Hey there restaurant pros. It's David Scott Peters, and welcome to episode 66 of the restaurant prosperity formula. I've been coaching restaurant owners since 2003. And the restaurant prosperity formula is based on what the most successful restaurant owners I've worked with doing a daily basis to achieve their success. The basic premise or the formula centers around achieving prosperity, Freedom your restaurant and the financial freedom you deserve. To achieve prosperity, you have to follow a very specific formula made up of leadership systems, training, accountability and taking action. I want to tell you about our guest today John Dempster. John opened his first restaurant the shanty in the rural seaside community of Cape Charles Virginia. Prior to opening the restaurant, he spent 15 years traveling the country working his way up in the hospitality from the dish pit in coastal England towns to general manager of an independent Italian restaurant in Los Angeles with a really, really awesome noodle stuff in Seattle along the way, his passion for the industry maintains his drive to continue learning and growing on a daily basis with an emphasis on creating the best culture for his team and community. He now has a second location deadrise Italian kitchen in the same town, and most importantly, a wonderful family that makes all the hard work and the hard day's worth it listening on our conversation as John shares with you what took him from somebody who already had many of the systems in place including budgets and recipe costing cards to someone who also now understood the why. And by using the why was able to use it to explode his profitability and time working strategically on his business. I want to welcome John Dempster to the show today. But first, a word from our sponsor. We all know managing costs is one of the most important parts of running a profitable restaurant especially now, but between fluctuating vendor prices, waste labor, and the never ending list of tasks that demand your attention on a daily basis. It can be challenging for even the most experienced of us to manage costs well, that's where margin edge comes in. Margin edge is the complete restaurant management software that automatically uses data from your POS and invoices to show you food and labor costs in real time. Don't wait until it's too late. Margin edge gives you tools to make decisions in the moment, like a daily p&l price alerts on key ingredients and real time fleet costs, all without ever having to touch a spreadsheet. Take control of your costs work more efficiently and be more profitable. Go to www dot Marjan edge.com Ford slash DSP to learn more and schedule your demo today. John, I want to thank you so much for taking the time to be with me today.

Happy to have thanks for being thanks for having me.

Well, what I want to do right now is kind of tell everybody a little bit about your background. And your restaurants you have today.

Well, so bring it out to my background is originally from New England, Massachusetts, coastal seaside town, Rockport Gloucester is kind of where I grew up. And then I've been working in restaurants since I was 14 years old. Really kind of all I've ever known. Started off you know, as a busboy and dishwasher moved up a server and bartender, moved all over the country working in different independently owned restaurants was out in Seattle for a while, worked in kind of an Asian location concept and then back to Boston, doing everything from kind of neighborhood bars to, you know, fine dining line bars. The natural Los Angeles for a while when I was an Italian police for a bit back to Boston and then eventually ended up here in Virginia, where I'm at now in Cape Charles, which is a small rural community on the Chesapeake Bay. We opened our first restaurant 10 years ago. It's called the shanty, and it's a waterfront seafood dining place that I would say has changed a little bit since the initial concept in the sense that we probably were opening kind of a New England fried clam shack joint and that evolved two weeks before we opened into a full service dining, waterfront restaurant. So and that restaurant now is doing about $3.1 million a year in annual revenue has about 120 seats and a staff in season of 75 to 80 and out of season, you know about half of that. It's very seasonal area of beach town. So we deal with a lot of challenges in terms of peaks and valleys. And what I often tell people, we're kind of running at least two different restaurants, if not three, based on the challenges of the revenue stream. And then additionally, we opened a small Italian pizzeria six years ago in the same town that does a little bit less than half the revenues but it's a really terrific place. And it's actually a bit more consistent year round. And just both places I'm very proud of and very happy to be involved with and I think have had a big impact on the community and you know, we're doing well.

Well, it's pretty impressive for me, you know, we all I shouldn't say we all many of us who are lifers in the restaurant business, start from that dishwasher position, work their way up, and what have you. But, you know, just the fact that all the sheer geography that you've covered, which means you've, you've seen a lot of different things from cuisine to temperaments in the kitchen, to how people run minimum wages and so on. So it's really a breadth of experience. And it's pretty interesting, because you took all of that to open up your own place and now places with that said, you had all this experience what was like, What was life like before we met like what was going on that even had you say, hey, I need to find something else because you have an incredible amount of experience and the lots of good stuff?

