

Hey there restaurant pros, it's David Scott Peters and welcome to episode 23 of the restaurant prosperity formula. I've been coaching restaurant owner since 2003 and the restaurant prosperity formula is based on what the most successful restaurant owners I've worked with do on a daily basis to achieve their success. The basic premise of the formula centers around achieving prosperity, freedom from your restaurant and that 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. Today's topic centers around the continuing crisis of not having enough people applying to work at your restaurant. In this episode, we're going to talk about what the causes are for this labor shortage and what you can do about becoming an employer of choice, to never let it happen again for you and your restaurant. Let's get started. But first, a word from our sponsor.

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You'll never lift a finger to see if repeat returns is right for you. Visit [repeat returns com forward slash DSP](http://repeatreturns.com). I wanted to address the major challenge the hospitality industry is experiencing here in the United States as the states are opening back up and restaurants are experiencing huge sales increases that challenge is we can't find people to hire and are extremely short staffed. This creates, way more problems for restaurants than just being short staffed. It means owners are still working in the business since COVID-19 Business restrictions went into place back in March of 2020, like, I want you to work on your business not in it. And so now, when we got into the COVID business restrictions we started cutting our staffs, we reduced our management team, we reduced our number employees, we work to go only delivery, whatever it may be, we learned how to operate more efficiently, but it also meant in order to survive. Many restaurant owners had to get back into the trenches work aligned position in order to make really save their businesses. Now it also means we're still short staffed. Right, causing managers to be overworked and short tempered.

Because, as we only have so many employees when we start scheduling them over and over again, and we're feeling the pressure. We as management, start to bark at our employees, we start to get tired and so on. It means line employees are tired. I mean think about it as a cook their regularly scheduled overtime now. Right, so many of us are so short staffed that overtime is almost a guarantee, but to a point in time where we work so many hours and overtime that even though the money is fantastic for a line cook. Man, there's only so many hours we can work in a row that we start to get really resentful for showing up to work, front of house employees, there's not much difference. See normally a front of house employee, like in a full service restaurant the server. What if you could walk in as a server and not do side work, work your shift make money, and believe before the and not have to do any side work,

man. That's what that is a server's dream, but instead they're now approaching first time in my career I've ever seen it servers approaching 4040 plus hours of work, often in some places, even more.

Now granted, they're kicking ass I'VE GOT members who are their servers are making \$500 A week \$600 A week just crushing it. I've got other members that are making \$500 They've got servers making \$500 a shift, absolutely destroying the numbers I've seen, but the fact that matter is this, whether it's you're making five \$600 A week or five \$600 A day when you start working all those hours you get tired. This is not easy work. It is physically taxing, let alone mentally and we'll talk about that. So it means the number one reason line employees work in the restaurant industry is flexibility that's been taken away, right, because all of a sudden we're working these people over and over and over again because we only have so many, so now they become a number, somebody who can fill in a spot on a schedule. It means our guests are becoming short tempered because they're long ticket times and service levels have dropped off because we're just trying to survive the day.

So our front of house team, right, our team members were their servers bussers hosts cashiers, and our managers, they're getting yelled at by our guests. Like the stereotypical Karen, there's more Karen's out there today than ever, and they're berating our team they're like What the hell do I want to do this for, and all these add up right as, as these all add up. What do you get. What do you do, what do you do to get potential new hires, because these new hires who potential new hires would rather get a job at say Amazon fulfillment center or warehouse job where they can earn up to \$17 an hour, Get a signing bonus possible benefits without all the negatives of working in the restaurant industry, see some of that already happened when you trim down your status with COVID they got out of the business and they're thinking, why do I want to come back. How did we get here. Well, compared to other industries, we generally have lower starting hourly wages. Now it doesn't mean we're not paying well depends on where you are tip credit not tip credit worthy of a tip pool, or you're paying above average, but the truth of matter is an industry in a hole. We've consistently paid less than most other jobs. They're bad managers or no managers at all. See this is where, let's see, we have no managers, the team members.

They have to run the roost. So we've got that one employee that really has got that powerful personality, and people start to resent because they're doing more or they're stealing tables, they're just more aggressive. And maybe we throw more employees at it because we don't have supervision to make sure everything gets done which believes is that the labor clock, but we also have people trying to manage each other as peers, or maybe we've got managers and because we don't have systems in place, we didn't give them training, maybe that new rookie Manager We anointed with that magic very one and they treat people like shit, because that's how they were treated, we kind of like the self fulfilling prophecy we just keep treating people badly and we treat them badly because that's how we were treated and it just keeps going on and on and on, becomes because of long hours long hours of hard work, like I talked about how I don't belong in a kitchen, one of the reasons I don't want to work in a kitchen is there's, it's hot. There's no windows, there's no communication. It's often, you know, high pressure. And you do that over and over and over again I work as a server I'm a bad server I'm a great bartender at least I used to be a be a good barback for you right now, but the fact of the matter is this

carrying trays and clearing tables and moving really quickly and doing whatever I can. It's long, hard work.

