

GLENN BUTLER

Professional Experience

STREAMLINE BUSINESS SYSTEMS, Burrington, Rhode Island

Co-Owner and VP of Systems Development (November 1980 to present)

Responsible for:

- Design and development of software programs and computer code.
- Customer technical support.
- Technical support of sales and marketing.

STRATUS COMPUTER, Marlborough, Massachusetts

Computer Software Engineer (June 1990 to November 1992)

Responsible for:

- UNIX development.
- Designing user interfaces.
- Coordinating user support services.

Education

Worcester Polytechnic Institute, Worcester, Massachusetts

Graduated with high distinction in May 1989—BS Electrical Engineering

References available upon request.

## 2 SCOTT TOMPKINS

At the beginning of April 1987, two students walked into Professor Ron Ditchin's office at Bessemer College and introduced themselves. They were Scott Tompkins and Rachel Waller. Scott's friends had suggested that he should talk to Ron Ditchin about his ideas for opening a travel agency on the Bessemer campus. Ron invited them to share their ideas with him.

Over the next three weeks, Ron discussed the new business idea with Scott on several occasions. Scott's enthusiasm seemed boundless. However, Scott's father and mother were somewhat less than enthusiastic. Scott's father had expressed his concerns in a letter to Ron (see Exhibit 2.1). After Ron read the letter, he wondered how he should handle the situation. He also mused over his new sedate life as an academic.

### BESSEMER COLLEGE

Bessemer College was an increasingly well-known western business school with approximately 1,500 undergraduates, 250 full-time MBA students, and 1,300 part-time MBA students. There were about 100 full-time faculty members. It was in Hillsborough, California, about 15 miles from San Francisco. Burrows rated it as highly competitive. Students at Bessemer could major in entrepreneurial studies as well as traditional subjects. Bessemer College had a worldwide reputation as a leading school in entrepreneurship education and research. Its entrepreneurial studies group had five full-time faculty members.

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**EXHIBIT 2.1 Robert Tompkins letter of concern.**

April 30, 1987

Professor Ronald C. Ditchin  
Bessemer College  
Hillsborough, CA 92126

**CONFIDENTIAL**

Dear Professor Ditchin:

Thank you for the interest, support, encouragement, and advice that you have given Scott in his pursuit of becoming an entrepreneur.

I am very proud of Scott. He has grown from an average high school student to an outstanding college student who tackles his studies with vigor. It was not long ago that Scott headed to step into a library. Now, he not only spends hours in the Bessemer library, but in the search for data on any area that interests him, he visits Stanford and Berkeley libraries.

Scott got a job with Bear Stearns in Boston last summer that was eagerly sought by many other students. He did such a good job that the manager of the San Francisco office of Bear Stearns heard about him and called him to work part time in the San Francisco office to set up cost control systems for their office.

Last fall, I suggested to Scott that it would be a good practical experience to try setting up a small business. He worked on a program of providing client investment analysis for stock brokers but dropped that after finding that a few brokers were not receptive.

During a discussion at home during the Christmas break, an on-campus travel agency was suggested. Scott pursued this by talking to you and other professors and found out about the travel agency business plan put together by graduate students.

Scott claims that you told him that the plan was viable, that by pushing the administration, they could get office space in Fenn Hall, that it was possible for them to raise venture capital to finance the operation, and they should be able to get some of Bessemer's business by pushing Jerry Kyoto. Now, Scott is all fired up and totally committed. He put out a survey and within two days, he has received over 400 responses. Needless to say, he is excited. Then he calls me this morning all upset. He got a C in last week's Economics test. This business is interfering with his studies and that is a big problem.

I think it is great to help and encourage students to start businesses. However, there should be a policy to strictly limit the scope of any such business so it should not interfere with a student's studies. Secondly, the emphasis on starting a business should be first on gaining the experience of creating a viable business plan and more important, the actual start-up and operation of the business.

The extent of Scott's work on this project has been to read several books and to conduct the survey. He has got the names of several Bessemer alumni in the travel business in the San Francisco area.

I have raised the following questions and suggestions to which Scott responds that I am negative and not supportive:

1. Have you discussed your idea with any people in the travel business? (He has never been in a travel agency.)
2. How are you going to operate a full-fledged business and go to school? (He is going to hire a full-time professional manager to run the business.)
3. Why don't you limit the scope of the business to something you can reasonably handle while going to school, like starting with only airline tickets? (No answer.)

