the front, "it was very frustrating to take an order and then have to go out back and just about have to beg someone to bake a cake and write on it. Sometimes it felt like they (kitchen staff) thought they were doing the customers a favor."

After several months things got a little better for Susan when additional support staff were hired for the kitchen. But a pattern had been set. When she felt pressure, she would find fault with whoever was in her path. "Occasionally I would have to tell her to back off and cut it out. Then she would calm down. But often when she was in one of those moods, it was best to just leave her alone and she would come out of it on her own," said Sabina. Joan tried to appease Susan, but couldn't. She would try to get Susan to talk about what was bothering her or even to seek some outside counselling help jointly or separately. That only made the situation worse as Susan referred to Joan's efforts as "psychobabble."

Sabina understood and wanted to bridge the growing gap between the sisters by trying to play mediator, shuttling back and forth between the kitchen and the front. She did whatever tasks each daughter needed and used the time to try to explain one to the other. But her efforts only made each sister angrier, as each felt Sabina was taking sides. "So I did what else I could to make things better. I would stop after work for food specials so they could save money. I did the laundry so they didn't have to send it out."

During the first six months, Sabina seldom saw the sisters sit down together. Most of their interactions happened in the kitchen when Joan would have to ask Susan something that only Susan could answer. To Sabina it seemed that Susan ignored Joan whenever she could. But when it got very busy out front, Susan would always jump in, seeming to enjoy the opportunity to mingle with the customers. Then the sisters would joke with each other, and Sabina could feel the tension melting in the shared activity.

The deteriorating relationship between the sisters began to affect the rest of the staff. Sabina noticed that the kitchen was becoming more estranged from the front. Breaks were scheduled that precluded mixing. It reached a low point that first summer when a going away party for a cook excluded Sabina

and Joan. Sabina did talk with Joseph about her frustrations at work. She didn't expect him to do anything, just to act as a sounding board. His role in the business had been one of support from a distance. "He didn't want to get caught up in it. He had gone through so much family difficulty with his parents' store and he wouldn't do that again." He helped by picking Sabina up everyday after work, often sitting patiently in the restaurant, with his hat still on, while she "finished up just one more thing" before driving home through rush hour traffic. "Even though he liked to complain about the traffic and the waiting, he really loved the shop. He was secretly very proud of the girls."

Sabina was proud, too, of the business she was helping her daughters create. She was an important part of it. She was in her element when she was dealing with customers or making one of her specialties in the kitchen. She enjoyed the joking and camaraderie that accompanied a busy lunch when the shop would be filled with regulars and the entire staff would be waiting on the crowd. This is the image she reflected back on as she tried to understand why her daughters' partnership wasn't working. With her strong sense of family responsibility, Sabina was still at a loss for what more she could do to help make it better and save the business.

As the tension continued to build in Sorelle, Joan and Susan could not be in the kitchen together without sparks flying. Everyone was at the edge of their physical endurance. By October, as the business continued its success with new press reviews and customers, the holiday season with all its potential -- and even more tension -- was looming ahead. Sabina felt some sense of relief when Maria, a friend of the sisters, their business adviser and a minor stockholder, called a board meeting to air out the situation. The meeting was held in Maria's office. Present were Joan and Susan; Sabina and Joseph, their parents; Edward, Joan's husband; Pam, one of the cooks and Susan's best friend; and Maria.

The chairs were arranged in a haphazard circle. Sabina could see Joan sitting against the wall, looking down, intently drawing on a paper in front of her. Susan was also within Sabina's view, but out of Joan's. Sabina could feel the tension between the sisters. Maria was the first to break the uncomfortable silence that filled the room. She began to talk about the rapid success of the business as well as the toll it was taking. Susan, who had been nervously sitting forward, couldn't contain herself any longer. "We all know why we're here. It's about me. I'm exhausted and I'm miserable. I can't take anymore. I'm quitting. I'll stay 'til you can find someone to replace me, but not beyond March." Sabina broke into tears with this pronouncement while Joan sat quietly, holding herself, saying nothing.