Also because, well, we now have this new adversarial relationship with our guests. It started with mass mandates, I don't care what side of the fence you, you are in what you believe in don't believe in the fact that matter is we had regulations, government said wear a mask for health reasons, all these good intentions, but you had people didn't believe in them, and they fought you, we saw over and over and over again videos on the internet of the Karen's of the world, who were fighting line employees who are just doing their damn job, And those line employees are your line employees. You're tired of getting beat up. So to understand why this is affecting our industry so badly. I want to get academic with you for a minute and talk about Herzberg motivation hygiene theory I said it. Herzberg motivation hygiene theory. Well who is Herbert, well if you go on wikipedia.com They say a friend of Frederick Irving Herzberg, was an American psychologist who became one of the most influential names in business management. He's 1968 I said in 1968 publication. One more time. How do you motivate employees. I sold over 1.2 million reprints by 1987, and was the most requested article from the Harvard Business Review, so you get the picture. This is a sought out business principle, how do we motivate our people.

The basic, basic gist of Herzberg motivation hygiene theory, that is a just a mouthful, isn't it, Herzberg motivation hygiene theory, make sure you look it up, is that there are two types of motivation. There's hygiene factors, otherwise known as maintenance factors and motivation factors. Well hygiene factors. What he says is if these factors are absent, if they're if they're absent from your business they're deemed motivators. So these are must, you must have these things in place, and it goes in and he talks about its supervision, fair compensation, good working conditions, interpersonal relationships. These are must when these things are gone, you've got the motivate D motivated people. Now he says there's motivation factors is the second piece. And when these are present, you will motivate your people, but there's an asterick they're having more of one of these things or all of these things doesn't motivate people more. So it's really important to understand that we just need to take care of them. And those are recognition, responsibility, achievement, advancement and work itself. When you look at the challenges we face in the hospitality industry right now against Herzberg theory. I think you can quickly see, as an industry, we've got to change.

The other big epiphany is there's no quick fix to this problem. There is no quick fix. I know you're out there searching on the internet, how do I fix this employee problem how do I do it, how do I do it. There is no quick fix, but a part of that epiphany is that it can be fixed. If each restaurant works towards becoming an employer of choice. What is an employer of choice. It's a restaurant where everyone wants to work there. It's a restaurant where guests and friends as team members who work in your business right now, because they like working there, and they go on to gush over how they love working this place, see the opposite is true for too many of us, Hey do you like working here. Oh my gosh, they don't pay me well, they overwork us the managers are asked this blah blah blah. And you wonder why people don't want to work for you as that leeches out of your four walls and the end of the community on social media posts on communication with people who asked, Hey, do you like working there and so on, and it

becomes so difficult to change that, that perception of your business. But there also has to be a reason, a root cause, maybe we're not motivating our employees right in Herzberg we're de motivating. So becoming an employer of choice should be your ultimate goal, and you need to understand it takes time. It takes time, because you're changing your company culture to do so. And that's the major thing we've got to think about creating company culture if you're a brand new restaurant that's easy.

Changing company culture if you've been open five 610 2030 100 years. Imagine what that takes. That's like turning an aircraft carrier versus zipping making a change, because we have to change how we all think how we treat our guests, how we view the restaurant, and that takes time and sometimes it takes changing people. So let me address each motivation hygiene factor Herzberg, talks about, and give you some ideas to get your mind started by no means I want to be clear by no means do I have all the answers, nor am I saying this process will be easy. Changing company culture is one of the hardest things to do. But ultimately, it's well worth it. It's well worth the effort, because the change is magical. So here we go. Herzberg remember talks about hygiene factors when these are absent, their D motivators. So the first one was supervision. Well, what does that mean it means. Number one, you've got to have a system a process, a system, a process away in place for everything that you do. Oh, that's the system's part of the business. But in order to make sure those systems work supervisions got to be there. We've got to have supervisors I like in a perfect world, which we don't do that. But if I have the money and I can put that budget together. I want to plainclothes manager on every shift. See, whether they're training as a manager in training an MIT, a shift supervisor, whether they're a salaried Manager Jeff GM don't care what it is.

