SYNERGY RESTAURANT CONSULTANTS

YOUR 10-STEP RESTAURANT REOPENING PLAN

Thinking about reopening your restaurant or just beginning the process? Start by crafting a P&L that paints a realistic picture of the months to come.

Now that a majority of states have green-lighted restaurants reopening for dine-in business, many operators are scrambling to recapture guest traffic while implementing heightened sanitation and social distancing guidelines. Others are sitting on the bench, watching and waiting to see if reopening now is worth it.

Be assured that reopening involves a lot more than flipping on the lights and firing up the gas burners. Between the confusing and contradictory guidelines bombarding restaurants and the public, plus the restrictions on dine-in capacities and a desire to bring back former employees, the decision to reopen weighs heavily on many operators.

While the future of restaurants is a murky vision at best, restaurants can gain clarity by taking this opportunity to reconstruct their P&L based on the current reality. Now is the time to comb through every line item and identify every opportunity to cut expenses, as well as brainstorm ideas for building sales in this new operating environment. As the industry takes tentative steps forward, all operators must be focused on the one objective that hasn't changed — protecting the health and safety of all guests and team members.

Below is our 12-step tactical reopening plan to help restaurants of all sizes protect and build their brand, along with their bottom line.

1. Create a Realistic Operating Budget

Based on historical data and local dine-in limits, calculate realistic sales estimates for the remainder of this year, knowing that restrictions will likely be lifted gradually. If you've been making sales with take-out and delivery only, factor in those numbers as well, knowing that off-premise dining remains your best opportunity to increase sales.

2. Minimize G&A Expenses

As you review the P&L for savings opportunities, focus on reducing general and administrative (G&A) costs. These line items include third-party delivery company fees, office rent, and third-party providers like cleaning services. Also, consider reassigning team members as in-house delivery staff. Be careful not to cut too close to the bone by jettisoning all marketing or executive team members. If you must cut your management salary line, consider engaging a fractional COO or CMO to reduce costs while securing the talent you need to move forward.

3. Develop New Operating Systems

While pent-up restaurant guests are eager to dine out, health and safety must be the operator's top concern. Cutting expenses helps you meet realistic sales goals and makes room for the required cleaning time and materials, PPEs for staff, disposable menus, etc. You'll need to develop these new procedures and train your staff on how to act on them, and you should consider adding a Health & Safety Officer to the team. These procedures, training programs, and tools are required to protect your business and brand in today's hospitality climate, so make sure to calculate these costs and add them into your new P&L.

4. Assess Supply Chain Costs and Distribution Issues

Just like restaurants, suppliers are grappling with their own challenges in getting back to business, like limited availability of meat and the impact of the pandemic on agricultural workers. It's prudent to meet with your main suppliers as soon as possible to discuss inventory reductions, along with pricing and availability fluctuations of proteins and cleaning supplies. Don't be afraid to ask suppliers for extended payment terms as you ramp up business volume.

5. Reduce Prime Costs

Your prime operating expenses — food, beverage, and labor — should not exceed 63% of gross sales. This is the perfect time to take a hard look at your cost of goods and labor budgets against your new sales estimates. Team members must be cross-trained to handle a wide variety of functions, and cost of goods tightly specified with your suppliers. You have complete control over your prime costs, so manage them wisely.

6. Optimize Your Menu

When reducing prime costs, the size and complexity of your menu yields the greatest impact. A bloated menu handicaps growth under the best conditions, and with the new normal, it creates more serious issues for restaurant operators. A too-large menu ties up critical cash flow, inflates labor costs, requires more training and supervision, and is harder to execute consistently. Most important, it slows down ticket times and table turns, which hamper guest flow under today's tight restrictions. Start whittling down your menu by comparing margin and sales figures for each item and be transparent about menu changes with guests if they express concern.

7. Create a Theoretical Menu Mix

Once you've reduced your list of menu items, it's time to determine which menu categories will sell best and projected sales for each menu item to create your theoretical menu mix. This exercise helps you anticipate cost of goods, packaging needs, and labor per shift. It also helps paint a more accurate picture of operating costs and further helps eliminate unnecessary spending.

8. Mitigate Occupancy Costs

Once you've estimated near-future sales and adjusted prime costs, it's time to approach your landlord to discuss a rent reduction. By sharing your revenue projections, you and your landlord can collaborate on a path forward. Ideally, occupancy cost should be capped at 7% to 8% of gross sales. By showing your landlord that you've done your due diligence and created a realistic operating budget, they are more likely to carve out a mutually beneficial agreement.

9. Invest in Digital Marketing

With current limits on dine-in traffic, it's critical to use or set up digital lines of communication with current and prospective guests. Email, a quality website with digital ordering capabilities, social media, and a loyalty program are non-negotiable tools for connecting with customers. Considering today's plethora of rules and regulations, it's vital that you make it easy to connect with your customers and for them to do business with you. Restaurant guests are concerned about health and safety, contact-less packaging and delivery, flexible ordering options, supporting the local community, and getting great value for their tightly held dollar. Your marketing messages and special offers must reflect this new guest mindset.

10. Drive Sales Through Menu Innovation

Once you're back open and operations begin to normalize, look for opportunities to create new menu items with better margins and broader guest appeal. Consider adding family meal packages, a meal plan, or even indulgence packages to meet changing guest needs and demands. Review new menu ideas to make sure they represent your brand and travel well. Create thoughtful marketing campaigns around new items to keep your concept fresh and appealing in your guests' eyes.

While deciding to reopen during these times is far from simple, the above plan helps you lay the groundwork for making sound financial and hiring estimates to drive strategic thinking. The good news is that guests are eager to come and eat in your establishment, and by developing a solid plan, you can turn that "open" sign on with greater confidence.

For advice on reopening your restaurant, contact Synergy Restaurant Consultants at 888-861-9212 or info@synergyconsultants.com