Yeah, I mean, well, there's there's a million reasons why the program was the right program for us. You know, and I would say, for us, you know, my open the restaurant was when my best friend My business partner, Mike, we both had a very similar background both came from the same town. We've been friends since we were young in high school. You know, I think a lot of we brought a lot of experience to the table, but we brought a lot of what I would call maybe traditional experience to the table that you know, food costs should be 34% because that's industry standard, you know, but should it really be 34% I don't know. It was just kind of a, we had some mythological numbers. I would say in our head. We're trying to operate our business under these mythological numbers that we thought applied and made sense for our operations. But in the course of working with you, we've been able to drill down the reasons for why those numbers should be what they shouldn't be, and what the numbers have to be to make the business makes sense for. You know, the various reasons that you're in business which there's a lot of variables there too, and to some degree, what certain people are looking for their business is different than what other people are looking for. And that can have a lot to do with the makeup of the company. Right?

So you and your partner started the businesses, but there was a change that major change was happening and kind of pushed you into Hey, I've got to find something else where I should say, shore up some of your numbers side of things. Can you talk a little bit about that?

Yeah, sure. So Mike, and I mean, we're still very close, but you know, Mike, moved down here from Boston that helped me open the restaurant in 2012. Since then, you know, my life changed a lot in the sense that my mother moved down here, my sister moved down here. I'm now married with an eight year old son. This has really become home for me. And that same transition didn't necessarily happen for Mike so he decided that he really needed to be, you know, backup closer to his family. And with that transition happening, we needed something that was a little bit of support for the business and for myself, because Mike and I have kind of really always operated as a little bit of a left brain right brain tandem, we're, you know, not that Mike's not creative, but I certainly can't stand a lot of the things that Mike handled and we each brought a lot of the things for the table for each other. So that was a big part of the reason why the business has been as successful as it's been. But we were missing a component there of getting down to the understanding of the whys, which is one of the things that led us to you. And also with Mike leaving, I needed to make sure that I was learning and having the support you know, from a system standpoint to remain successful without him being here doing all the things that he had been used to doing it that I you know, just just got used to him doing

right so he was the numbers guy you were the the experience guy for lack of lack of all the details. But the truth of matter is, he made sure he looked at the numbers you made sure the guests experience was the best. That's an accurate, kind of,

I enjoy looking at the numbers. I'm enjoying the analytical part of the business, but I don't I don't necessarily like the mechanisms of sitting down with the spreadsheet for hours at a time and making fun of his work and all that kind of stuff. You know, I'm always kind of chasing a shiny object and thinking, Oh, maybe we can put this on the menu or maybe we should think about this, you know, operational procedure. But, you know, Mike really enjoyed and really excels at being into the data and making sure that the data is speaking to itself and that you know, it's being analyzed properly. And those are things that I kind of like to skim, quite frankly, not the most fun part of the business for me. So, you know, it was it was a it was it was the right timing for us to take our program like this that has given me a better understanding of those systems and put some different systems in place that we didn't have before, that are similar to some things that we were already thinking about, but give us a better understanding of them and give us a better opportunity to really dive into them. And actually, I mean, I guess the most important thing is to stay ahead of them as opposed to I would say prior to being involved with the program. We were more reactive as opposed to being proactive. And now we have a better strategy for being proactive and saying, Okay, well, this is you know, how we're going to budget for these things that we expect to come down the road as opposed to Alright, thanks. It's been a little bit different in the last few weeks. We need to, you know, find a way to chew up the food costs again, or whatever labor costs, things of that nature.

Just just to touch on that real quick because, you know, you're, again, drinking from the Kool Aid and proactive versus reactive, all those things. But the key thing that jumped out at me is you just said budget because when we met you had a budget you had a budget tool of some sorts. What was the major difference between your old budget and the way you budget now after going through the program?

Well, again, this goes into the whys of what the numbers should be. Right? So when we had a budget in the past our budget was based off historical data. So it was you know, we have a budget for 2023 coming out but we would do that budget you know, November December begin working on it put together for the year, and it would be based on let's say last rep and cost right at 3738 39%. And we would say to each other well, do we think it's realistic to get it down two points by potentially changing this or that and the kitchen or maybe changing a menu item and let's say labor costs were 36%. Last year, could we potentially bring it down two points by doing X, Y or Z, but there was no real you know, there wasn't necessarily a fleshed out strategy of why the food costs were 39% and why the labor costs were 36%. Until you know when we began with you and as you know, we dive right in immediately. We began with you in April of 2002. Sorry, I'm getting confused now that we're in 23, April of 22. And for us, it was basically a month before season really kicks off, right? And so in our discovery call again, we express you that our food costs were too high. And we said listen, we're gonna jump right into menu engineering, right? And so we did that. And that was, I mean, that was a game changer for us. Last year, we shave eight points off food costs in the first season, based on having a strategy that we dialed in with you on the menu engineering, putting all the recipe costing cards together, putting them all into the spreadsheet using the product mix and saying, Well, you know, your ideal food cost really, you know, should be right now based on what you got to do and 30 ones who should be running 34 But if we make this change and this change, we can get it down to 28 You should be running a 31 and once we realized, you know the strategy to get there and had the understanding of how to get there, we were able to really affect change and make a tremendous financial impact. You know, and the same can be said for labor costs by going through you know, the labor hours worked and meals produced per hour in the kitchen and you know, a lot of those things that we talked about in going through the budget and trying to figure out strategies to you know, stagger, start time stagger finish times. Try to figure out peak hours and not just blanketing you know, service with what you think you need for your busiest few hours, but making sure that you're covering when you need it, while also not just spending it for creative labor. You know, when we were able to affect those changes and make a budget that was based on not a what if, but now we know that this is how we get there. So let's create a budget that is based on how we get there and what we need to do to get there and implementing that strategy over the period of time that we did made a tremendous impact and I'm actually really even looking forward even more this year because we have a full season under our belts now working with you and we have you know, an even better understanding and better systems in place and we did almost a year ago. And so you know, our budget for this year is even on paper even better. Now it's about making sure that we follow through and stay consistent with the systems. Well, I