There is a plainclothes manager on every shift, because they ensure the process is working. See the opposite is true, is when I throw money at it, I don't have money for managers I actually believe labor faster because everyone I throw more in line employees out there to make sure all the tasks get done. But nobody is paying attention so everybody's leaving the clock, we're not being efficient. Nobody's making sure table 22 got their drink order or that the check was dropped on time. We don't look in back a house and make sure the lights are coming out right and on time. We nobody's paying attention. So all of a sudden our guests get a bad experience, and when they get a bad experience that can I talk to the manager oh we don't have a manager working and how that hurts your Yelp reviews and others. So the truth of matter is great supervision ensures that everybody's working towards the same goal, following the same systems giving the guests ultimately the best experience possible. It controls costs, whether it's labor or food or liquor costs, and ensures our steps of service are followed that we create great memories. You must have good supervision. It is critical. Next he talked about fair compensation, and now I want to be very clear about this. Listen to the words, fair compensation. That does not mean we've got to overpay. We've been talking about this in past podcasts in my group coaching program, and on Discovery calls when I talk to restaurant owners on a daily basis. And this major concern. Hey, should I raise my wage. Now I get it. First of all, as an industry, I said we probably underpaid in many respects, and with \$15 minimum wage, starting on the coast and making your way in, you'll be at \$15 at some point in time, it will happen. It's not a matter of if it's win. But the truth of matter is this. Let's say I'm in a \$7 minimum wage state, do I go to 15 like that No. Now if you are paying \$7 and everybody else is paying save \$7 And that's fair compensation for your marketplace, then that's fair.

By raising that wage we don't necessarily attract more people or make people more motivated because I'm seeing that right now I've got members who are in places where there's Indian casinos and they've gone to \$25 an hour for line cooks, Like what do you do, well you don't go up to \$25 because there's only so many line cook jobs they have once they're filled they're filled. So I don't need the knee jerk reaction raise my wages to compete with some, some casino that has lots of money coming in very different than we do, to compete. They will get there are people who are motivated only by money, maybe the work, the work environment is great but that's what they get. I don't need to change if all the other restaurants are staying with me. Let's say I \$15 an hour. Well if I start seeing my competitors, everyone around me going to \$16 \$17 an hour. It's not just one or two restaurants, I'm like, it is the marketplace, then you need to go, you need to bring right, bring your wages up to be competitive, because it's fair compensation for your marketplace. Then we've got to go back to your budget and figure out how to pay for it. We may have to readjust our menu to lower our food costs our pork costs and make up for the rising labor costs, but it can be done, and I will make mention that it has been happening for years now on California and New York, Washington, right, these states have already been a \$15 minimum wage, and these restaurants are still in operation so it can be done. My concern for many of you is if you're in a state that is a very low minimum wage, that one day, it's going to ratchet up and double that could crush our industry because we're not prepared. So what do we take away from this.

Yes, fair compensation does not mean we outpace everyone around us, to be fair, he talked about good working conditions and what does that mean. Well it's, it's that piece of restaurant one one restaurant one is hot food hot cold food cold clean safe work environment for the guests employees Wow customer service incredible product, it's the clean, safe work environment for our employees, our team members. See all too often we don't pay attention to them. We make sure that our dining rooms are pristine and beautiful, and we make sure the guests, they notice nothing no dead bugs no dust no grease, no nothing that we put all this effort into checklists and making sure their experiences. Awesome. Yeah, I go in the back, and everybody's open up the door to the back dock with their ass hitting the push bar, and their foot, banging on the bottom of the door. And so there's these greasy food marks from all the cooks that are on there and it's dirty and dented and awful, and we go into the employee bathroom that was in the attached to the kitchen if you have one, and it's a storage area and it's dirty and nobody cleans it everybody cleans out front, but not it. We go to server alley, and the Bolton boards look like nobody gives a rat's ass and you go through and you find one thing after another after another. Is it clean, is it safe. Do we care about our internal customers as much as we care about our external. So when you don't have good working conditions we demotivate. The flexible schedules, when we start to take away the ability for people to switch shifts and do all these things because we're so short staffed and we start to take away the good working conditions, one of the major reasons why line employees work in the industry, flexibility, I've got members who have lived this to a point where they're getting back into line positions until they can hire properly, so they don't have to work their people to death, and others were closing down one to two days a week, to ensure people have two days off a week to make sure everybody is taken care of, and can still have that flexibility, good working conditions also bleed into positive work environment.

