

Restaurant Turnover

7 Great Ways to Keep Employees



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Why Do Good Restaurant Workers Quit?

As our world continues to change, restaurants face many new challenges. It is no longer enough to offer good food. Restaurants instead must familiarize themselves with the evolving economy and provide unique experiences, especially if they wish to attract the highly sought-after demographics. Along with customer retention, one major problem many companies are facing is increased employee turnover, resulting in a direct effect on the bottom line. Continually staffing and training new employees not only eats up time, but it also costs more money.

Today's economic challenges make the job market more dynamic than ever. Fierce competition for a reliable workforce is making organizations fight harder than ever to retain their top talent. This is especially true for low income workers. Turnover in the United States is the highest it's been in over a decade, according to the U.S. Department of Labor. This means if businesses aren't careful, they can expect break ups with more than 1 in 5 of their employees in the next year.

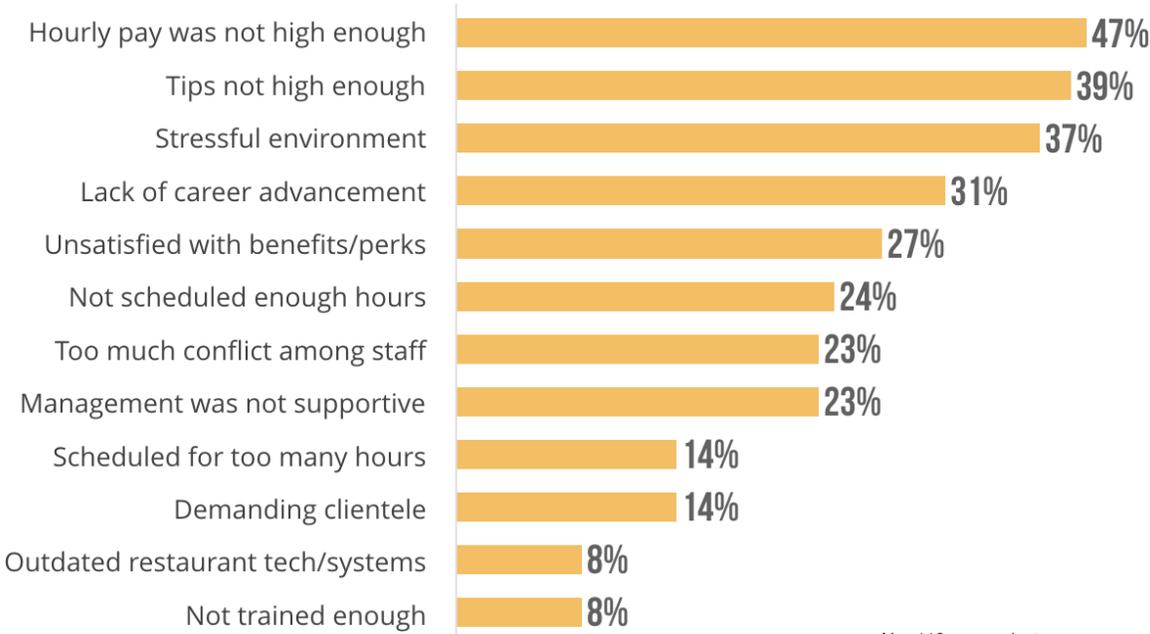
The quick solution to this issue: be sure that your restaurant is a place staff want to work. We acknowledge that this is easier said than done. To better understand the solution, we must first understand the specific factors that encourage employees to jump ship.

Reasons for Increased Turnover

Historically, turnover in the restaurant industry has been notoriously high in comparison to other segments. However, it's only getting worse. According to the Bureau of Labor Statistics, restaurant employee turnover has exceeded 70% for the last two years.

The top four factors for leaving include (1) Low Pay (2) Poor Benefits (3) A Toxic Culture and (4) High Stress.

In the following chapters we will review these reasons and provide some suggestions for overcoming them.



