140 The Worked Examples

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The mechanism described in 1.POL.1 is not theoretical. It has run successfully against the restaurant industry on multiple fronts, in multiple markets, across multiple decades. What follows is not a political catalog. It is an operational autopsy. Each example names the sympathetic surface, the political aim underneath it, and what the policy actually did when it landed in the operating room.

Tipping

The sympathetic surface: servers are subject to Guest bias, income is unstable, the system rewards some workers at the expense of others, and the roots of the practice are morally compromised.

The political aim underneath: transfer wage-setting authority from the voluntary three-party agreement between operator, cast, and Guest to the employer or the government. Replace variable performance-based compensation with fixed employer-determined wages. Eliminate the direct financial relationship between Guest satisfaction and cast income.

What it did in the operating room: every large-scale no-tip experiment run by operators with the resources and sophistication to execute it correctly produced the same outcome. The strongest performers left first. They could read the math. The Guest who wanted to register their satisfaction in real money lost the lever. The operator lost the most honest performance signal in the building — the one the Guest wrote, about one specific person, on one specific shift, that no manager's review or mystery shop can replicate. Danny Meyer walked it back. David Chang walked it back. Tom Colicchio predicted tipping would be gone within ten years and that prediction has aged the way most prestige-frame predictions about this industry age.

The instrument works. The political aim was never about the instrument.

The full operational argument for tipping — the three-party voluntary architecture, the power imbalance premise defeated on its own terms, the origin myth corrected, and eleven objections answered on operational grounds — is the subject of a companion work to this book. Tipping Is

Agency: An Operator's Answer to Every Objection. The argument here names the mechanism. That work defeats it completely.

Minimum Wage

The sympathetic surface: low-wage workers cannot make rent, the restaurant industry is the primary employer of minimum wage workers, and no one who works full time should live in poverty.

The political aim underneath: establish government as the floor-setter for voluntary labor agreements. Transfer the wage-negotiation between employer and employee from the market to the legislature. Create a ratchet — once set, the floor only moves up, never down, regardless of market conditions.

What it did in the operating room: the outcome is not uniform and that non-uniformity is the tell. In high-cost urban markets where wages were already above the mandated floor, the minimum wage increase produced minimal disruption because the market had already priced labor correctly. In lower-cost markets where the mandated floor exceeded what the market would have produced voluntarily, operators responded the only ways available to them: raise prices, cut hours, cut positions, or close. The workers the legislation was designed to protect absorbed the cost of the disruption in reduced hours and eliminated positions. The operators who couldn't absorb it closed. The legislation did not raise the floor for workers who lost their jobs because the floor got raised.

How two people agree to work together to deliver value is not a government role. The market produces a wage that reflects the value of the work, the supply of workers willing to do it, and the ability of the business to pay for it. When the government overrides that signal it does not improve the outcome. It substitutes a political judgment for a market one and distributes the cost of that substitution to the workers and operators who had no input in making it.

Predictive Scheduling

The sympathetic surface: cast members cannot plan their lives around schedules that change with two days notice. Childcare, second jobs, education, and basic life planning require predictability. The operator who changes the schedule at will is treating his cast as an on-demand resource rather than as people.

The political aim underneath: eliminate the operator's ability to match labor deployment to variable demand in real time. Replace flexible scheduling with mandated advance notice

requirements and premium pay penalties for schedule changes. Transfer scheduling authority from the operator who reads the room to the government that has never been in one.

What it did in the operating room: restaurants are variable demand environments. Demand changes with weather, events, reviews, seasons, competitive openings, and a hundred other factors the operator reads in real time and the legislature cannot anticipate in advance. Predictive scheduling mandates assume demand is predictable enough that schedules can be fixed two weeks out without cost. That assumption is wrong in every full-service room in America. The cost of the wrong assumption is paid by the operator in premium pay penalties and by the cast in reduced total hours as operators build more slack into their base schedules to avoid the penalties. The cast member with a predictable schedule may have fewer hours on it.

Service Charge Mandates

The sympathetic surface: tip distribution is uneven, back-of-house workers are excluded from tip income, and a mandatory service charge ensures everyone in the building shares in the Guest's payment for their experience.

The political aim underneath: eliminate variable Guest-determined compensation and replace it with operator-controlled fixed revenue that can be distributed on a formula the operator — or the government — determines. Transfer the compensation decision from the Guest who experienced the service to the operator who employs the cast.

What it did in the operating room: the service charge captures the Guest's service allocation. The tip line on top drops to near zero for most Guests because most Guests have one mental budget line for service. The server who was making variable income tied to their performance is now making fixed income tied to their presence. The performance incentive is gone. The operator gained a revenue line and lost the most direct performance instrument in the building. The back-of-house workers the mandate was designed to help received a share of a pool that is often smaller than what the front-of-house workers lost. The Guests who wanted to participate in the compensation decision lost the lever. Every party inside the three-party architecture absorbed a cost the mandate never acknowledged.

Joint Employer Rules

The sympathetic surface: franchise workers lack the protections of direct employment, franchisors benefit from the labor of workers they do not officially employ, and the legal fiction of the

franchise relationship is being used to insulate large corporations from labor obligations.

The political aim underneath: extend employer liability to franchisors, eliminate the legal distinction between franchisor and franchisee, and create a regulatory framework that makes franchising as an operating model legally and financially untenable at scale.

What it did in the operating room: the independent franchisee — the operator who took the risk, signed the lease, hired the cast, and runs the room — absorbed the cost of a regulatory battle between organized labor and corporate franchisors he had no seat in. His operating model, his personal financial exposure, and his relationship with his own cast were reshaped by a ruling about a legal relationship between entities far above his pay grade. He didn't create the franchise structure. He bought into it. The joint employer rule treated him as a proxy for the franchisor's liability without asking whether that was accurate, fair, or operationally coherent.

The Pattern

Read those five examples together and the pattern is not subtle.

In every case, the sympathetic surface is real. There are real servers who got stiffed. Real workers who couldn't make rent. Real cast members whose schedules made their lives unplannable. Real back-of-house workers who felt excluded from the income their labor helped produce. Real franchisees caught between a franchisor's decisions and a regulator's ruling. The harm that each policy claims to address is not invented.

In every case, the policy solution does not address the harm on the most direct available path. The most direct path to helping a server who got stiffed is operator training, culture development, and Guest education — all operator-side work that requires no legislation. The most direct path to helping a worker who can't make rent is building the conditions under which that worker can make more through performance — which is exactly what the tipping instrument does. The most direct path to a plannable schedule is an operator who reads demand well enough to build a stable base and communicates changes early — which is a management competency, not a legislative requirement.

In every case, the policy solution requires government to substitute its judgment for the voluntary agreement that was already operating between the parties. That substitution is the aim. The harm is the justification. The operational disruption is the cost that gets distributed to the people the policy claimed to help.

The operator who can read that pattern across five examples can read it in the next one. Because there will be a next one. The room keeps meeting.

What Changes Tomorrow

This week, pick one of the five worked examples — tipping, minimum wage, predictive scheduling, service charge mandates, or joint employer rules — and trace its sympathetic surface against its actual impact on your operating room. Know the difference before the next version of it shows up in your state.