Do I have that proper super supervision that we feel like we're a part of something bigger part of the team, we're getting treated well on a daily basis. Now, last but not least, it says, interpersonal relationships is management, getting to know each team member, and taking an interest in their lives. All too often we find out that employees are leaving us because they've got a problem at home, and it's news to us when they give us their notice, they give us our notice they go oh my gosh, we didn't know, Well, why don't we know, are your managers, getting to know each person, finding out what's unique in each one of them pushing your buttons, getting to know them, to make them feel more connected with you in the business, see, since millennials and younger.

Our industry has changed, we can no longer treat people like a number, and yell and scream and and work them to death. See, as we continue that doesn't work because they want to be a part of something bigger, a part of the community doing know that they're, they're helping people making a change creating memories something bigger than themselves. So if you don't take an interest in them. They don't feel appreciated, they won't stick around. Now, here's what goes into the motivation factors, and since number one starts off with that recognition. See, making sure your team members feel appreciated. And one of the best reads that I can tell you that are out of date, is I want you to get a book commission on it. I read the book I use it in presentations now, it's called the five languages of appreciation in the workplace. It's by Gary Chapman and Paul white, and they go into this whole litany of that your employees don't have to like you. They have to feel appreciated, like the number one reason why you lose people in your business so they don't feel appreciated, again, it's not about liking you. It's feeling acknowledged for who they are and what they do. Now, they go through five different levels of languages of appreciation. One of them being touch which I'm going to tell you to stay away from other than high five specific fist bumps and the pat on the back and even then, maybe not and that's because of the world we live in. We don't want to misconstrue, but it's simple things like making sure you acknowledge people right in front of others, individually in front of groups.

Hey, did you know, Stacy has been with me for 20 years. She's the best server I've ever had to a table to where Gary's done an incredible job as tonight I want to tell you what they did, as you have a as a close out pre shift reefing how the day went to individually pulling Jose aside and going, Dude, you are awesome you've done an incredible job today, and I want to thank you all the way through to helping them in so many different ways that they talked about in these five languages. Well, are you showing your employees that you appreciate them. Another motivation factor is responsibility, and here's the deal. It can be as simple as empowering your teams to make decisions on their own. Hey, you don't need to find a manager if you know a guest is having a bad experience and you can take care of it you have the ability to comp up dessert or to do this or to do that because as long as it fit with our core values which we've taught you, and you show once you understand, you can do this on your own. It could be being having the ability to give them more responsibility. See, not everybody wants to become a manager but maybe somebody has worked for you 10 years and a little bored and want to do something more than we give them inventory we give them the schedule, we give them helping you with checklists, and all of a sudden, they've got more value in that business in that in, in their job talks about achievement. Are you giving your team members the ability to do more than just walk the circle.

That means starting somebody to sink your dishwasher. And it's a thankless job and I talked about how my first jobs, jobs poor on one point time I worked two of them one for my family, one for another independent family run business as a dishwasher I hated being a dishwasher part of it was because I worked for my mom, but it can be a thankless job. You're in the dish but then you're asked him, but it's one of the I talked about one of the most five most important positions that you have now everybody's important, but on a busy night, if a dishwasher isn't on their game, you don't have pots and pans, you know, plates, you know of glassware, you know silverware, you can't take care of your guests. This person is integral, but it's thankless sometimes just getting your ass kicked and just it's wet it's hot, it's go go go. Well, would it be nice to say hey, your as you learn to be the greatest dishwasher possible.

We'll then move you end up learning how to prep and from prep we're gonna learn how to do fry station and sandwiches and then saute and then grill, and then Expo, and all of a sudden I see a career path that I don't stay as a minimum wage earner I can improve my skill set and move up. It could be simple things as a digital training, I'm going to teach you, I'm going to help you become a sommelier. I'm going to send you to a course to become a better manager, I'm going to help you get your English as a second language certificate that you can learn how to speak English, it can be any of those things. He talks about advancement. Now I do want to say everybody doesn't want to advance, thank goodness, because as I talked about, it's one of the toughest things I had to learn, as, as, as a manager in this industry. Not everybody wants to become a manager, not everybody wants to become an owner, not everybody wants to become a restaurant expert a systems guy. It's okay. Thank God, everybody doesn't want to be something more, because we've never had somebody who's willing to dig a ditch. And that's not a bad thing thing. Thank goodness we have people who want to dig a ditch or we wouldn't have roads built through and offenses dug, or put up we wouldn't have all these things done, we all provide value in this world. But we have different motivations, but those who do want to advance. Are we giving them the proper training, to get the skill sets to move up.

