



# STATE OF THE RESTAURANT INDUSTRY: WHAT NOW? WHAT'S NEXT?

With the nation swept up in a storm of uncertainty and anxiety over the coronavirus, the restaurant industry has been cast into deep and murky waters. With a growing number of states mandating everything from to-go only to outright closures, restaurants are struggling to stay afloat by any means available.

## **A Three-Tiered Approach to Address Today's Uncertainty**

Based on recommendations from our consultants, restaurants need to focus on three strategic directives — expense reduction, sales preservation, and operations optimization. The first two are obviously survival tactics, but if applied judiciously, they can deliver longer-term benefits in the form of reduced food costs. And while no operator wants to trim people, keeping key employees engaged and maintaining connections with former staff can position you for future success. Restaurants who are still able to operate can pivot to a pick-up and delivery-only business model to maintain a level of sales and serve their community.

The long-range benefits come through the third strategy — operations optimization. Though it's hard to think much further ahead than a few days, this business disruption gives operators the chance to work on their business rather than in it. Now is the time to focus your menu on items that your staff can make easily and quickly, train key staff on new skills, improve operating and financial process steps, and improve your food safety practices. At the same time, use social media to connect with your local community and talk about how you're supporting people in need while asking for community support in the form of sales.

During this ever-changing and unprecedented crisis, Synergy's consultant team offers a variety of perspectives and tactics on how to not only survive the current business but to emerge in better shape to capitalize on the future upswing in restaurant traffic to come.



**CHARLES JOHNSON**

*Operations*

The current environment is fluid and ever-changing throughout this crisis, and strategies will need to be adapted based on just how much you will be able to or allowed to operate depending on your geographical area. However, you can take this time to make improvements to your business by making small investments in your people and facility. When things do return to normal, you will be prepared to WOW each returning guest!

### **Make Investments in Your People**

- Take this opportunity to train and educate key people on the team. Elevate their skills and knowledge through ongoing learning and development.
- Give team members who have earned PTO the opportunity to take paid time off but don't deduct these hours from their accrual balance. In this way, you show them you genuinely care for them and need them back when this all comes to an end.
- Develop a meaningful and consistent communication strategy to keep all team members who are not working, apprised of the latest information available, and what to expect as things begin to return to normal. Having the right amount of people will be the biggest challenge when coming out on the other end of the issue, so stay ahead and keep your good people "Warm."

### **Make Investments in Your Facility**

- Utilize this time to make improvements in your facility through minor repairs and maintenance projects that will make a difference to guests and team members when operations resume.

- Deep cleaning... there are always deep cleaning projects that could use attention.
- Organize and streamline storage areas, coolers, and the manager's office.

### **Make Investments in Your Service Standards and Execution**

- Utilize any downtime to elevate kitchen team members' execution of recipes and procedures. Practice the execution of menu items, so the final product meets your specifications for food quality, flavor, and presentation. You can also use these cooked dishes to feed the team and help offset the likely loss of hours they are experiencing.
- Take inventories throughout your facility, including food, alcohol, paper goods, and supplies. Identify any anomalies and outlier products that can be given to needy team members, donated or purged...think of having a "lean and mean" mentality as operations resume.



#### **DANNY BENDAS**

*Managing Partner*

While restaurant owners must focus on food and labor costs, there are numerous opportunities to "manage the pennies" and reduce expenses that hit different parts of your P&L, such as:

- **Utilities:** Reduce your electric, gas, and water charges by turning on equipment on a schedule, consolidate active refrigeration and freezer space, check to see that your dishwasher is calibrated correctly and that chemicals are being mixed correctly and not being overused.
- **Paper Goods:** With the switch to delivery and take-out only, make sure to monitor usage carefully. These items are expensive, and you want to make sure they're being used efficiently.
- **Contract Services:** Use your employees for deep cleaning, knife sharpening, and other outside services you may be using. Keeping them on at a reduced rate is preferable to letting them go.
- **Food Waste:** Reuse food scraps or trim that you would typically discard, but are still usable, to make stocks or soups.
- **Incremental Income:** Recycling items like cardboard or grease may provide you with small income amounts, depending upon your local recycling options.



### **CHRISTI CHRISTIAN**

*Marketing & Social Media*

Even in the current environment, you can market to your community in a supportive and caring way while asking customers to support your business:

- Make sure your restaurant is set up with all available third-party delivery companies to maximize delivery sales.
- Consider using your servers as part of your local store marketing team by distributing door hangers within a mile or two of each store location.
- Set up a special delivery time between 4 and 5 PM, especially for seniors. Develop specially priced meal kits for this vulnerable population.
- Encourage community members to buy a meal delivered that day to a senior or neighbor they know.
- If your POS system supports touch-free payments, suggest that customers set up Apple Pay or Android pay on their mobile devices to reduce contact.
- Change your phone system to quickly direct callers based on their needs (i.e., Press 1 for delivery and take-out; press 2 to buy a meal for a senior; press 3 to speak to a manager).
- Support needy populations in your community by offering inventory to food banks or to use in the preparation of meals for kids who rely on state-funded meal plans.
- Create a time-sensitive social media strategy to connect with your community and let them know how you can help, and vice versa.



### **BRIAN MCDONOUGH**

*Human Resources & Compliance*

For existing employees, emergency unemployment benefits have been established in most states, and pay-outs are expected within 2 to 3 weeks. Each state has different maximums, but even those can be waived/extended if appealed.

- Restaurants who can still operate through to-go and delivery only may expect to see an increasing stream of business as people follow stay-at-home directives over the coming weeks. While schedules can be substantially cut,

systems will need to be in place for a) phones, b) preparing to-go orders, and c) packaging of these orders.

