Hey there, Restaurant Pros, David Scott Peters here and welcome to episode 31 of the restaurant Brasserie formula. I've been coaching restaurant owners since 2003 and the restaurant prosperity formula, just 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 for 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, ability, and taking action. Today's topic centered around the story of one restaurant owner, who we've talked to in the past, who made incredible change and survived all the COVID business restrictions and got her life back. But now I want to tell you about our guest today, who's Eddie Barnett owner the captain's cabin in Washington, North Dakota. Now, you may remember me as my guest back in episode eight, she made incredible changes, like I said in the height of the business restrictions during the pandemic. This is kind of a Where are they now follow up interview. I hope you're ready to drop all the excuses of why you're not able to start down in your systems journey. Why, because after you have any timeline from feeding about closing her restaurant doors and making a bottom line improvement of over $280,000 In just the last 12 months, you're gonna want to start today. I want to welcome anybody to the show today. But first, a word from our sponsor. This episode has been brought to you by BP returns, if you're a restaurant owner of a medium to high volume indepedent restaurant multi unit or franchise operator, and you're looking for a proven and realistic solution to attract and retain customers, then you need to visit repeat redirects. Repeat returns is a modern marketing platform created by a restaurant owner for restaurant owners. It studies, each customer's habits and patterns and picks the most profitable outcome for restaurant every single day and deploys marketing to make that happen. You'll never look a finger to see if repeat returns is right for you. Visit repeat returns. COMM forward slash DSB me I'm so excited to have you as a repeat guest we see each other on a weekly basis, but thanks so much for joining me again. Of course, it's my pleasure. So I will share with people, kind of a backtrack. When we first talked you talked about where you were in COVID, and how you had to make a major change, and maybe somebody's listening to us right now. They don't know your story. So I want to start off with, and you and your husband, end up from being farmers and you as a social worker and a buying a local restaurant because you want to provide the community, something better than they were doing in the first place you are on the market right that decision of wanting to go into the restaurant business and why. Yeah, I didn't grow up in the restaurant business, but never had any inclination to wanting to own one, but this came along and it was going to be more of an investment type thing, somebody was gonna run the friend somebody is gonna run the back and lo and behold shocker that did not work out. So it was sink or swim time, and I had to dive in and work around a business. And you even, even if I'm not mistaken, you had a chef who was stealing your food and running a catering business out of your back door, like under your noses, this other person were supposed to help you be successful, was actually undermining you every step of the way costing you 10s of 1000s of dollars is that an accurate statement. Correct. He was a friend of ours, it wasn't just some guy we hired off Indeed, it was a friend of ours and he was catering on the site having the truck rolled directly to him.

Using our food and so yeah it was 10s of 1000s of dollars I was very angry and upset in the beginning but in looking back it was one of the greatest things that's ever happened because it forced me to get involved where I needed to be involved.

Let's describe the restaurant for for people like you're in a small town, st where you are. I want you to tell people how big I mean small York is definitely a small town, we are the brand this little city on the Missouri River and Washington or Kona so it's just north of Bismarck the Capitol, pretty much smack dab in the middle of state, and our town has about 1200 people so it is very small town. There's no stoplights, it's just, it's just a small town, the closest big chain of like our your Walmart, I think that's like going shopping for us is definitely a small town, and with that said your destination location if it's okay with you, I'm gonna disclose, you're about $1.5 million a year in annual sales kind of store so you're not slow, but you've got surrounding towns or small people come in like, You are the place to be in your area. Is that an accurate thing. Yes, and I would say we've also kind of became a prime employer in the community as well because we do offer a lot of jobs we started but I think equally. We have a lot of part timers, but I think the point really

wasn't you didn't buy a business it was already successful and always booming you literally took it from the ground floor, and really exploded. But with that said he had no computer, no POS, no nothing. Everything was just an old tale that said capture food or healthier food, everything was pretty much a freezing fryer. So we've definitely expanded things. Well, let's, let's talk about restaurant cams cabin, and where you were. Come pandemic is hidden. We're shutting things down. But even before we got to that. We're already struggling to paint a picture from January, 2020 right, we're not quite there, to the point where, you know, pandemic is different and a lot sooner than it really is what it wasn't really what stuck with you as much as just the fact of all these teams you had to make from employees stealing from you to no procedures no systems, no nothing, being in the business, what things look like for you financially, and how do you bring up the point that it really wasn't only like, I don't want this to sound weird but we actually did pretty well with COVID We did a lot of takeout. And so we actually did pretty well it was changing all the other things that really made us.