N = 113 respondents

Problem Number One: Low Pay

Problem Statement: A major reason employees opt to work elsewhere is for better pay potential. The federal minimum wage is \$7.25. This is the cost most restaurants pay back-of-house staff. For tipped servers, this wage is much lower.

- **Solution 1: Offer a Career Development Path.**

Data from surveys suggests that offering training to enhance development and career potential would help to retain most of the workforce. Be clear to your employees that you want them to stay by giving them ample opportunity to progress through personal and professional development opportunities. Allow them to engage in your business by providing prospects growth within the company.

- **Solution 2: Offer Training.**

In far too many instances, employees are undertrained, leaving them to guess their way through their job and feeling like they have nowhere to go. Over time, they get the hang of things, gain a little more confidence but don't see opportunities for growth within the organization – so they start looking without. Be clear that you want them to learn, grow and improve themselves. ITN Academy offers a range of affordable training solutions designed to meet your needs.

Problem Number Two: Poor Benefits

Problem Statement: Traditionally, benefits for health coverage and retirement savings are generally modest and many times non-competitive. Employees are highly prone to change jobs when better benefits are provided.

- **Solution 3: Offer More Non-Traditional Benefits**

Additional benefits besides pay also make a big difference. Look for ways to show appreciation and provide support to your workforce. The best employee benefits provide solutions for your workers' basic needs. Here are a few thoughts, gift cards for everyday purchases, vacation time, gym passes, and support for childcare.

- **Solution 4: Employee Engagement as a Benefit**

One of the great benefits of working in a people oriented business is the opportunity to develop great friendship with your customers and fellow employees. Often times, the intangible benefits of working as part of a great group with many friends can offset the value of the more tangible benefits. Find ways to encourage social and personal interactions among your team members.

ITN offers a range of surveys that can be used to measure employee engagement and associated workforce solutions.

The Power of Recognition

Problem Statement: Employees want and need to be recognized for their commitment, self-sacrifice and extra effort.



Here are a few simple suggestions:

1. Paid Bonus
2. Public Kudos
3. Gift Certificates
4. Time Off
5. Employee of the Month

Problem Number Three: A Toxic Culture

Problem Statement: Restaurants are amazingly fast paced and challenging environments. For some reason, many managers believe that creating an extremely competitive culture is the best way to motivate. This may yield short-term returns but is hardly sustainable. The competitive nature often results in increased stress levels and a toxic work environment, thus encouraging high performing employees to look for a better culture elsewhere.

- **Solution 5: Treat Employees the Way They Want to Be Treated.**

Working in a restaurant requires much dedication and self sacrifice. Great restaurant employees not only know their jobs but are also generally very detail oriented, friendly, outgoing and helpful. They have an attitude of servitude. So what values do you think they in turn expect from their management? The answer is simple. They expect their managers to be helpful and friendly. You need employees to understand the details of their job expectations, but are you presenting these details in the appropriate manner ?

ITN can help you profile your workforce personality and environment. Our analysis will confirm for you the strenghts and weaknesses of your management practices.

Problem Number Four: High Stress

Problem Statement: Restaurants are a get it done fast and correct environment. The process of serving high quality food quickly is not easy. Some individuals are not made for these high stress conditions. Those who cannot adapt naturally feel higher levels of stress. Fortunately, others thrive in this situation and are amazingly great performers in a challenging environments.

- **Solution 5: Hire Employees Who Will Thrive in Your High Stress Environment**

Working in a restaurant requires much dedication and self sacrifice. Great restaurant employees not only know their jobs but also have the attributes of being detail oriented, friendly, outgoing and helpful. Overall they have job knowledge and an attitude of servitude. That attitude of helpfulness and self sacrifice represents their personal values. So to please them it is important to respect their values. Translating this to job retention, these employees will expect their managers to be helpful and friendly. To be successful and reduce turnover, it is critical to treat employees the way they want to be treated. This means being detailed, kind, supportive and helpful.

ITN can help you profile your workforce personality and pulse surveys. Our analysis will confirm for you the needs of your organization along with the strenghts and weaknesses of your management practices.

