

Meeting the Challenges of a Slowing Economy

By **Richard D. Williams**, Oct 1, 2001

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Any uncertainty we may have had about the economy heading into a recession vanished on September 11th. The airline, hotel, restaurant, and travel-related entertainment industry in the United States took a big hit after the terrorist attacks on the World Trade Center and the Pentagon. As restaurateurs, we must find ways to keep our businesses going while the industry recovers, which may take two years or more.

I used to work with a commercial real estate broker who was fond of saying, "I don't care how much I make on this deal as long as I get more than my fair share." This philosophy can be carried over into our business. When restaurant operators and other business owners are faced with a downturn in the business cycle, which has always been inevitable for varying lengths of time, they can throw up their hands and complain about forces beyond their control, or they can make a conscious decision to do what it takes to get more than their fair share of the business that exists in the market. A good restaurateur will take the following steps to retain existing customers while seeking out new sources of business at the same time.

1. Do Not Panic – There is no need to panic as the economy heads into a recession. The business cycle has always had ups and downs – that is why it is called a "cycle." Many pundits are reflecting back on the Persian Gulf War in 1990/1991 as a point of reference to predict what is likely to happen in the current "War on Terrorism" and the accompanying recession. In 1990/1991, the hotel and restaurant business suffered a period of decline that lasted from one year to 18 months, followed by stability, before beginning to rise to unprecedented levels during the remainder of the decade. That scenario is almost certain to be followed this time, but there may be setbacks along the road to recovery if there are additional terrorist attacks on American soil.
2. Get Back to Basics – Now is a good time to review the fundamentals of your business. If your restaurant is affiliated with a chain, get out the operations manuals and read through them. Have you been following the company's operating guidelines all along, or have you strayed from them as your restaurant's volume increased and put you under pressure to "just get through the day or week"? The restaurant operations that have survived through good times and bad have one thing in common: they always put the customer first and provide a consistent level of service and guest recognition.
3. Increase Marketing Efforts – When business activity declines, there is a temptation to reduce costs by reducing staff. This is not the time to cut back on marketing staff. If your operation is large enough to have a full-time marketing person, this person should be making personal sales calls to local businesses, associations, and other sources of social entertainment business. If you, as the owner and manager of an independent restaurant, are responsible for the marketing function, get in your car and drive around your neighborhood. Find out who your neighbors are and pay personal visits to businesses in your area.
4. Visit the Competition – As restaurant operators, we tend to focus on our business and lose site of what the competition is doing. When you spend 60, 70, or 80 hours a week in your own restaurant, it is hard to find time to have lunch or dinner at one of your competitors. You need to know with whom you compete and how your restaurant compares with these competitors. We are hearing a great deal about "human intelligence" on the ground in our country's war against terrorism. To compete effectively, restaurant operators need to have good intelligence on their competitors. If you learn some new tricks from your competition, do not be shy about incorporating them in your restaurant. Our business is built on copying the ideas of others and, in many cases, improving upon them.
5. Strengthen and Retrain your Staff – Our industry has been suffering from a lack of qualified employees for years. As poorly managed businesses fail, or as good operations succumb to withering competition, there may be an opportunity to hire highly experienced people who can fill needs in your restaurant. Take advantage of slow periods by retraining your staff, stressing customer service and sales training.

President Bush and other leaders have encouraged us to go about our business and return to as normal a life as possible, while remaining aware of our surroundings. The best thing we can do for our country and our economy as food and beverage professionals is to encourage our customers and their families and business associates to dine with us. As customers begin to return to our restaurants and hotels, keep this thought in mind: "I do not care how much business my competitors do, as long as I get more than my fair share."

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About Richard D. Williams

Richard D. Williams, MAI is the President of HVS Food & Beverage Services - Denver. Dick is a graduate of the Cornell University School of Hotel Administration, is a certified general appraiser and a licensed real estate broker, and holds the MAI designation of the Appraisal Institute. Mr. Williams' appraisal and consulting services are grounded in his 40 years' experience in the restaurant business as a chef, managing partner, and owner of several restaurants, including the Buckhorn Exchange in Denver. Dick can be reached by telephone at 303-771-4104 or by email at dwilliams@hvs.com.

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