think it's amazing and I want people to understand that when we met you and Mike were already systems people because we couldn't have done the manual engineering coffee didn't already have recipe costing cards. So you're already you know, that puts you in in the top tier. of people who are operating independent restaurants and knowing their numbers and having systems and meeting people. With that said, it's amazing that you can still win with all that experience and with all the right numbers. What a difference is as you talk about the why why do I track this number because often we do things like way sheets and key item crackers, things like that. Just because we've done it in the past. We've worked in the kitchen before worked in a restaurant before it was done and we just do it, but what the hell do we do with it? And then how does it impact going forward? And I think that's the biggest thing for you guys. It was a lot easier than many people going on the journey because you had System System systems kind of like a bunch of gears that really important but none of them work together. You just needed that small little gear that all sudden tied it all together and it was like bang and results were amazing. And so I want people to understand that. You know, not everybody can have the kind of results you have right out of the gate unless you already have numbers. But the beautiful part is everybody has I think you can say going through the program everybody's opportunity to get to the same spot. You are now it's just a different journeys. That's an accurate.

Absolutely. I mean, you think about I talk to people about this all the time, right. So in the early days when I was looking for business partners, you know the typical reaction you get from people is like invest in a restaurant, you must be out of your mind, right six out of 10 restaurants fail nobody makes it bla bla bla bla. That's true there is there is not, you know as highest success rate in this industry is maybe there are some others. But what I try to explain to people is almost anybody can enter into this industry at almost any level. In other words you're not going to call me to represent you in court for a dispute, right? You're not going to call me to operate on you for an ACL tear. You'd be insane to ask me to do that. However, if you have enough money, you can go up in a restaurant with zero experience. Right? So you know, everybody has a bunch of different coins in the restaurant industry. There's a lot of people who have a lot different levels of experience. But you know, the things that make the people successful in the industry really all come down to a lot of similar things that are learnable and teachable. And getting those systems in place is the number one step and we had like you said we had a lot of those systems internally. But they were based on really some kind of archaic thought process of the industry meaning you know, I started out in 1994 So you know, using an Excel spreadsheet for one thing and then you have a different Excel spreadsheet for another and they don't talk to each other and they don't necessarily tie in to a budget. And in this day and age, you know there is you know as we talked about a lot, there's so much tech opportunity, almost overwhelmingly so, you know, but once you figure out how to put the pieces together and you realize that hey, I do this one so that it can affect this one. And if I use these things in succession, then you know you have the building blocks for a strategy or a game plan that can make you successful

so let's talk about the people side of things for a second that is, you are a doer. Like many of us who have grown up in this business, we often flex our culinary prowess, if you will, our our hospitality prowess by working lots of hours and being God's gift to our business, doing all the things as much as we can talk about the change for you. Your journey from switching from being the guy to do everything to now you have an implementer somebody on your team who is going to grow with you, and quite honestly is helping all the other managers do better.

