

# The 8 Most Scathing Criticisms Of Olive Garden's Business From Hedge Fund's 300-Page Takedown



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*Facebook/Olive Garden*

Activist hedge fund Starboard Value [published a 294-page manifesto](#) against Olive Garden's management, menu, and customer service on Friday.

The firm, which owns about 8.8% of Darden (Olive Garden's parent company), claims food quality and taste have "deteriorated significantly" at the Italian chain, and that some dishes are "inedible."

It also criticizes Olive Garden for spending money on renovating restaurants when it should be investing in improving customer service.

Here are the most compelling reasons Starboard gave for why Olive Garden's sales and traffic are falling.

**1. Olive Garden serves dishes that are "astonishingly far from authentic Italian culture, such as burgers and fries, Spanish tapas, heavy cream sauces, more fried foods,**

**stuffed cheeses, soggy pasta, and bland tomato sauce," the hedge fund writes.**

"We believe many customers find [these dishes] extremely unappealing," Starboard adds.

Here are some examples of the menu changes that the firm finds unacceptable.

Before	Now
Olive Garden used to offer dishes such as:  <b>Pork Filetino</b> (a tender grilled tenderloin served with roasted vegetables)  <b>Lobster Spaghetti</b> (had a marvelous flavor and was loved by guests)  <b>Tortellini Fizzano</b> (authentic pasta dish from Olive Garden's Riserva di Fizzano restaurant located in an 11th century village in Italy)	<b>Fried Lasagna Fritta?</b>  <b>"Tuscan" White Bean Hummus?</b> 

**Darden must recapture its authentic Italian roots...starting with the menu**

*Starboard*

**2. Olive Garden's food looks nothing like it's advertised.**

**Here are some examples:**

### **Lasagna Primavera with Grilled Chicken**

- Vegetable lasagna topped with chicken doesn't make any sense (if you wanted meat on your lasagna, you would order the meat lasagna), but, if you are going to serve it, you should prepare it correctly.

Served at Orlando Olive Garden

Displayed on Olive Garden website



**We believe Olive Garden's poor execution leaves customers consistently disappointed**

*Starboard*

**Starboard described the Lasagna Fritta, or fried lasagna bites, as "barely edible."**

### Lasagna Fritta

- Fried lasagna bites are not authentic Italian. Beyond that, we believe this consistent lack of execution highlights the lack of pride and need for extensive training for restaurant level employees.

Displayed on Olive Garden website



Served at New York Olive Garden



The actual dish was barely edible...

*Starboard*

**The "Crispy Parmesan Asparagus" looks particularly unappealing.**



### Fried Asparagus

- Technically called "Crispy Parmesan Asparagus", the actual dish was anything but...

Displayed on Olive Garden website



Served at Melbourne, FL Olive Garden



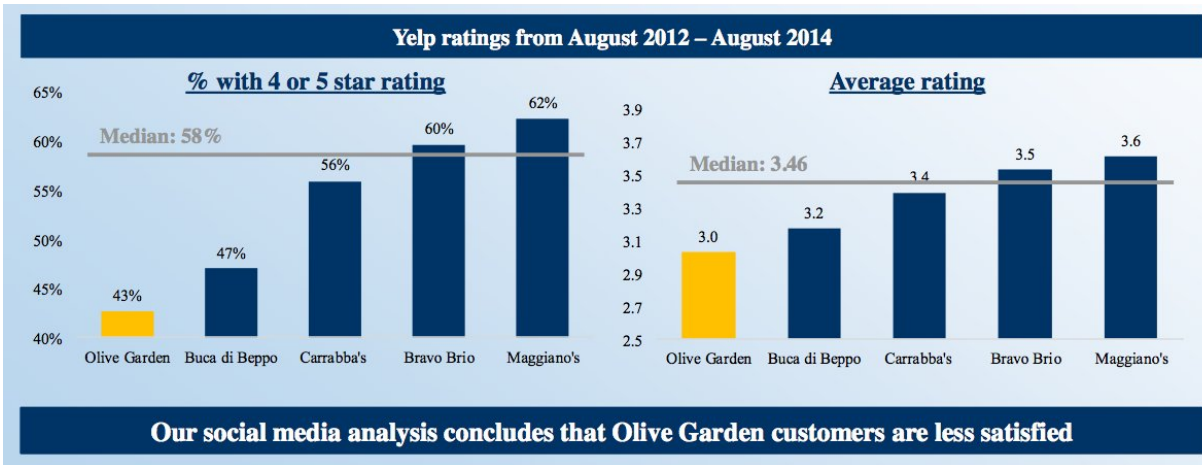
*Starboard*

### 3. Olive Garden has poor customer service.

Darden is spending tons of money remodeling its restaurants instead of improving customer service, Starboard says. The company is spending up to \$600,000 per restaurant on renovations.

"Why would Darden spend money to attract customers into the restaurant, only to disappoint them with more the same underwhelming food and poor service?" the firm asks.

