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What we learned



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LAST MONTH I WROTE ABOUT important issues to consider going forward from a financial standpoint. This month, I'll focus on seven non-financial items I think we learned from the pandemic that we should take forward.

1. Multi-profit centers.

One thing that seems evident is that restaurants need to have numerous and varied profit centers. We saw that takeout/delivery/meal kits/product sales versus just in-dining sales all were necessary elements of keeping a business alive. Those restaurants that are single faceted may be able to come back in their old form, but the more profit centers you have and more ways to leverage your brand will be key elements to future success.

2. Shift in concepts.

We are seeing more concepts moving from casual to a fast-casual model, and even more upscale restaurants moving from being very upscale to "polished casual." We are particularly seeing fast-casual concepts moving more towards a quick-service model. We also saw the proliferation of fast-casual restaurants adding drive-thrus and pick-up windows. Construction companies also advocated adding entrances so guests have easier access or can go right to outside seating.

3. Delivery, delivery, delivery.

Delivery is a big part of most restaurants, but we need to take a second look at all of the costs involved, including hidden costs. Delivery can disrupt in-store dining and affect the goodwill or lack

of goodwill created with the customers from delivery problems.

Restaurateurs should also look at developing a national following for certain kinds of products the restaurant specializes in. Goldbelly has capitalized on this, but there are other restaurants that have been able to do national, regional or even local fulfillment of their products through mail order with national delivery services.

And even when people are comfortable returning to restaurants, they will still want that experience at home through these different services. Note that it does require a separate business platform and skill sets in packaging and food safety. Meal kits can also be a source of income.

4. Marketing.

Going forward, social media will be key. Consumers are struggling with the basics: Is that corner restaurant open? If so, what are the days and hours? Consumers are looking at what their options are. Being able to inform the consumer when you are open, what your products are, what your menu is and if you are taking reservations are going to be key elements. Marketing is going to be more important than ever, so focus on your image and who your customer is and doing some deep dives as it relates to informing the customer.

5. Technology.

There is no question that technology was the key to fast-food restaurants succeeding during the pandemic, and technology is going to be more and more important in understanding who your customer is. As more restaurants go to the labor-saving model of ordering food in the restaurant from their phones, make sure you have state-of-the-art technology for your restaurant.

6. Labor.

Labor is the overarching issue, since it flows over into many different areas.

Some things to think about: Your service model (fast-casual or table service) and the regular and unique benefits you provide to your employees, including bonuses and flexibility in scheduling. Also, consider whether you are going to provide above-market pay. You can't just say, "I'm going to pay more," and if it doesn't work, cut their salary.

Try for more of a flat-labor model where staff is doing numerous jobs so you can have a smaller number of workers. But remember, if employees have multiple jobs, the compensation needs to take that into account. That's where using a service charge or a flat gratuity will come into play.

7. Cooperation among restaurants.

Restaurant owners, in my experience over the last 40 years, have always been pretty collegial when it comes sharing information with their fellow restaurateurs. But, I believe in the future it's going to be not just cooperation, but actual joint ownership of concepts, restaurants and sites. There are all kinds of legal ways of cooperating and working together so that you can pool resources, which includes talent and back-of-the-house resources. The idea is that companies will work together to form a consortium or co-op of restaurants.

We're all still feeling our way through the new landscape for restaurants, but having a blueprint containing what we learned from the last couple of years will help us build a successful business serving both customers and our employees—and if we do it right, our bottom line. **FSN**

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