Yeah, I mean, that's naturally started actually before we signed off with you before before we met. You know that journey for us for Mike and I really started probably about five or six years ago, when we were getting to a point where we were still pulling 1214 hour days, six days a week going in on your day. Off. You know, a lot of that was, you know, my wife and I have in our first child, it was grown to a point where I was leaving in the morning before anybody was getting home and I was in bed. And it just dawned on us that this is a terrific sustainable way of life, you know? So we made it we made a conscious effort to begin hiring more management. And at first it was, you know, a little bit daunting, you felt like well, financially, this is going to be a significant impact to us personally, to have these managers on. But then we found actually that we're able to grow our business in some ways, you know, prior to the program just by having these managers in place giving up a little bit of control. What we weren't terrific at prior to the program was we had these managers but we didn't have terrific protocols for accountability with them. We didn't have terrific ways of coaching them and helping them improve. And that's really where you know when you speak to the implementer and bring them on board to implement what we went through with the program. You know, it's given me an opportunity, I think, as an operator to become a better operator because instead of, you know, maybe going in one day and being frustrated that they may not see something that I see every time I walk in and goes off with an alarm in my head whether it's even a dimmer switch not being set properly or a music level in the wrong station or you know hot food hot, cold from cold it's, you know, things like that, that used to drive me insane. And I used to get frustrated that they didn't see it, you know, they don't see it like I see it and a lot of times they're not going to write because they're not the one signing the check and it's just a different ballgame when you're the one signing the check. But through the program, we've been able to create things you know whether it was the job lists and you know, leadership style and some self awareness, a better way of coaching our managers and that's really kind of what my job is transitioned to is less boots on the ground less scheduled hourly labor more you know, how can I help you be you know, how can I help you make sure that you're as successful as you want to be in here and provide a path and an opportunity to continue to grow with the company, while also making sure that that learning is affecting the company in real time and improving our day to day operations.

So then, other than when you had a loss of a transition with a chef what brought somebody in didn't work out, jumping back into the kitchen, replacing that person What's life like when you're fully staffed again, are you in there every single day running shifts? Or are you working strategically on your business?

I'm not running shifts anymore. I mean, I based on just being in a small rural community, I happen to be in the restaurant, you know, pretty much every day but I live a mile and a half away from each location. So and there's not a whole lot to do and you know, but being in is more of a choice these days than it is a requirement. As far as being in the building. I still think it's really important to be in the building. I think it's important for, you know, to be giving positive affirmation to the team, I think it's important to be in there put eyes on things yourself. But if I don't go in, it's not like my expectations of the day to day are any different from what I expect the team to be able to do on a day to day basis in terms of quality and consistency and service. I do spend a lot more time I mean I'm in my home office now I spent a lot more time at home, working on strategy and trying to figure out the best way to implement the best procedures instead of kind of, you know, waiting for issues these days to come up and then trying to solve them based on just straight boots on the ground experience. More spending more time trying to forecast what could potentially become an issue to create systems that are in place for Okay, well this is the button we press here when this happens and everybody knows where it is and everybody knows how to pull the trigger. So this is already in play. You know whether that's a lot of people in the group have talked about limited menus when you're short staffed, shut down a section so you kind of heavier nuclear menu right and things about for me I'm thinking a lot more about redundant systems these days whether that's an equipment system or things of that nature that you know what's my worst case scenario? It's Fourth of July weekend, the steamer goes down do we have a backup plan in place for that as opposed to years ago just get the phone call that the steamers down on Fourth of July and everybody pulls their hair out and says oh, what do we do? You know? So these days, I'm trying to think a little bit more about the what ifs and you know, making sure that we have strategies in place for all the what I call, you know, nuclear possibilities that are starting to come up throughout the course of the season.

Well, I love the fact that again, working on the business side and you can show up every single day but you're not required to be there so much so that in the height of your season, middle of just balls to the wall busy. We've got our group coaching calls and there you are on your boat of participating in our to our group coaching call, like would that have happened in the past?

No, it's taken years to get there. But the systems you know, the systems and the group has really helped us get there in a way that the while maybe it may have happened in the past I would have always had a feeling in the back of my head that I was making a mistake that I should not be on the boat. You know, nowadays I have the competence to be on the boat and say hey, you know it's not a big deal for me to take two hours to go fishing you know

it's nice a brings joy to me when I saw it. It also was very jealous as I'm sitting in my office and I want to

do the goal for this year to be on the boat even more. So. Hey, man,

were there any unexpected shifts or changes going through the program that you just didn't expect to come from it?

Well, I mean, you you expressed it in the discovery call about how much of a community to program is and how much everybody leans on each other learn from each other as much as they can the program itself. But even with it being expressed, I didn't expect quite frankly that that is, you know, invaluable. The group coaching calls and you know, the community of members involved has been really terrific for us. I've learned just as much from the other people in the room as I have from the program itself. And it's not any way to knock the program. It's just to say, you know, especially that we were in such a rural community where, you know, we don't have a lot of kind of get to a certain point I think as a business owner as an entrepreneur work where you wonder like, Am I still learning who am I learning from, you know, what areas where do I go when, you know, one issue that we had for sure before the program was when there were problems within the walls of our own business. We didn't necessarily, especially after 10 years of being in business for myself, it's, you know, my prior experiences at that point were pretty far off on the horizon. And it wasn't like, you know, I have some friends that I've worked with that I certainly would call but you know, you didn't necessarily have a good support group. Right. And so, with the program and we have this two hours every week, and then beyond that, you know, there's other channels of communication with the other members. And so and you know, certainly with certain certain members I really hit it off with or we now share private emails and phone calls and text messages and, you know, with everybody in the group is so diverse to as far as their, you know, the way they are in industry. So if it's a pizza question, I reach out to David, you know, if it's a local kind of Eastern Shore question, I reach out to Ryan, you know, and things of that nature, it's been really done has been tremendous. I mean, it's just been a tremendous impact on I can't tell you how many things that we've learned about like oh, that's a terrific idea. How can we don't do that, you know, whether it's a bonus point system that people are using in play for accountability, equipment issues that have come up and thoughts of, you know, things around that. I think that the people in the group have consistently made us smarter, and more effective, you know, leaders and partners and operators. And that was, you know, even though you express it, that was a huge part of the part of the thing, it was not something I anticipated being as impactful as it's

