



Restaurant Operations Weekly™

Newsletter Issue #7 Tuesday, April 17, 2018

Welcome to the seventh issue of Restaurant Operations Weekly

Dear friends,

Last week's newsletter started out by discussing how to build and engage a competent and confident staff and how also how to gauge server selling performance by the percentage of selling opportunities. We also covered the age-old dilemma of how business owners can easily lose sight of why their business exists in the first place, amidst the intense focus paid to operations. We also covered the importance of using tools and systems to empower managers, free owner's time, and drive consistent operations and profits.

The theme of this weeks' newsletter invites those of you who may already own or operate a restaurant to take a step back. Call to mind the time when opening your business was merely a dream you had, before the realities of an actual business set in...like dealing with clogged drains, no-show employees, difficult guests, or realizing your morning delivery was short. These distractions are, in fact, a big part of the restaurant business that often get overlooked early in the early phases of restaurant ownership.

If I were to ask, "what made you decide to open a restaurant," your answer might be something like: "Well, my friends have always told me I make the best BBQ and that I should open a restaurant." Or, "my grandmother's spanakopita and falafel recipes were million-dollar ideas..." Or, perhaps you decided to open a restaurant simply because you were brimming with self-confidence driven by the fact that you had a great idea. Whatever the reason, success is usually a linear process that first requires careful planning

The first step in the planning process is to give critical thought to your vision and purpose for opening a restaurant. Second, you will need to document your vision so that you can effectively communicate it. Third, how will your vision drive the economics of your business (or vice versa), and finally, how will your vision drive the broad decisions you will make as a leader.

Let's get started...

HUMAN RESOURCES

"A Shared Vision Will Inspire Your Team"

The saying "know thyself" (credited to [Socrates](#)) is really where the concept of vision comes from and it applies to us in the context of sharing the vision.

Your vision is your destination, and the strategy you follow is your journey. The clearer you are about where you are going, the easier it will be to motivate your team to not only work toward it, but not to lose sight of it. Without clarity, your team will suffer from inefficiency and lack of productivity, but with a clear vision they will be focused and inspired.

Think big

For people to be truly inspired, the vision needs to be aim big and be challenging. Consider some of these restaurants' vision statements:

Freshii: To help citizens of the world live better by making healthy food convenient and affordable

Il Fornaio: Provide our guests with the most authentic Italian experience outside of Italy

Panda Express: To deliver an exceptional Asian dining experience by building an organization where people are inspired to better live their lives

These vision statements aim high, and appropriately so. People want to be inspired to accomplish great things – to come together and succeed while performing at their best. Would setting a goal to come in third place be compelling...of course not! Think big.

Know the difference

A vision statement is the big, overreaching theme of "This is where we're going." This is not to be confused with a mission statement which is, "how we're going to get there."

Make sure its genuine

As the owner of the concept, your vision statement and accompanying mission statement need to be absolutely genuine. As the driver of your brand, everything you do, say and act on must be a reflection of these statements. If not, they'll ring hollow and lack meaning and sincerity to your team. The lesson? Make these statements only if they're real to you.

Communicate a strong purpose

When your staff knows "why" they're doing something (this is the vision), they will be more focused on the "how" (this is the mission). It's not enough to simply require that people stay busy in your business, the question is: what are we busy about? Unless you instill a sense of purpose in your team, you will not get the best performance from them.

Promote the company vision by making it visible

The vision statement needs to be visible to all employees and relatable to all employees at all levels. For example: IKEA keeps the essence of their vision statement very simple: "A Better Everyday Life". They also make their vision statement a focal point not just for staff but also to customers. The takeaway here is that IKEA considers the relationship between the company and their customers a partnership.

SALES BUILDING

"Strategies for Achieving Sales Goals"

Many restaurant owners focus on achieving day-to-day sales goals. But doing this obscures the larger challenge of thinking like an effective leader and focusing on a long-term sales objectives. A sales vision (the desired outcome) is where you forecast restaurant sales to be at some future time. Having this provides owners and managers with direction and progress while energizing the staff and improving results.

Three strategies I have found that build and support the sales vision into actionable goals are:

Create sales goals: Forecast your sales based on your operating history, the total covers you project to serve (guest count), and the average per-person guest check. Convert this into daily, weekly and monthly sales goals.

Develop Strategies: Strategies inform you of how you will reach your budgeted goals. For instance in order to meet your sales goals you may need to schedule or hire additional staff during busy times, or grow existing business by offering a promotion, or introducing new menu items, or even consider launching a catering or delivery service if applicable. Each of these strategies tie back to the sales goals.