**EXHIBIT 2.1 (Continued)**

4. Why don't you talk to Bessemer alumni in the travel business about your opening a satellite operation on campus in affiliation with them? (No answer.)

5. How are you going to handle the financing of the business? (Venture capital.)

Scott is under the impression that you have encouraged him to go full speed ahead and he is smart and determined and unrealistic and he will succeed, but now is not the time.

He is talking of staying at Bessemer for the summer, going to summer school, and working on the plan. I asked where he was going to get the money to pay for summer school and housing? He doesn't know. And how is he going to replace the \$3,500 that he can make on his summer job that is needed for school expenses? (No answer.)

Enough of a rambling father. What I would like you to do is speak to Scott. Tell him that we had a good discussion and as a result, you would advise him to go home for the summer, work on the business plan, complete all the research (in particular, talk to people in the travel business), and work at Bear Stearns or at a travel agency in Boston. And tell him that he can always speak to you on the phone if he wants to discuss the business plan and that he should get some rest and relaxation during the summer and return to school in the fall with a clear head, a tan, and a complete business plan.

Thank you for your cooperation.

Yours truly,

Robert Tompkins

**Professor Ron Ditchin**

Ron Ditchin joined Bessemer in the fall of 1985 as a visiting associate professor. A brief biographical sketch is shown in Exhibit 2.2. As well as teaching three entrepreneurship courses each semester (a normal teaching load at Bessemer), Ron was also the academic coordinator of the entrepreneurial studies program, the faculty advisor to the Bessemer Entrepreneurial Exchange, and an active scholar specializing in venture capital. After his first semester at Bessemer, he was asked to stay, so he resigned from Hayward College, where he had been a tenure-track associate professor.

In his first 18 months at Bessemer, he published three articles in refereed journals; he presented competitive papers at two national meetings; he presented two invited review papers; he was invited to join the Entrepreneurship Teaching Committee of the Academy of Management; he published two book reviews; and he was a reviewer of papers submitted for the Academy of Management Annual Meeting.

Bessemer demanded excellent teaching and placed great importance on that when considering faculty for promotion and tenure. Based on student evaluations and his annual review with the chairman of the department, Ron felt that students and fellow faculty were satisfied with his teaching. He also knew that his name had been one of those submitted by students for the "Teacher of the Year" award, but he had not won it.

Ron, who had a doctorate in applied mathematics, was enrolled in the DBA program at San Francisco University. He had originally enrolled in a DBA program

**EXHIBIT 2.2 Resume.****RONALD C. DITCHIN**

Ronald C. Ditchin, BA (Harvard, 1959), MS, PhD (Brown, 1964), MBA (Santa Clara, 1979) is a visiting associate professor of management and academic coordinator of the entrepreneurship program at Bessemer College. His scholarly interests include entrepreneurship, emerging technologies, venture capital, and organizational change. His recent research has focused on the flows of venture capital to highly innovative technological companies. In 1984, he and a partner founded and started up the IHS DNA Base Service.

Before he began his academic career in 1979, Dr. Ditchin did basic research on the structure of DNA molecules, founded a venture capital backed start-up, and managed a division of a NYSE company. His company received a hi-tech award for developing one of the hundred most significant technical products that were introduced in the U.S.A. in 1976. He has marketed technological products worldwide. He is the author of a textbook and several papers on experimental biophysics.

His consulting includes strategic planning for technology companies. Among his recent clients are 3M, Hewlett-Packard, Intel, Beckman, and Syntex.

to learn the research methodologies of the social and business sciences. But he found that Bessemer expected him to complete his DBA degree before it would grant him tenure-track rather than visiting status. In January, he had passed his comprehensive exams and was planning to write his dissertation over the summer of 1987.

**SCOTT TOMPKINS: A TRAVEL AGENCY START-UP**

Ron had never met Scott or Rachel before they walked into his office. Scott and his partner had come to Ron to seek advice about the possibility of becoming entrepreneurship majors. This was their sophomore year, so they would need to take their first required entrepreneurship course in the fall if they wanted to earn majors in that subject. Ron explained the requirements for the entrepreneurship major and encouraged them to consider it. He told them that in one of their required courses they would have to write a business plan for a start-up company.