- Guidelines should be established for how to provide orders curbside and ensure the safety of the employees in the process (i.e.; lighting, two people going to cars, payment method provided when order is placed, etc.).
- We are witnessing an unusual number of requests for kid's meals due to numerous school closures. For restaurants that can help, we suggest adding a kid's meal to-go menu for a good price or for orders with multiple meals.
- To ensure to the greatest degree possible that employees will be available to work when this is all over, it is critical to make contact with your former staff during this time. Either check in with them about successes or failures with the use of the Emergency Unemployment process and/or schedule them to work shorter shifts to assist with the to-go order needs at your restaurant.



### **JIM CAMPBELL**

*Supply Chain Management*

Food safety and integrity are vital right now as restaurants go to delivery only or close altogether. Below are recommendations on how to properly manage your food inventory:

- Work down inventories and check perishables daily for quality, as the last thing you want to do is serve sub-standard quality items.
- Identify meat and seafood items that may need to be placed in the freezer if shelf life is an issue.
- All prep items should be dated accurately and consistently.
- Contact each of your vendors and confirm that they are going to be open and if they are utilizing reduced delivery days or changes in lead times.
- If you decide to reduce menu items, be sure to identify deleted ingredients and pull them from your order guides. Also, identify those ingredients that will be significantly reduced in usage.
- Review your estimated orders, and if they do not meet your vendors' minimums, contact your suppliers and ask for a waiver and/or waive any fees.
- Regardless of how minimum orders will be handled, you will likely need more will-calls, so be sure your team understands the procedures for each vendor.

- Distributors will be reducing their inventories, so be prepared for shortages. If possible, order critical items to build up inventory. This practice will serve you well when you can reopen, as there will be a significant lag time until distributors ramp up their inventories.



### **MONICA LYONS**

*Operations & Catering Programs*

Right now, consider the following to keep sales coming in:

Create family meals and meal kits that will travel well and are well priced for pick-up and to-go.

- Develop a "3 meals per day" option with a set fee with free delivery on your delivery menu; offer a discount for multiple days of meals.
- Reach out to the community and offer meals to hospitals and front-line health workers
- Offer a % back on all delivery meals placed directly with your restaurant and donate the proceeds to a specific in-need population or to the employees who cannot work.
- Challenging times like these give you an opportunity to build your culture and rally around each other. Owners and managers must set a good example for the team by remaining level-headed and not creating panic.
- Create a survival guide based on learnings from this crisis to prepare you and your team for future challenges.
- Once your business starts to normalize, consider the following to improve your operation, team, and culture:
- Integrate the cleaning protocols you're using now into your daily cleaning checklists.
- Continue to support your community with the same heartfelt outreach after this crisis to build brand goodwill.
- Do something kind and considerate for your team members who stick with you through this time, like a bonus or additional PTO.
- Establish an Employee Emergency Fund; the fund can help employees with family illnesses, loss of other work, or other personal emergencies.
- Launch a community celebration week where 10% of sales are given back to team members or a local charity.

**RITA IMERSON***Operations*

To help reduce immediate expenses, I suggest the following:

It's important to pay workers first. Reduce expenses by working with your landlord on reducing or pausing rent payment altogether.

- Communicate with your vendors to lengthen payment terms.
- If you need to let workers go, support them with information and resources for unemployment or additional services.
- Offer significant discounts with curbside pickup to seniors and healthcare workers, even if it's at cost
- For debt relief, consider available SBA loans, or similar programs as more funds are being made available.

**JARROD DELLACHIESA***Technology & Operations*

With everyone focusing on cleaning their hands and surfaces, restaurants need to incorporate POS and KDS screen cleaning into their daily routine. Here's how to do this safely:

- Turn off the terminal.
- Use a disinfectant wipe or alcohol wipe. Alternatively, dampen a clean towel with carbonated water. Make sure the towel is damp, not wet.
- Note: Do not use ammonia-based cleaning products on these screens.
- Wipe down the terminal with a damp towel or clean wipe.
- Turn the terminal back on.
- If you have PCAP terminals, you can wear thin food service gloves if desired.



### ANNE HAERLE

*Concept Development, Culinary & Operations*

While the restaurant industry is still grappling with our continually changing “new normal,” it’s important to think about when our world does get back to normal. Take some time to work on your business by tackling projects for which you don’t often have time, but are critical to long-term success, like:

- **Recipe Documentation and Costing:** Getting a grip on your theoretical food cost lets you understand where your food cost should be. If your theoretical and actual food costs are more than 0.5% apart, you can dive in and determine where those extra dollars are going.
- **Inventory Management:** Accurate inventory records are your most important tool for keeping spending under control.
- **Food Safety:** While it’s always a paramount concern, food safety adherence is even more critical now. Create best-practice food safety standards and retrain your team. Make food safety excellence part of your new normal.
- **Menu Development:** Take some time to review your product mix and margin for each menu item. Most restaurant menus are way too extensive, which leads to bloated inventories, longer ticket times, and lowered food quality. Eliminate underperforming items and develop new ones that better support your brand and business goals.



### DEAN SMALL

*Founder & Managing Partner*

After more than 30 years in restaurant consulting, we have survived four recessions and numerous business downturns. While this coronavirus crisis is certainly unprecedented and changing almost hourly, conditions will improve. People still need to eat, restaurants play a central role in feeding the public now, and they will once again function as community gathering places in the future.

Our industry is facing challenges we have never seen before. In this time of uncertainty, we would like to make our team of experts available to operators at no charge via phone to offer whatever tools, support, and insight we can to help you navigate this crisis. Please send us an email at [info@synergyconsultants.com](mailto:info@synergyconsultants.com) to schedule a time to talk, or call us at (888) 861-9212.