The Ultimate Problem: High Costs

Problem Statement: Restaurants work on a thin margin and attention to every additional cost is critical to financial success. So how do you pay for extra programs that make your organization the preferred place of employment?

- **Solution 6: Automate Repeated Clerical Tasks**

There are numerous repeated clerical tasks that take a great deal of time and effort to manage manually. Fortunately, today's technology offers a wide range of software solutions to handle these tasks for you.

The ITN "Smart Hire" Platform can help you automate most all of your hiring process functions including job postings, online questionnaires, skills testing, applicant review prioritization, drug testing, background checks, onboarding and hiring bias detection.

The ITN "Enterprise Learning Platform" is a cloud based, mobile friendly software that places your learning content online to be accessible anytime and anywhere. With over 1,000 professionally made learning modules and a trained support staff, we make learning for your organization efficient and cost effective.

Solution 7: Use Work Opportunity Tax Credits (WOTC) to Improve Profits.

The most obvious way to decrease the turnover ratio is to create a great work environment. In this article we have provided several thoughts on how to make your restaurant(s) a great place to be employed. Of course increasing pay and providing more benefits always helps but cost is always a factor. How to overcome this challenge? Fortunately, many workers in the foodservice industry are from classified groups that qualify for substantial tax credits know as "Work Opportunity Tax Credits (WOTC). You can use WOTC tax credits to substantially improve your bottom line. Based on our data, approximately 40% of the workforce will qualify for the tax credit. The average tax credit is \$2,400.

The ITN "Smart Hire" Platform is integrated with a completely automated software program that will manage your Workforce Opportunity Tax Credits (WOTC).

Process your applicants, track your account and collect you credits all automatically.

You can learn more at www.itnhire.com/wotc.

WOTC

WORK OPPORTUNITY TAX CREDIT

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit that's available to businesses that hire members of certain "targeted" groups who have consistently faced significant barriers to employment.

WOTC encourages businesses to hire from certain categories of workers. WOTC joins other workforce programs that incentivize workplace diversity and facilitate access to good jobs for American workers. The allowable credit amount is based on a portion of wages paid to an eligible worker during the first year of employment or, in some cases, during the first two years.

WORK OPPORTUNITY TAX CREDIT

Veteran WOTC Target Groups	Worked at least 120 hours but less than 400 Hours	Worked at least 400 hours
Disabled and Hired One Year After Leaving Service	Up to \$3,000 (25% of \$12,000 of first-year wages)	Up to \$4,800 (40% of \$12,000 of First-year wages)
Disabled and Unemployed at Least 6 months	Up to \$6,000 (25% of \$24,000 of first-year wages)	Up to \$9,600 (40% of \$24,000 of First-year wages)
Unemployed at least 4 weeks	Up to \$1,500 (25% of \$6,000 of first-year wages)	Up to \$2,400 (40% of \$6,000 of First-year wages)
Unemployed at least 4 months	Up to \$3,500 (25% of \$14,000 of first-year wages)	Up to \$5,600 (40% of \$14,000 of First-year wages)
Learn More at www.itnhire.com		

Let ITN help you automate your Work Opportunity Tax Credit process so that you can focus on your business and improve your profitability. Call today for more information at 901.568.3569

The Bottom Line

Managing turnover can be a challenge, but for long-term operational success, it is one that must be confronted. In addition to the above recommendations, incorporating a sense of community and collaboration with staff can improve employee retention. Routinely check in with employees, either in person or through anonymous surveys to assess satisfaction, looking for new ways to incorporate their feedback. Being on the front lines, these employees are the best source for problem-solving, and feel involved in the business operations is a great way to keep employees engaged and morale high. If an employee does leave, consider conducting an exit interview to learn more about why. It may yield interesting insights that you've yet to consider and can result in positive change down the road that may discourage others from leaving for the same reason.

Cost to Replace Restaurant Employees



Restaurant Manager



Hourly Employee

Let ITN Workforce Solutions Help

At ITN we have a great deal of experience in helping others develop and manage their workforce to achieve outstanding results. Simply contact us for more information or a free trial of one of our many services at www.itnanalytics.com/contact-us.