been. And it's pretty amazing because I know what I know, but I don't run a restaurant anymore. So I'm not in the day to day understanding of what this equipment works or you know whether we should be changing oil this or something else came on the price on the market and in the beautiful part about the group coaching calls is you have somebody in week one and week 30 And so all the way through the group doesn't change personality much little bit depending on people however, what's consistent is everybody's willing to help each other and I believe that you can have entrepreneurial friends and talk business and they're gonna tell you what did you ever think about doing this and you're you want to go you don't understand. And with restaurant people when you got a group of restaurant people may understand the absolutely nutsy things that go on in restaurant the real challenges you have and it gives you a sense of you know, safety and security when you know you've got peers that truly get you and better yet have a solution for you. And and I tell people like you in a discovery call like you understand people finish the week 30 And they go oh, can I stay on the weekly call and I go no, it's like they want to stay and it's like you're kidding me. For 30 weeks, two hours at a time, you still want to stay in that and it truly is the group.

Well, it's you know, you gotta you got a bunch of people that are like minded too, right? It's not like you're necessarily talking to restaurant operators who are just kind of, you know, sailing the waters without wondering about how they can maybe make their business better. Everybody has a growth mindset. Everybody's in the program for a reason. Of trying to, you know, affect change within their operations. So and they're also just, it's just a very welcoming place that people love to help do. And I think that we've been able to contribute, you know, for a lot of people in the group to with whether it's things that you know, maybe we've seen or had creative solutions. So that's a huge I mean, it's been a huge part of the program as much as the systems you know, which don't get me wrong, the systems are critical. And you know, I can't imagine life without them now. But but that part of the group has been terrific and was was not necessarily I didn't expect it to be as impactful as it was.

Speaking of life, what's life like for you today? And what do you anticipate for this season going into it? What's it going to be like for you?

Well, that's a great question. I mean, I think I mean life today for me is I think I'm able to spend a little bit more time on the creative things that inspire me about the business. I'm sure everybody who's been in this business for you know, a little while reaches certain valleys of appreciation for their business, I guess, in the sense that there's certainly been times where I've wondered, you know, what to my wife and like, what else can I do? You know, I'm not sure if I want to do this anymore. But these days, I'm able to, you know, really kind of take some of the things that used to be, you know, you're just checking the box every day stuff that you don't enjoy doing, that becomes redundant, that, you know, it's important to still be consistent, but I'm able to focus more on the parts of the business that you know, I'm enthusiastic about that keeps me going every day, and it's made me it's given me a better appreciation for the business and I don't find myself reaching those valleys as much. Actually, to some degree. I haven't sent an email last week, so I was working like an o'clock in the morning till about midnight every day. And you know, well, that goes contrary, the whole point of the program. The reason I was sent to the email was because I was doing it because I wanted to not because I had to write all fired up about a possible business venture. I was working on projections for both restaurants, I was reviewing, you know, job packages for all salary managers in both places. I'm in the middle of hiring a new chef, you know, all this stuff. And some of it didn't have to be done that week, but it's all stuff that I get excited about. It's all stuff that you know, when the family goes to bed at eight o'clock, nine o'clock at night, I'm like, Oh, just sit down and Peter 515 minutes, the next minute was 11 or 12. Right? And it's because it's the things that I'm enthusiastic about coming up with new menu ideas. You know, the stuff that really, you know, wanted to shoot you an email say, hey, thanks. I'm working 14 hours you said I was gonna work last night. I'm working 14 hours because I wanted to write because I'm not you know, I'm not in there yelling at somebody about you know, when we didn't walk directly last night or having a wine or cheese wasn't set up properly or, you know, things of that nature that used to be like the frustrating like, I don't really want to, you know, frustrated with this job. Because ultimately being an operator is also having a job. And there

it is. There's a big difference in working strategically on your business and jumping on the line. Right? There's the big difference.