So we had, we were struggling, it was either figuring out these holes in the bucket, are we getting water money all over the place, or get rid of it without a political, well if I if I remember correctly calling cold January 2020 When I go back to our first interview we did together from our very first discovery in about $7,000 in the bank and if I'm not mistaken you were robbing Peter to pay Paul taken from your savings account personal savings account in order to make payroll at that takes that an accurate picture. Correct. It's embarrassing but yeah we were we didn't have any other choice.

And we sat down with a couple of different people, my dad being one of them in January of 2014 just kind of I didn't know what Brian costs was like I knew nothing about the restaurant business and we rough and dirty guesstimated that we were at about 85% cost when we met with you all, we figured it was really excellent 89% friend cost about six months later and we're talking June of 2020 so, and then it's been churning it's been going, and you've been struggling through this whole time. So a nice fit for people if you're not listening it's total labor cost plus total cost of goods sold, and includes tax benefits benefits insurance on the labor that means for every dollar comes in you had him your 90 cents spent, you had only a dime left over to pay all your fixed expenses, let alone leave something on for you, which means it was a very big uphill battle cashflow nightmare. Right, yeah, that's Yeah we were bringing the sales in but we did have money in the bank account so that's where I knew like we just really suck people to want to be here, we have the sales so what the hell is going on, I've got to get the bonus so how many hours, or 80 hours a week, if I remember correctly, he took one day off in 2020 after that point. Yeah, pretty much, that was pretty much non stop just a hamster wheel and that's what I was getting burnt out really quickly on you know we're probably only what a year and a half into business and I was getting really rich already because you're just constantly putting out fires and waiting for the next chaotic moment to happen when somebody needs you and it's like, it's ripple and no money in the bank approval for it you know it's like what the hell am I doing, you're feeling a prisoner in your business, not making money.

I'm pretty sure we talked about it, you probably were having a little recording in your head like, is this worth it like should I just close the doors to hell with this, because there really wasn't an upside to wanting to give back to the community because it wasn't returning back in your back pocket or in your life. Right. And we did have the option to go to the bank because of COVID and borrow another $100,000, or whatever it was that we needed to kind of get back on your feet, but I knew that wasn't gonna solve problems. So, after our discovery call with you where it was like okay well here's what's on the table, it's like, Well even if I get half of that money back we're going to be better off than where, where we are now so I will give this a try, and really started to implement the systems, one at a time and just kind of snowballed from there.

We didn't go to inventory dollars believe are you going to be started your very first system was what appreciate notes, please give me just a little checklist of what you want to talk about on a daily basis. How did that even. How did that start the ball rolling down the hill to pick up momentum. It's so simple and it's really just, I'm a believer that it takes 21 days to create a habit like no it's just, it's not an option. It's just what you do at your closing editorship, it's what you do when you get there you read your notes and then you don't have to ask me 43 times do we have this, what about this is their bingo tonight, you know, all these questions everything already on there right there for them to yeah it just really kind of sets the tone for the whole shift. So when you saw some success with that as you move into the next system, you just stop that course right you put it in place, you stick with it you monitor it every day, you say this is what we were doing, did you have pushback did you lose some people, and even in management. We did, and I think that was terrifying in the beginning when you mentioned that like you're probably going to lose some of your employees and like what we can't lose anybody we're already short staffed or short management. And yeah, we ended up losing a couple of our main people and they still have about every now and then but I think it was a good change for them too. They were probably burned out as well, understandably so.