Identify Tactics: Now that you have a vision for where you need to be, and how you plan to get there, the next step is to identify the specific tactics needed to implement your strategy. Keep these ideas in mind when determining your tactics. Identify activities: what are the key points or activities in your action plan that ensure you are trending toward your goal. Define responsibilities for team-members, being specific in how responsibilities are delegated and carried out. The most important tactic is to set target dates for completion. Track your progress daily and work hard to achieve daily sales goals. Take care of today's goal and the month will take care of itself!



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FEATURE ARTICLE

"Want Peace of Mind? A Business Plan is a Good Place to Start"

Over the course of last week, here's a sampling of some inquiries that came in...

"I want to start a restaurant...how much rent can I afford?"

"For my new business, should I buy an existing restaurant and convert it or should I just find a vacant space?"

I want to start a tavern, is \$200,000 enough?"

"How much does it cost to start a family-style restaurant?"

What is the common denominator for these four questions, besides the fact that they'll all start-ups? It's the fact that every one of these questions relate directly to the need for a business plan. No, we're not talking about a "cocktail napkin" plan, we're talking about a full-blown, restaurant specific business plan.

Over the years, I've seen the real value that professionally written business plans have and it's immensely satisfying to see a client hold their original business plan in their hand...while standing in the middle of their own restaurant!

Sometimes, the final outcome of the plan is a shelved concept. This is not a failure by any stretch...this means that the plan did its job in providing the client with the information they needed to make the "go or no-go" decision.

Last fall, we had a large successful retailer ask us to prepare a plan for them around an innovative restaurant concept they wanted to launch. After realizing what was involved relative to the startup costs, the extensive number of tasks that needed to be accomplished and, in their mind, the minimal financial reward as a result of all this work, they decided to take a pass on the project. The newfound knowledge (detailed in the business plan) was enlightening for them and in a meeting with the client, the words "thank you!" were uttered several times as they NOW had the information they needed in order to validate the concept and to properly evaluate their investment into the venture.

What exactly what is a business plan and why does it matter to you?

A business plan is a forward-looking document that takes an idea (your concept) and fleshes out all of the things necessary to see it to the point of opening and beyond operationally (the narrative section) and financially (the financial projections). A plan is actually two documents that are tightly married to each-other...the financials and the narrative sections, crafted without any conflicting comments or projections.

A well-written business plan is a necessary tool if you need funding, need a lease, need partners or need verification that your project has enough value to warrant investment. It can provide direction, a structured path to predictable results and an outcome that you can be proud of.

If you're an aspiring business owner and have a concept in mind, you need a plan. If you own a business and wish to expand, you need a plan. And if you have questions that resemble the four we originally viewed above, your plan will answer every one of these. Want more information about restaurant business plans? Click [HERE](#). Next week, we'll get into what a business plan should look like and what constitutes a really outstanding document. If you're kicking a venture around, stay tuned!

LEADERSHIP & MANAGEMENT

"Blind Passion Can Lead to Failure"

As I alluded to in the opening of this newsletter, succeeding in the restaurant business is not about being a gifted chef, or having your grandmother's million-dollar falafel recipe, or even being a talented businessperson. Following blind passion can quickly lead to a failed venture.

Many people will tell you that the key to being successful as restauranteur is to first and foremost be passionate about food and people. That certainly helps, but that's also incomplete advice. There is a vast landfill of failed restaurants out there because blind passion and not vision & management drove the business.

~ Passion does not pay the rent, keep the lights on or cover payroll ~

If you're wondering whether I am next going to question whether passion is needed at all, fear not. **Passion is essential**. It's what enables you to work 80-hour weeks and fuels the words you use to inspire your employees, your

guests and your investors. But like love, a wild-eyed passion for anything can blind-side you! Fact of the matter is that business savvy and experience in the restaurant industry is more important than any amount of passion - because what is the plan when the passion wears out?

Those with loads of (blind) passion often lack the business acumen and don't always understand the day-to-day realities of the restaurant business. (Remember, clogged drains, no-show employees, and shorted product are big part of the restaurant business). That said, do not be deterred – be informed. It's going to take a leader like you with the vision to disrupt the market and roll-out the next great restaurant concept.

Business savvy, combined with industry experience, a real desire to serve others and a burning passion...now you're onto something great!

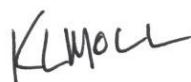
RECAP

Motivate your team with a genuine shared vision that inspires them, and a mission statement that provides them the tools to accomplish the mission, and you will get results.

Relative to achieving sales targets, set the financial goals, then break it down into daily targets. Deal with the daily objective of meeting that day's target and the month will take care of itself.

Blind passion and its accompanying drama may work for television, but in the real word, it takes business savvy, experience and a genuine desire to serve others in order to succeed as a restaurant owner. A "Burning" passion will turbocharge the results.

Thanks for reading! Until next Tuesday...



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