

## **WOOD & VINE FAQ on Tipping and Service Charges:**

*February 2016*

### ***What?? You don't take tips any more???***

Yep, it's true. We don't take tips any more. We've changed to a service charge that's included in the total. For years, restaurants have been struggling with the economic reality that it just doesn't make sense for one person (the server) to take the credit (and the pay!) for a great restaurant experience. Wood & Vine is special because we've got an entire team dedicated to hospitality. Our new system can compensate our whole staff with a living wage. To find out more, keep reading.

### ***Why did you change from traditional tipping to a service charge?***

Wood & Vine's service charge model provides greater wage equity for all of our staff. With our service charge, we're able to pay a higher rate to everyone and be able to offer a better path to career growth for our entire staff. see more below...

### ***I only interact with the server and/or the bartender...shouldn't they be entitled to the tip that I leave? Isn't that the way it's always been?***

The truth of the matter is that a great restaurant experience is created by a large group of people, each providing service in a different way. As it currently stands, traditional tipping leaves out the rest of the team. see more below...

### ***Can't a restaurant just force the service staff to share tips with the kitchen staff?***

In California [until 2018], a restaurant tip is a specific payment that can only go to hourly staff members who are directly in the "chain of service." It would be illegal for a restaurant to share tips with kitchen staff and salaried managers. [This changed following the introduction of our service model in 2016. Current law allows for sharing of a tip pool with back of house staff]

### ***Will the service quality deteriorate?***

Absolutely not...we always strive to give the best service possible. It is well documented that tipping has little bearing on the quality of service. In addition, gender and racial bias are often found. see more below...

### ***Will the compensation change for the staff?***

Since our new system allows us to pay more per hour, our staff will make about the same on average as they would with a tip model. Wood & Vine provides our service staff with an hourly rate based on their experience.

***How will the service charge be used?***

The money is used indirectly to provide higher base hourly compensation and benefits across the entire staff. The service charge is collected at the restaurant level and is not distributed directly to any employee or owner.

***I have heard of some restaurants here in Los Angeles that simply increase menu prices to cover the higher wages. Why have you not taken that approach?***

As our costs continue to rise, we may be forced to adjust the menu prices as appropriate. For now, however, we are simply changing the compensation structure as it relates to the ever-increasing cost of living and future changes to the California minimum wage. see more below...

Please let our manager on duty know if you have any further questions or concerns. If you want to dive even deeper, keep reading...

***Why did you change from traditional tipping to a service charge?***

As California addresses the challenges faced by residents working within the minimum wage structure, it has become apparent that an increase to the minimum wage is long overdue. Wood & Vine has developed a compensation system that is more fair now, and more sustainable in the future than the current tip based model.

The restaurant tip system has created a great disparity between kitchen and service staff wages. Even if a restaurant pays a higher rate to a kitchen worker, he or she will still earn far less than their service staff counterpart while enduring the same cost of living. As the minimum wage increases, this wage gap will widen.

Wood & Vine's service charge model provides greater wage equity for all of our staff. With our service charge, we are able to pay a higher rate to everyone, make benefits available in the future, and offer a better path to career growth for our entire staff.

***I only interact with the server and/or the bartender...shouldn't they be entitled to the tip that I leave? Isn't that the way it's always been?***

The truth of the matter is that a great restaurant experience is created by a large group of people, each providing service in a different way. As it currently stands, traditional tipping leaves out the rest of the team.

Wood & Vine is proud of our entire staff, and we recognize the role that everyone plays in giving excellent service. By replacing tipping with a service charge system, we can ensure that we all work together as a motivated team, and that everyone is compensated more fairly.

From the host who greets you, to the server who gives you menu recommendations, to the dishwasher who provides clean plates, to the bartender and line cook who prepare

your drinks and meal, to the busser who clears your table, our service charge system makes sure that they're all appropriately compensated for a job well done.

***Will the service quality deteriorate?***

Absolutely not... Wood & Vine always strives to give the best service possible. It is well documented that tipping has little bearing on the quality of service. In addition, gender and racial bias are often found, and no matter how high the level of service is, some groups are inadvertently tipped better or worse than others. At Wood & Vine, we have found that the best service always comes from the whole team working together, and our service charge system simply allows us to compensate for that approach.

Researchers such as Cornell University professor Wm Michael Lynn and Saru Jayaraman, Director of the Food Labor Research Center at UC Berkeley have spent years studying the tipping in our society, and they, along with others, have published dozens of scholarly works on the subject. Their research only proves what we've long suspected: tipping has got to go! <http://www.tippingresearch.com/index.html>  
<http://laborcenter.berkeley.edu/author/saru-jayaraman/>

***I have heard of some restaurants here in Los Angeles simply increasing menu prices to cover the increased wages. Why have you not taken that approach?***

Wood & Vine has always sought the best ingredients, and we always want to offer great value for our dining experience. The reality is that most restaurants price their menu based primarily on ingredients and costs like rent and utility bills, but they do not take into consideration the real cost of wages for their workers. We feel the transparency of our service charge will help us tackle a huge hurdle: wage and benefit inequity.

As the costs of ingredients, supplies, restaurant support companies (plumbers, linen companies, equipment maintenance and repair, etc), and other costs of doing business continue to rise, we may be forced to adjust our menu prices as necessary. For now, however, we are simply taking a more realistic look at our hourly compensation structure as it relates to the ever-increasing cost of living and future changes to the California minimum wage.