They're a lot happier now when they come back and help fill in, rather than just be on the same hamster wheel we were on so no we definitely had some staff turnover, I think the checklists would probably be when we had the most profound, like now that they again now that we have built in place, it's just something that you, you just have to be your checklist for a week, it's not an option is is amazing when you think about you started this, the journey if you will, mentally in January but you really didn't start to look out for help or contact me, you kind of circling information YouTube channel we did an eval and so if it's something for you to get into discovery call something for you to say yeah I want to join, and then you just started you starting to see success was amazing as we go from June when you start to November just four months later, your focus went from 89% to 75% Well, that is still not going to make a ton of money. Right, you can move from $70,000 to $70,000 and you weren't worried about making payroll anymore you weren't feeding the business anymore. Right, I mean, what does that change and how did it happen so quickly.

I just really think like I go back to that bucket all the time, have you thought about the holes and really what helped set that emotion was doing the budget with you and figuring out like so, that was hard for me to understand with all the systems it's like okay where do I start well it might be different for me where I need to start versus where you need to start, you might need, reciprocity for ASAP or a new menu today, because you're just throwing money away so I think once we did the budget and kind of found out where we needed to start plugging the biggest holes and then it's just kind of kept snowballing again from there. So what I love about about this next time frame, and it's kind of a review of of our of our first, our first podcast interview we did together, because it kind of catches up to this January point but from November 2014, to January 20.1 Your, your husband grown farm, and, like, you're in, In the height of season you're in a combine for 12 plus hours a day, I don't understand what that means I'm glad there's GPS, there's music and all this stuff. I don't even know, that's not my world. You went from working 80 hours a week in the restaurant, a prisoner to it, to being able to get back in the combine and taking time off and having a manager run your business. I mean, talk about what it felt like, and what your ultimate payoff was in January 2021 When we saw each other, talk about that. Yeah, it's been crazy to have that freedom, even this week, we are really short staffed reports just like everybody else, but I'm usually working 40 hours a week sometimes maybe on a busier week but it's not at, I am able to travel with me and when we have that big event going on so that just always alone has helped cut down my personal stress level a lot, not constant pressure of somebody meeting you because there are systems in place, we have checklists for everything from here's how to troubleshoot when the water heater pilot light goes out so they're not calling 1130 At night oh we're gonna be hot water. It's just really trying to kind of troubleshoot those fires and get them, put a baby before they blow up on a Friday night. Something always happens we put management in place right they could actually do what you wanted, you didn't have to be the one to make every decision. Yeah and I think the other part of that is the consistency of management as well, of not having one person, kind of be the pushover, and the other one then becomes the bench manager because they're actually the ones enforcing the rules and now that that has changed that culture and that dynamic of they're not going to get a different answer for me it's, this is correct we have the same core values I guess if you will, that they know that just by having all managers get by having as managers by being consistent with policies, procedures like changing your company culture. You had two three days off a week during this time. And then in January 2021 We had breakfast in Scottsdale, Arizona, like we had breakfast, like you had an extended vacation and how long did you were you here, and how did you pull that off. I was down there for two weeks was the original plan and actually the manager called and said you you really could probably just stay another week like we're good and I'm like joking like okay well that's fantastic.

Yeah and actually meeting you in person was one of my goals when we very first started working together so that's kind of a cool little milestone. We'll talk about the time we saw each other in Vegas with all the other members of.

Here's January 2020 You're taking three weeks off, you come back to the business, and you still have time off you have managers, there's still some struggles you're still implementing systems you're still not quite all the way there.

But your prime cost had dropped down to 64%. Now you're just under whatever the national average of 65% is I want you to 55 or 100, but that's a major swing from 89% to 64.