In the graphs below, Starboard compares Olive Garden's Yelp and Facebook reviews to those of its competitors.



*Starboard*

## 4. Menu design is "confused."

For example, Starboard writes, "Olive Garden recently introduced a high-quality, healthy trout dish that is generally prepared well, but by loading half of the oversized plate with bland and mushy pasta, Darden has . . . contradicted the 'healthy' image of the dish."

- For example, Olive Garden recently introduced a high-quality, healthy trout dish that is generally prepared well, but by loading half of the over-sized plate with bland and mushy pasta, Darden has (i) contradicted the "healthy" of the image of the dish, (ii) added unnecessary cost (in our experience, most people who order this dish barely touch the pasta) and (iii) increased the complexity of preparation, slowing service and potentially leading to more errors.

Served at San Francisco Olive Garden



Served at New York Olive Garden



*Starboard*

**5. The company's logo change, which was widely criticized, was costly and unnecessary, and it won't change customers' perception of the brand.**

The change is an example of how Olive Garden management is "out of touch with their core customer," Starboard writes. It's expected to cost the company an estimated \$42 million to update signage at all of its restaurants, according to Starboard estimates. "Signage is irrelevant at this moment and is another example of capital misallocation — again this is the same strategy that failed for Red Lobster," the firm writes.



*Starboard*

**6. The chain's famous breadsticks have "lost their quality taste."**

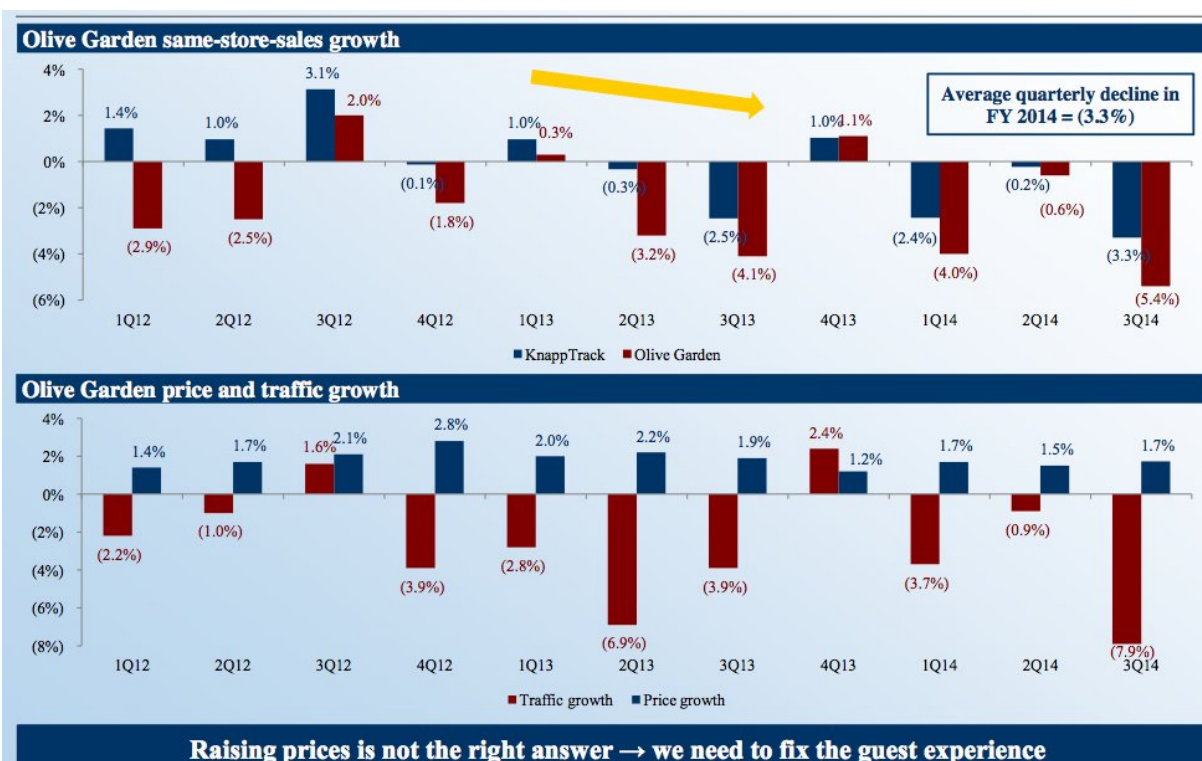


"The lower quality refined flour breadsticks served today are filled with more air and have less flavor (similar to hot dog buns)," Starboard writes.

**7. The "overcooked" pasta is "shockingly" unsalted, and sauce is "ladled in a heap" on top of the dish instead of thoroughly mixed throughout.**

"Shockingly, Olive Garden no longer salts the water it uses to boil the pasta, merely to get a longer warranty on its pots," the hedge fund writes.

**8. The chain has raised prices to offset declining traffic, which is "alienating" customers.**



***Starboard***