Scott told Ron that they wanted to start a travel agency on campus. Ron asked what had become his standard opening question to students who told him they were going to open a new venture: What do you know about \_\_\_\_\_? In this case, travel agencies.

"Well, we travel a lot. I live in Boston," Scott responded.

"Has either of you ever worked in a travel agency?" Ron asked.

"No."

"Do your parents or a close friend have an agency, or do they work in the travel business?" Ron asked.

"No."

"Well, I'm not saying that you always need to have worked in a business before you start a similar one, but we do know that approximately 80 percent of all businesses are started by people with experience in the same industry. . . . And by experience, I don't mean as customers. For example, I see lots of students who want to start a fast-food chain. I always ask them if they have worked in McDonald's or a similar restaurant. If they haven't—which is usually the case—I tell them to get a job in a fast-food restaurant, and then come back to see me. One student actually did that last semester. He was hired by the local McDonald's. He became friends with the regional manager who is responsible for selecting new franchisees and helping them open their restaurants. In two months, he learned enough to write a plan for opening his own fast-food restaurant. Another student walked into this office and told me he had this great idea for a fast-food restaurant. I asked him the same question. He told me he had worked in a Burger King. He had hated every minute. He had quit at the end of his first day. He said he couldn't stand fast food. I told him to forget about becoming a fast-food entrepreneur."

"So you think we should work for a travel agent?" Scott asked.

"Definitely. Get a job with an agency in the Boston area this summer. Ask lots of questions. Find out as much as possible about all aspects of the business. Come back to see me in the fall. I will be glad to help you write a business plan."

"But this opportunity won't wait that long. And anyway, we have only two more years at Bessemer. We want to start this agency so that it is in place by the beginning of the fall semester," Scott replied.

"I think you should talk to a couple of MBA students who wrote a business plan for a campus travel agency. They were students in MG 501: Entrepreneurship. They are graduating next month so they will not actually open the agency, but the numbers were quite encouraging. Here are their names. Tell them that I suggested that they talk to you."

"Thanks. We will talk to them. Is there anything else we should do?" Scott said.

"Well, first of all, get a job with a travel agency this summer. But you could make some preliminary inquiries. Talk to Jerry Kyoto. He is head of all administrative matters. He is one of the most powerful persons on this campus. He insists that we all buy tickets for college travel from Hillsborough Valley Travel. He objects if we buy them anywhere else, even though it is better for Bessemer's cash-flow when we buy tickets on our personal credit cards. He could tell you how much Bessemer spends each year on official travel. What's more, Bessemer has offices on campus that can be rented by for-profit businesses. You will need one of those. Jerry is in charge of them. You will need some capital. Where will that come from? Telephone John Herbacek at International Charter. His company is one of the largest charter travel businesses in the United States. He founded it when he was a few years out of the Stanford MBA program. He came to talk to our students last year. He was really innovative in the way he raised his initial capital. Tell him I suggested you should talk to him."

"Thanks very much for your help. We will talk to those MBA students and Jerry Kyoto," Scott said.

"O.K. Come and see me at any time. If I am not here call me at home." Ron replied.

**Spring Fever**

A couple of weeks later, Ron bumped into Rachel on the campus.

"How are your plans for a travel agency going?" Ron greeted her.

"Scott and I are not getting along so well at the moment," she replied.

"I'm sorry to hear that. I tell my students that a sure way of testing the strength of a relationship is to start a business," Ron said with a smile.

As he walked away, Ron thought to himself, "That's the end of another idea for a student business. On this campus, they come and go faster than student romances during spring break." So he was quite surprised when he received a call from Scott on Friday, April 24, asking if he could come to the office to discuss his plans for the campus travel agency.

"Could you wait until final exams are over in about 10 days?" Ron asked.

Ron was extremely busy. He had a very intense 10-day period ahead of him. On Monday in Vancouver, he was addressing the Financial Research Foundation of Canada on venture capital for high-tech start-ups. He was flying to Vancouver on Sunday morning so that he could have lunch with the parents of an MBA student at a new restaurant that they had started six-months earlier. He was planning to return to San Francisco on Monday night, and after he had taught his class on Tuesday, he was flying to Boston for a three-day research conference on entrepreneurship at the University of Cape Cod, where he was presenting a paper. He had to prepare two presentations, one after-lunch talk, and review some drafts of students' business plans before he left for Vancouver on Sunday morning.