That's unbelievable 25% That means you all of a sudden became so efficiently gathered back a quarter, every dollar comes in on top of where you work, that means I can pay bills, I can make money I can do things. Now, between January and August, we start to see things like in our group coaching call. And as I mentioned, everybody. I've got a restaurant transformation intensive membership is a group coaching programs 24 Slash 30 weeks long. Well, you've been with me much longer than that time, but you helped me through that program, you and I met on a weekly basis you and every year your GM, we met and we started playing because I'm trying to create this program from everything I've done in the past that you had done it like, whatever it was, you put in place, you saw results. Well then, because this group coaching call I like to tell people, I think we as a group are three to four weeks ahead of the media on what's going on the restaurant business because we have members all over the United States and in fact, recently we've got somebody in Italy. And so we know what we're starting to see all the sudden was, oh my gosh I'm having my asking, I'm having record sales Oh my God, what's the customer coming back way before the media ever sent it way before we started to understand we had a crisis in shortage of employees, because right then and there you had enough staff, and then we hadn't started looking for more staff, until we flipped that switch and said oh my gosh I'm having my ask if I need more people who couldn't find them.

During that time, you're no different than anybody else in fact I would say you have a tougher than anybody else, considering you have 1200 people to choose from, and no traffic light your city, running a very busy restaurant that the labor shortage hold you back in, that's reasonable to say right it's all that time off, we just talked about the rosy picture suck you back into business because you needed to be a server bartender, you had to get your hands dirty again because of what happened in the market.

I think that's very accurate I am going to open around a lot of shifts on the floor right now and so I don't want somebody to look at this as oh she's done all that she's done because like you and I are probably never gonna look at each other in high five and we're gonna see later I'm going to Europe for six months like probably not gonna happen but yeah it does kind of suck you back in but it's nothing personal to our restaurant which is kind of comforting to see that like okay this is a nationwide problem we've just got to keep pushing through this and it really again, probably is a blessing because it forced us to fully ship, you've got to read our manual to date because this has to be implemented next Monday, why, why did you have to make it because you want to talk about it, to paint a picture, you're in a small town, you wanted to be all things all people so you can offer this. The other because there's not a whole lot of other restaurants couple bars, a couple of chain restaurants, but nothing that provides an after hours like you do. So you have a lot of extra items on your menu for about a year plus we talked about the razor cream. It was a trend, but there was a sphere of picking five customers that you see on a daily basis with your calories so small, people Hey, why'd you take that off the menu I feel personally hurt.

So that was kind of a big shift for me I think there was, I just had to have this personal breakthrough of I thought we'll remove the paste from the item because normally because of you that we got rid of homering prices, you're gonna come back and eat something else to do certain other options and, probably, you know, and there might be some people that don't, But it's really started to shift our demographics.

You didn't make the change start to remove items for your menu because of food cost. It was a labor shortage, right, like we got simplify this kitchen because we have five to seven people in the kitchen and Thursday nights that we have two people, so it's like, okay, either we close the kitchen, we do something like pizzas only or burgers only three or four burgers or we drastically reduced this menu and it has been awesome. What you said you righted your ship with this labor shortage, save your business and your sanity by reducing your menu. I don't think people understand, in small town. What's the average age of your cooks.

We run the whole kitchen mostly with high school kids, high school kids and you're short a kitchen manager right now is that accurate. Correct, who places your orders for you. The high school kid who does your prep list for you. High school kids who maintains your key item tracker waste tracker in the system and checklist.

At night, they do a food order and they're in front of inventory they, it's really teaching them a lot, and you were able to do this because of your the leader your restaurant needs because you didn't grow in the town go shit the government does with the extra money and these lazy people and blame, blame, blame you looked internally and said, How can I change my operation to make it work with what I have today, that is just amazing because all too often restaurant vendors would never think that they've got to hit their menu. Now full disclosure, we talked about reducing your menu, because you have too many items for a long long time. The time came, it was ready and it was right for you. Yeah. What was that decision like you talked for a while yeah it was scary for sure because I do I take one of them personally and I'm like, oh I don't want anybody to be sad because we got rid of breakfast we suck at breakfast, really bad.

It just eggs are hard, it's a whole nother ballgame people ate breakfast so how hard can it be bacon, eggs, but it is a whole nother ballgame eggs and hashbrowns, and we didn't do it well, it's always better to just get rid of it.