Right? I enjoy working and I can't ever envision myself in a situation where I would stop working. I just don't that's just not really my mentality, but I enjoy working on things that that I'm excited about, and that I feel like I can have a positive effect on as opposed to you know, some of the day to day babysitting. They used to really just make me feel like I need to find a different career. Well, I'm relying strictly on myself. So this, you know, this day and age, my life looks a lot more like well, you know, I can be a lot more flexible with my time. You know, it's a one major change for me, especially being in such a rural seasonal town. I mean, we are from, you know, really from April 1 through October. We're crazy busy, but this time of year is really slow. And this used to be the time of year when I had a lot of time off and this year it's it's totally the opposite. Right? I'm working like crazy in January and February to make sure the strategies are in place projections are correct. Budgets are right, you know, for this coming season. But the goal is that really by April 1, all the players are in play, the systems are in play and I'm out fishing, right? I'd much rather be it's 42 degrees and overcast and cold today. I'm happy to work for a team. You know, but the minute it hits 68 and sunny, I'd like to be out there, you know, on the boat. So you know, it's a lot different approach to the business these days, but it's more enjoyable, and it's given the business a longer a longer lifespan. Quite frankly, because you know, if something's not sustainable, then you're gonna find a way out of it.

I love it makes me happy. Maybe not the 14 hours but I get it it can at least you're doing something that you're passionate about. It's easy to lose time. That's different.

It didn't have to happen. I was just enjoying it. You know when you when you're doing something that you really enjoy. I mean, it's in the ancient cliche, right like you're doing something you really love and it's not really perfect, right? So right and I've kind of been in that mindset lately. I'm excited we're doing some renovations right now the dining room I do a lot of that stuff myself painting and sanding and epoxy and you know, picking out new stools and chairs and designing that stuff. I mean, I could do that 22 hours a day because I love it. That's the best part. Right?

So it's hard for me to say to you that is the best part might not be for somebody else like me.

But that's the creative right there is there's the left side it's you know, hey, this is all things firing because I'm excited about

exactly what would what would you tell somebody who's thinking about the program has been circling listening to the podcast watching you to maybe even you know, reading my book or maybe see me at a seminar or workshop. What would you tell them?

Well, I would tell them that number one, I mean, you know, financially it's a commitment but we have a return on investment in the first year, probably four times over. So that was a big, you know, for me, it was a big fit, right? You hear that number you're like, oh, boy, that's that's a lot. But you know, if you turn that into four times profit, and you're one it's a no brainer, and that may not be the case for everybody that could have to do with revenues and where your cost of goods are now where your primes are now. But for us, that was the case. I would also say that, you know, it's not the right program if you're not willing to do it yourself and put the time and you've got to make sure that you are committed to learning and I think that one of the reasons that you and I click well and get along, is that I'm not looking for somebody to do something for me. I'm looking to learn from someone else so that I can continue. You know, let's say our days come to an end. But now these things are things that I can do on my own because I've learned them I don't need somebody coming in holding my hand on it. I don't need to be babysat about it. It's not something that we would have to hire somebody to you know, continue the consistency of it's, it's, you know, reframing your brain about how you're working it so that you have the systems in place in the future, once the program has come to an end. And so that's, that's important for me, but it's also important that people understand, you know, it takes a lot of work, but a lot of work. A lot of commitment, especially for us. I mean, we were somewhat crazy to start the program in the middle of April going into our busiest season with to operations trying to implement all the change in the harvest season. So much so I would also say that when you come into the program for us, we were way behind and you know we spent some time way behind because we were taking this on such a surplus of work. Well, we already were kind of up to our next going into season. But you know, the beauty of it is we had real change in year one already. And I would say that we were probably not your best students. You know, we probably had you know, I don't know 65 or 75% of it down in in the program. But then since the end of the program, once we finished the program, I think it was the last week of September, which is coincides with when our season really comes, you know kind of really fallen down the hill a bit. So we had the opportunity then to really spend the last few months and we're still going back through, you know, week by week and saying well, what areas did we really grip what areas have we really, really implemented? Well, what do we what is just natural now that we don't even think about and what areas are we still kind of like are we really keeping up with the key item tracker or is it just kind of on the wall and it hasn't been filled out for three days and how do we make sure that before APR one this year, these things are consistent and they become habit right? Because it's all about creating new habits that then you can pass on to your management team so that they have habits that they you know, eventually realize these these things, and the other different Well, I would say the other challenge too, was getting buy in from your team sometimes, right that you get a lot of people that have been doing one thing a certain way for a long time. And then it's like yeah, you might be the chef, you might be the GM and now you're gonna change the way you're doing your job and you get a little bit of what do you mean we're doing great places profitable, we're busy. We're on a wait every day. I mean, that was our case. We're gonna wait seven days a week from 11 o'clock in the morning till 10 o'clock at night the people who give me like what do you think we have to get better I'm gonna get better than that. Well, we get better by lowering our price we get better by creating new habits we get better by making ourselves more efficient. We get better by becoming an employer of choice so that we have the cream of the crop working for us so that all these other habits then become habits for them and all of this stuff comes together. So, you know, it's a lot of work. You got to be willing to put in the time, you got to make sure you're gonna be consistent. And it's a big financial commitment. But we saw that return year one, you know, far more than we would have.