Scott continued, "This is really urgent. Jerry Kyoto was very discouraging. But we are going ahead anyway. We must see you today."

"O.K. Come on over. I can give you about 15 minutes at the most," Ron responded.

"Well," Ron thought, "I suppose I can always work on the plane and at the airport."

**The Travel Agency**

A few minutes later, Scott walked into the office with another student. Scott greeted Ron and said, "Professor Ditchin, I would like you to meet Mario Ricciardelli. He is going to be my partner in the travel agency."

Scott began, "Since we talked, I have put in a lot of work on the travel agency. I met with your MBA students. They are convinced there is enough business to support a travel agency on the Bessemer campus. But they wouldn't let us see their business plan. In addition, we have talked to some travel agencies about their helping us to set up an office on the Bessemer campus. They have been helpful."

He continued, "But Jerry Kyoto was very discouraging. He says there is no available space that we can rent on campus."

Ron said, "That's funny. He was very encouraging when my MBA students talked to him. I wonder what has changed his mind?"

"Well, he mentioned that he wants to have a travel agency on campus by next January. We suspect he intends to work a deal with Hillsborough Valley Travel," Scott

replied. "He mentioned that there would be space in the new Student Center, which is opening early in 1988. But we can't wait until then. We want to open our agency in September."

"How much capital will you need and where will you get it?" Ron asked.

"We don't think that will be a problem. We are planning to talk to a few people who might be interested in investing. Do you know Andy Brown? He recently came to talk to the students. One of his customers invested \$30,000 in his student business," Scott responded. "I'm going to stay in San Francisco for the summer to get this business started. Will you be able to help me?"

"Well, I will help you as much as possible. I will be on campus during May and parts of June. In July and August, I will be at my cottage in Carmel. I go there to write. I usually visit the campus once every two or three weeks during those two months."

Ron said, "Have you got a summer job with a travel agency?"

"No, not yet, but we are planning to do so."

"We are surveying faculty, administrators, and students to determine how much travel business we will get from the campus. We would like you to fill out this draft questionnaire and recommend any changes. We have already shown it to a statistics professor."

**ROBERT TOMPKINS: SOME FATHERLY ADVICE**

On Tuesday afternoon, April 28, Ron was working frantically in his office before he left to catch a flight to Boston. He had to read a revised copy of a paper that had been accepted for publication and had to be returned to the editor; speak with some students about the draft copies of their business plans; pick up the slides from Media Services and put them in the correct sequence for his talk to the research conference at the University of Cape Cod on Thursday; return about half-a-dozen phone calls; call the SBA; and clear his desk of paperwork that had accumulated on Monday. He had been mildly annoyed at lunch when, during a conversation between Ron and a colleague, he had mentioned that he was leaving for Boston that night, and the undergraduate dean had commented, "another junket."

He was with two seniors when his phone rang, "This is Robert Tompkins, Scott's father. He is the student who you are encouraging to start a travel agency on campus. I was at Bessemer this weekend. I visited your office on Monday, but you were not on campus. I left a message that I would like to get together with you in Boston this week."

Ron replied, "I would like to meet you. I'll be in Boston tomorrow at the University of Cape Cod research conference. Let's get together at the conference. Let's set up a date and a time."

"There's no need. I am a Bessemer alumnus and have been invited to attend that conference to meet the Bessemer faculty who are coming to the conference. I will find you there. However, before you leave for Boston, I would appreciate your talking to Scott about two things: (1) Limiting the scope of the planned travel business to something feasible for a full-time college student, (2) His tentative plans for

staying in San Francisco for the summer, working at a travel agency and working with you on a business plan.

"Scott's concept of the travel business has included setting up a regular full-service agency on campus with an experienced manager. I would really like Scott to gain the experience of planning and starting and operating a business, but it is important that he has the guidance from you to limit the scope of the business to what is practical financially and time wise. A student like Scott who is so strongly motivated should certainly be encouraged in his endeavors. What is important here is the experience the student can get from planning the business AND successfully working the plan, no matter how small.