We really changed on Wi Fi when we did the manufacturability monitor with you and Mary we really looked at a couple different things on what can we cross utilize with our food. What are single use items that we're only using toilet girl for this one pizza or whatever that may be. And then also looking at the amount of prep, because it was eating into a lot of our labor time so we've drastically cut a lot of our prep out, and just really tried to streamline and simplify things and we did add in a couple new things so that it's not just all what we took away. But people have been very receptive we actually adjusted the prices as well because we were probably, we know we were under priced in a lot of the areas.

So that menu profitability monitor really forced me to just look at the numbers, not the person behind who loves the salad, or I love that salad or whatever, it doesn't make sense to this business. And that's a scary disconnect for me, because you want to please everybody or hospitality right you want everybody to feel good and be happy.

Let me ask the question, if you ever come to that conclusion on your own, or how valuable is it to have the mastermind group meetings, weekly group coaching calls, we're having Mary and I as, as somebody to help you with your business that, that phone call that operations team if we will or corporate office that a chain would have to help you see things. Is there a benefit either those two that influence or help you get to this point.

I don't think I would ever not have been in this industry. Even if we do get to see all these systems implemented it's that support, it's the guidance, it's a real life experiences, chatting with other people, there's always, as you know everything in this industry is constantly changing, and so I don't think I'd ever be without a coach, it really is just kind of like a mentor, a life coach.

Yeah, I don't want to be without you so you're stuck with me, if I'm okay with that, I'm okay with that because in fact again, full disclosure I have you as a member cocoa peer coach in the group because you have done all this up you are struggling, the same struggles they have, but you never say die. Now, I want to be clear, there are times where your business has created tears for you. There are times where you have taught till you're blue in the face when I'm done with the ship, just like everybody else, the major differences, what you do the next day is put your big girl pants on and frickin attack it and make it happen work is that, I mean it might be inaccurate on it. Yeah and I think that's a really, that's your whole talk about how you eat an elephant one bite at a time is not far from the truth witness because especially if somebody's just starting out in this program or just like taking a look at like, Oh my gosh, I can't implement all those things we're already. We're already for advantage and I think it's probably not then it just becomes the new way of doing things, but the entire system is just one more Trump, just one more term is, hey, what can I do today and I'm a big list maker and so that has even helped me, that's nothing to do with any of the systems but you were very telling me Okay, can you prioritize your list cuz there's always going to be 95 things that need to get done in this world.

There's always going to be stuff so, prioritize your list what are the top two things you could do, because that's how you get done after you get done but it is just keep going. It's the old adage is one of our members Patrick had talked about, there's important and urgent right and because the important is always a list of important things to do but there's those snakes that have to be you know, you gotta attack them right now or they bite you and they kill you, like, what's urgent and you've got to get done, as well as delegate, I mean, the manager's job is just to say that the other big change too is what can I get off my plate like even this week we just have one of our gals that we assigned to Facebook like every event, I want you to host it and then you what you're going to link back to the website like she's done more in the website in the last week than we've done in a year and a half, and she's constantly creating content for Facebook and events and they're making tic TOCs and all kinds of stuff and so really getting the staff involved and not just with social media, but seeing what can they do so saying like, how did you teach her teenagers to do the food order. Well, first, simplifying the menu, really helped because it really, we got rid of what do we say 75, different products, just huge, so it's easier to know your inventory because there's less shoulding place to look at and look for and it's easier for you to order because there's not 14 Different kinds of sides they're free, you know, so I'm really just looking at what you can assign for other people, and that lesson was a tough one for you and everybody who comes to it because you think you're the one who can do it, they're trying to get away gets done wrong because we don't have a system a process weights in your brain and use it when you train something just follow me. But the other part is that you never learned the most important lesson that all these systems, they're just tasks. If you can't teach somebody to a task then we got a major problem, where you come in as interpreting the data that TAS produce for you to make the decisions on the menu. To make the decision on more recently you've reduced number of hours you haven't closed any day, except for one because of a complete shortage for a day but you remained open and you found ways to make it with the staff that you have, but is that, is that a big aha, am I stating right that a lot of the stuff that you think that you had to do or just passed, That's not the word, it's interpreting and then accurate. Yeah, I think you're right to that you can't just teach somebody one time, how to pay bills, and expect that that's what I told you, well, they sometimes need to hear it seven different times seven different peoples in whatever ways. And so really creating checklists for everything, same thing, you know we have a new office manager that we hired and she's creating a checklist for every single thing she does, which is amazing because if she ever does leave, we've got them all here, here's how to do this you know and so really breaking it down and so payroll is a good example of that, it's pretty simple but there's been some significant years and in the beginning it was like, oh God doesn't take us back like that's your instinct right like make a lot of money on the line like I should take this task back, like no, she can do it, I'll review it, she can do it, I'll review it, we've been on that process for about eight weeks now and it's getting better every single time. So rather than just pulling that in, give me that let me do it myself. Working with them like you've talked about with the food order do it within 46 weeks in a row and only 27 Maybe it's 37 I don't know but really following up with not just handing somebody something and expecting they're going to do it the way you want it done.