Yeah, it truly is. You know, I say it's a premium program. Discovery calls that go when you're investing it's not about me anymore. It's about you. Are you going to do the work if you're not going to do the work? Do not sign up. And what I also love is you did go in during season I cannot tell you how many seasonal operations go well we're gonna wait till after season. Well, same shits gonna happen all the time and we can make excuses and we can say well put it off. It'll be tomorrow. There'll be another day to start. There's no better day to start to now. It doesn't mean you aren't going to fall behind. It doesn't mean I'm not willing to extend you and make sure we help you get there. But the truth of matter is, the moment you make the decision, you kind of you need to take action and say this is the time with that said, if you hadn't made the change, and we didn't do the manual engineering right out of the gate, you would have left a shit ton of money on the table even without the other changes. So again, another thing you know better to become more profitable when you're busy than when you're slow.

Well, I mean, for instance for us, you know we went from a 37% food cost 31% In the first year with you, that's six points on a $3 million restaurant that runs it 68% food sales so you know, the math is tremendous. They're by far paid for the program and then you know, gave us our most profitable season by far. So you know, even small changes on just one area of prime costs is tremendous, you know, especially the higher your volume is so but when you can put all three together and you're primed to get your food, beverage and labor dialed in, then you can see you know, a lot more freedom and then you know the nice thing then is and as you and I have discussed once you get those things under control and you understand it, then you have a lot more leeway on how you run your business. In other words, you know, for us this year, I'm building in $50,000 worth of charitable contributions, and still making sure we have an investment team. So I'm still making sure that the partners are happy with the return as far as the net income. While we feel like we have the leeway to put $50,000 towards helping the YMCA build a new basketball gym and helping you know the local theater put on plays and things like that. And that makes me feel better about going to work every day that makes me feel like the restaurant has purpose beyond just being a restaurant for the sake of hospitality and you know, financial benefit for the employees and ourselves. So and then you have a lot more leeway on hey, you know, maybe this GM is going with me and really deserves to be making a bit more of a better bonus structure. But until you get your primes in order, you know, it's difficult to create a budget that makes everybody happy if your numbers aren't happy. So, now that we've got our numbers kind of in order we I mean, I'm really proud of the budget for this year. I think that we've been able to you know, look at the budget because we have the confidence in hitting the prime targets that we've achieved and that we're working towards. You know, we have the confidence to say, I mean, I just hired a new chef on Friday. And so putting together a package for him in the past would have looked like me and Mike sitting around saying, Well, what do you think he's worth? I don't know what 5560 Do we do a bonus structure? You know, blah, blah, blah. And now the package is here's your base salary. Here's your quarterly bonus. The quarterly bonuses are based on you achieving this food cost percentage based on this ideal food cost percentage based on this menu engineering based on what we've done historically in the last year because we know what we're doing. Yeah, so it's not a question of guessing it's you know, this is what I can offer him I plug it into the budget before I offered him I look at the bottom line, I say am I still happy with it? Does it still meet the needs of the other staff members? As far as the budget? Does it still need the charitable donations? Does it still give us a bottom line that makes a diverse group of investors happy? And when all those answers are yes, and it's really easy to put you're not guessing on paper what you can offer? Right? So it's it's been a tremendous change.

But that just summarized off topic. I know now really because it sits there and says okay, the importance of budgeting, creating a proactive plan for success, your plan for success, understanding the numbers where they come from what's possible, but more importantly, how important that budget must match your core values. That's what I kept hearing I'm going okay, here we are. Everybody can be listened and go Well, we can make more more more money, more money, more money, but they don't understand or maybe they did pick up on giving back charity to the community that you operate in. Good paying my managers a little bit more whether salary and or bonus, having that kind of knowledge because you know what you're going to make and you can decide what you want to share versus going backwards looking. How do we do this here? Oh, we made or lost? How'd that happen? Dumbass luck. You decided what you want? To do? Because you know with reasonable predictability where your profitability is going to be we never hit our budget. There's always an oh shit moment who could have predicted COVID Who could have predicted the labor shortage who could have predicted, you know, the inflation and so on. But the fact is, you just keep changing that budget, modifying your plan and you stay true to your core values. You still get to that place you want to be it's just the path isn't necessarily straight. That's what excites me about what you just shared. It's, it's not just about money. It's about your core values, too. And you as an operator, we never try and change you. You just decide how you want to get there. That makes sense.