"Professor Ditchin, it gets very emotional when I make suggestions to Scott about his business plans, so I would appreciate your encouraging him to limit the scope of his plans and return home for the summer."

"Robert, I will try to get a hold of him right away. I will definitely speak to him before I leave for Boston. I am sorry that I was not in the office yesterday. I would have liked to talk to you and Scott together. I look forward to meeting with you at the University of Cape Cod," Ron said.

Ron rang Scott's number but there was no reply. He finished talking to the students. There were four others waiting. Sometime later, Scott entered Ron's office.

"We must talk. Your father just called me. He wants you to return home to Boston for the summer."

"I know. He doesn't want me to start this business. But he's not to blame. He should understand. He has started five businesses—all successful. It's my mother. She can't bear the thought of me being away from home for the summer."

"Your father said you need to work to help pay for your education. Is that critical?" Ron asked.

"We're not rich. But we are comfortably-off middle-class. It is not a matter of my not coming back to school if I don't earn as much money as I did last year at Bear Stearns. I am staying in San Francisco to start this business."

"How about your grades? Do you have any problems? Your father is quite concerned," Ron said.

"No problem. I have better than a 3 GPA. (2 is required to graduate, and 4 is the maximum possible)."

"Well, I will meet your father in Boston and talk to him. Does he realize you can get academic credit for doing this?" Ron said.

"Tell him this is a good idea and he should encourage me to do it. It won't cost him a penny. He has already said he won't help me financially with the business. Have a nice trip to Boston. See you next week."

## THE MERMAID RESTAURANT, HYANNIS

On Thursday evening, April 30, Ron was relaxing over a cocktail at the Mermaid Restaurant, where the conference dinner was being held. Just before the dinner was to be served, Robert Tompkins came up to Ron and introduced himself and his wife

and younger son, who was a senior in high school. They were a very pleasant family. They chatted with Ron for about 15 minutes.

During the conversation, Ron tried to be reassuring about Scott. Mrs. Tompkins said that Scott was calling them frequently. There had been five calls during the last 24 hours. She was trying to find a summer course in Boston that would help Scott to learn more about the travel business. She had found one, but Scott had announced that he would come home for May, return to San Francisco for June and July, when Professor Ditchin would be available to help him with his plan, and then return home for August. The Tompkins weren't too pleased with that idea.

Robert explained that they had been at Bessemer on Monday to show his younger son the campus. Robert and his son had met with John Welch, the president of Bessemer, on Monday. Robert also mentioned that he had talked to Jerry Kyoto, who was a classmate of his in the Bessemer class of 1958. He said he hadn't seen Jerry in almost 30 years.

As Ron and the Tompkins were saying good-bye, Robert handed Ron a letter marked confidential (Exhibit 2.1). He told Ron to read it later.

## BESSEMER COLLEGE, MONDAY, MAY 4—JUST ANOTHER DAY AT THE OFFICE

As Ron walked into his office at 8:15 a.m., he wondered when he would have time to call Scott Tompkins. Ron had returned to San Francisco from Boston on the evening flight so that he would have all of Saturday and Sunday at home. As soon as he walked through the door on Friday night, his wife told him that two students had telephoned and wanted him to return their calls. At lunchtime on Saturday, the student who was the executive vice president of the Bessemer Entrepreneurial Exchange had phoned to tell him that Carol Leitch, the part-time administrator of that organization, had undergone major surgery at Stanford Medical Center on Thursday. The surgery had been successful, but she would not be back at work this semester. In the afternoon, a member of the Alumni Board had telephoned to discuss an important matter. A student had phoned to ask for help because he was unable to reconcile the balance sheet with the income statement in the business plan he was writing. In the early evening, another student phoned to ask if she could postpone her business plan by two days so that she could incorporate some new, important information.

On Sunday, Ron had worked for about eight hours on the preparation of his teaching materials. There were two more telephone calls from students—the last one at 10:15 p.m. That evening, he and his wife, Jane, had watched a TV movie on the life of Henry Ford. Ron was editing an article at the same time. At one stage, Henry Ford said to his wife, "I love you." To which Mrs. Ford had retorted, "No Henry, you haven't loved anyone for 20 years. You only love your company." Jane had commented sarcastically to Ron, "And isn't that the truth. Just like someone I could name."