Are we showing team members how they can move up in the organization, are we giving them a clear path. And last but not least, the motivation, the final motivation pieces work itself. Are you finding ways to make the job more fulfilling. Even if it's a dishwasher. Do they understand what they do for the guests that our mission, our Why is creating memories for our guests, and without you. The cooks couldn't do their job the server's couldn't do their jobs the bartenders couldn't do their jobs, we couldn't deliver that incredible dish that incredible cocktail that incredible experience that changes people's lives because they remember this, they met here, they got engaged here, and they come back year after year to celebrate their wedding here, they remember the promotion here, they remember the childhood memories of birthdays here and you as a dishwasher have everything to do with creating that memory. Can you make that job more fulfilling than walking the circle and just doing the tasks. See restaurant owners as the leader of your business. You can't blame outside factors for your staffing woes. Yes, we can talk about COVID how it did this, we can talk about other things, but the truth of matter is. You can't blame outside factors for your staffing woes Yes, depending on when you're listening to this, to this podcast, the federal government may still be giving the unemployed an extra \$300 for remaining unemployed.

Yes, the backbone over industry women in the workforce, have been stuck at home because their kids are attending school on a computer. Yes, there are people who are still afraid of COVID-19, so they remain out of the workforce. And finally, yes. When we let people go because we didn't have the sales to keep them working. They left the industry, and don't want to come back. These are all truths. But you know what these outside factors will go away, they're gonna go away and I won't guarantee you this, they'll be replaced by new ones. See, we've been bitching and moaning about finding good employees, as long as I've been alive. The 30 years plus that I've been in this industry. We've always bitched and moaned, whether about generational issues finding people getting good people training people can't find people have too many people they all are bad, whatever it is I don't give a rat's ass, we always pitch in mode, except for some of my members see Finding and retaining good employees, has always been the challenge in the hospitality industry, but instead of bitching and moaning about the outside factors you cannot control, start taking care of the things you can control and become an employer of choice, and you'll never worry about finding team members again.

Heck, I've got members who have an old elite members, good friend of mine, who has been open for almost, I think 30 plus years now, and has over a dozen team members have been with him 20 plus years. I've got another, another member, pass member who is in Florida and as a steakhouse. They've been around for 73 years, and they've got multiple, multiple numbers of employees that started with them at 16 are now in their 50s, and it's incredible to see, how is it that these people don't experience the shortage in team members, because they recruit people who match, match their core values, they train these people they put supervisors in that everybody's treated the same, whether you're a new employee or a long term employee.

They make positive work environments they pay fairly right you get the picture. This is not an overnight, fix, but restaurant owners it's within your control. So yes, you may have to raise your wages, but how do we do that we put a budget together and find out how we're going to be able to afford that, how quickly we can do that, what we're going to do to roll that out, but we've got to train people, we've got to put management in place we need to put systems in place, we need to treat everybody the same. In such a way that you're an employer of choice. So I feel your pain. I know you're struggling. This challenge will pass.

The reality is this is not a quick fix. I know you're looking for it right now you're feeling that pain right now. But the truth of matter is this, this is probably a six month to a year journey, because you've got to start internally, correct those things you can control, and eventually you become an employer of choice when more and more people ask your team. What's it like working here, do I love it, whatever it may be and they say yes, and they start recruiting people like themselves, because they want to work for you with you and be a part of something bigger. So do me a favor, change your mindset.

Stop focusing on what you can't start focusing on what you can create a plan for success, to change things following Herzberg motor motivation hygiene theory, you can do it, because you're the leader of your restaurant needs today. He 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.

To have something I need from you, please leave a review on Apple podcasts Spotify or wherever you happen to listen to podcasts by leaving us 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 does wonders for me. And three, if you find any the 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](http://DavidScottPeters.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. If you're tired of not being able to leave your restaurant because no one else knows how to run it. I want to make sure you know it doesn't have to be that way. You can leave your restaurant, it is possible to build a team of people who know how you want the restaurant to run with these trained and responsible people in place, you can give yourself time away.

What would you do if your time away from your restaurant, would you sleep better. Would your relationships improve. Would you feel more relaxed. These are all things you deserve to experience as a business owner, it's why we own our own businesses. If you would like to learn how to own a restaurant that doesn't depend on you to be successful. Click the link in the description to watch a free training course that teaches you exactly what you have to do. Also, be sure to subscribe to get my weekly tips, and watch these two videos to get more information and guidance for running a successful restaurant.