Absolutely. I mean, you're giving people the tools to run the business in the way that maybe they've always wanted to run, you know, and I've been asked to elaborate on it. But you know, you look at like, the game has changed since you and I came on in the last 27 years right now longer the the expectation isn't 6585 hours a week in most places anymore. Now you have conversations about sustainable you know, jobs and living wages and things like that. Not that and those are the right conversations to be having and that's the right shift for the industry. As an operator. Unfortunately, it was never built into the margins. Right, right. So now, it's a question of, well, how do I create a sustainable job or somebody to be a high end position? That's working 5055 hours a week, and my expectation of them isn't 75 hours a week anymore, while also having enough money left over to pay the people around them to make up for the 20 hours a week that they used to pull and making all those things happen makes you a better business goes back to the core values. But you know, pulling that all together if you used to just you know, Mike and I for years when minimum wages go up as as Virginia $5 Over the last four years. You know, if you don't have a budget for that you just continues to say, well, if my guy who was making nine now makes 10 Like I was making 16 Probably estimate what is you know, how do you figure that out? Well, you need you need the tools to figure that out. And instead of what we used to do is just kind of feel like a moral compass, I guess on decisions like do we feel like this is the right decision? Yes, let's make it the right decision. And then you get your p&l, you're like, oh, maybe it wasn't the right decision. So now you have you have a little bit of a navigation system with the budget. Like you said, you're not going to hit it every single time but you know, you're also seeing it you know, pretty close to real time to see where you're off so that you can try to affect change quickly and be proactive about what you need to do to to get back on course.

Amen to that. I really appreciate you taking the time to talk to me again, share your story. I think you've done incredible you know on your own before working with me and this program, but it's really been gratifying to see the huge leaps you've made in such a short time because you are already growth mindset already had numbers. You understood budgets, you had recipe cards, like you were lined up to be successful. It was just that little nudge and like you said understanding that maybe it's not a 34% food cost just because that's the national average isn't where I should be and utilizing the systems to create your targets based on what you need to do. And that's really rewarding for as a coach to see that kind of change. If there was one last thing you want to share with people before we go could be a quote could be a book could be any piece of advice. What would that be?

Well, you know, I've talked about this a little bit lately. I mean, I'm really trying to find a way you know, how's life different for me now is that I've known this for years was a quote from somebody I look up to a long time ago about split your life into thirds, you know, 1/3 for yourself 1/3 for your family and 1/3 for you know, your job or your career. And that's something that I've always kind of wanted to get to is but it's always been a question of, I just didn't have the time to get to. So now, you know, through the program and through kind of growing a little bit here. I'm hoping it really does. I'll get there this year. But you know, even just getting back in the basketball court a bit you know, getting out on the boat a little bit are things that I can do for myself so that I'm present for myself so that when I'm with you know the kids and my wife, you know I'm present with them and so that when I'm doing things that focused on work, you know, I'm 100% present there as opposed to I guess a year ago. I would think you know at night Okay, tomorrow looks like this and honey I probably have time to go to lunch with you. Right? And then something comes up in the call happens and sorry, I can't do lunch today, you know, and you know, now it's more like, Okay, I'm trying to plan out, you know, the weekend most times I'm sticking to it so that it's you know, the intention was always right to have the balance. Right. But oftentimes, the business was was dictating what the schedule really was, as opposed to the desire for balance. So now it seems that I've you know, gotten into enough of a position you know, mentor wise with with the teams that you know, hopefully this year is going to be all about trying to find that balance. So,

I love that. I remember when you shared that with me, I wrote it down twice. Third, third, third, if anybody's listening, I think that's a great goal to have. Again, Jonathan, thank you so much for sharing with us today. And I hope we have a conversation again soon. Talk to you soon. Hey, that was an awesome episode. I want to thank you for taking the time to take action on building a better, more prosperous restaurant. Before you go. I want to give you these three thoughts. One by combining leadership and taking action with systems and training being checked by accountability. You are on your way to creating prosperity for you and your restaurant, too. I have something I need from you. Please leave a review on Apple podcast Spotify or wherever you happen to listen to podcast. By leaving us a review other restaurant pros seeking out this information are able to find it. I read the reviews and hearing how this information has benefited you. It does wonders for me. And three, if you find any discussions helpful share them, the more restaurant pros who have access to them, the better we become as an industry. For more restaurant resources or to get in contact with me. Connect with me at David Scott peters.com Be passionate about what you're doing be persistent, but more importantly become better and help everyone around you become better. And your restaurant is going to kick some ass.