Ron usually arrived at Bessemer at 7:15 a.m. Today, he had not arrived until 8:15 a.m. because he had attended a breakfast with two of his fellow entrepreneurial studies faculty to discuss funding for research with a prospective sponsor. He had an

exam that started at 8:30 a.m. He checked his telephone messages for anything that was urgent. One message was from the president of a small high-tech firm who had interviewed five of Ron's students for the position of administrative assistant to the president. He had narrowed his choice to two candidates and wanted to discuss them with Ron over lunch. Ron left a message for his secretary to call the president and tell him that the only possible time he could meet was 1:30 p.m. to 2:30 p.m.

The rest of his day was going to be busy. The exam would last until 1:30 p.m. He had appointments with students from 2:30 p.m. until 4:00 p.m. Then at 4:00 p.m., he was meeting with an alumna who was seeking Ron's advice about a small business she had started.

It was 5:00 p.m. when he finally found time to telephone Scott Tompkins. They agreed to meet for breakfast the next day. At 5:30 p.m., Ron's youngest daughter telephoned to ask him to pick her up at the high school at 6:00 p.m. As he drove along the Bayshore Freeway, he reflected on his day. The exams had gone well. He was pleased with the business plans that the students had presented. He was almost certain that he had secured a job for one of his students. But he was very frustrated because he had not been able to read most of the pile of mail on his desk; he had not phoned the SBA about next week's presentations; he had yet to arrange for a part-time instructor to teach the MBA entrepreneurship course in the second summer session; he had not returned telephone calls to at least half-a-dozen persons, including a senior manager at Ernst & Young in Los Angeles, which was one of his clients; he had not talked to the executive vice president of the Bessemer Entrepreneurial Exchange about the newsletter that was overdue because of the administrator's operation; and he wondered what else he had left undone.

"I must be crazy," he thought. "I am working longer hours than when I started my first high-tech company in 1970. Of course, it is not as stressful, but nor am I 32 years old anymore." That evening he was working at his computer and pondering what he should do about Scott, specifically, and about his own situation, generally, when the phone rang at 9:45 p.m.

"Hello, this is Pedro Ramirez. I am about to get my funding for the business. I have a final meeting with the investors on May 12. We could be cutting metal by June."

In the fall semester, Pedro had written a business plan for a high-tech start-up in Ron's MBA class. Several times over the last four months, Pedro had asked Ron for advice about the plan and its funding. Ron had a nice chat with Pedro. As he put the phone down, he said to himself, "That's what makes it all worthwhile. If Pedro gets his money, it will be the second plan from that class that has been funded."

Before falling asleep, Ron began to wonder about his breakfast meeting the next morning with Scott. "What will I do about Mr. Tompkins' letter? What should I say to Scott?"

## JACK SPRAT'S 3 RESTAURANT

In November of 1995, Chris Hurani, nascent entrepreneur, and soon-to-be founder of Jack Sprat's Restaurants, pondered his year-old business plan. The plan was a work-in-process, but he hoped to open the first Jack Sprat's Restaurant during the summer of 1996. Chris wondered how to best ensure success.

During the course of his research, he had discovered that many restaurateurs used consultants to launch new restaurant concepts.\* People in the industry agreed that using a consultant was usually a good idea. However, hiring a consultant was expensive, and the seed money was coming from his father—a financially secure (but very conservative and not rich) physician. He had retainer bids from consultants between \$50,000 and \$150,000 and they all proposed rewriting the business plan as the first order of business. The consultant that Chris selected was Arlene Spiegel. She was enthusiastic about the concept and submitted the low bid.

Chris had written a professional-quality business plan in graduate school, then wrote and rewrote the plan for Jack Sprat's, so the value he saw in hiring a consultant was centered on building a successful team, and less on the business plan rewrite. Chris believed that Jack Sprat's could someday be a hot IPO and he wanted Arlene on the team to make sure it would happen, but his father did not understand the need. Was his father trying to micromanage the venture, or was this a role Chris wanted him to play? And did Chris really need a consultant to overhaul his plan, or was he just avoiding the leap into action? It was clear that they needed to conserve

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\*In the restaurant industry, new operations are usually designed around a single theme (e.g., American west steakhouse, home-cooking, ethnic). The theme is combined with the type of restaurant (e.g., fine dining, casual, fast food) and referred to as the "concept."