So, if we look at this we say okay, we're now August, 2014, and the last time you just did your Budget Variance, where we create your annual budget and you put in your actuals you see where you wanted to be where you actually are, if we just go on your screen, actual.

You want me to run into 61% Yes, for honestly 61 Yeah. So you started in January of 2020 with $7,000 in the bank, not taking time off taking money from your savings account to make payroll, getting to, at some point time in August of 2020 to actually having time off 70 plus $1,000 in the bank managers doing work employees, implementing systems changing your cultures don't have everything in place to 12 months later, which is really 18 months from January but 12 months, August August, you shared with me. I'm struggling with losing money, to making money. But you had a positive Sweden $288,000 Over the last 12 months from August to August.

That's like, it's mind blowing like even to look at this stuff but it's true. It's crazy. It's like like pinch me is this real but it's not been easy but it's. And you know how I teleport and I say that you pay yourself on your budget, but it's not, we're just gonna take whatever's left over, you actually value your time give yourself a salary you don't give yourself an example, you went back, I know for a fact, you pay in theory, pay your GM more than you pay yourself now we've got the ability to scoop from the business, but the fact the matter is, you're not greedy by any means, nor are you rolling in, in that respect of what you pay yourself.

But it was just recently your account looked at you and says you pay yourself more, you gotta pay yourself more rent you got to get some money out of the damn account. Let's talk about that, how did that conversation come up and go. When you've actually got your accounting professional look at you going, Dude, what are you doing, you need to tap More data they're like oh my gosh what is going on, what are you guys doing like this is crazy but give me your support. You need to increase your rent, pay more on your own that kind of stuff is there any equipment you need or upgrades you need to do that kind of stuff. So, three years into the business that's a really good good feeling like it's just the tip of the iceberg. We have a lot of systems we need to put in place yet we still haven't done recipe costing card we haven't done that our brand new menu launch. Even the labor we could dive more into that even with the dollars per labor hour worked and alternate systems we don't have. We had to put more tonnage on hold for a minute for our software and so we need to get into that, again, of a food and beverage software. So there's definitely still systems in place so it's really inspiring to know that not only was this money on the line but we're recouping that money, what was ours, you know, by the hard work we've done and there's still more. And so people understand because you put the hard work and you're one of those operators that kind of got screwed with the most recent bailout, because you didn't show the loss in sales you didn't show the losses and the employees let go because you work your business so hard to lead to success. When that restaurant relief on came around, you didn't do any of that you've done this all on your own. We did not qualify for any of that stuff because you had to show X amount of decrease, and we didn't have that we actually did better than we did the year before so it was a kind of bittersweet but in the end it's totally worth it. Even this whole employee retention credits we didn't qualify for any of those. So it's a good thing though, it sucks because you see all these people free money, but it is again, a testament to what you do as a leader in your business. The reason why I so enjoyed working with you, so much though that I keep asking you to extend yourself as a member coach, as a mentor appear as like bring on new people into the rest of transformation intensive program because they can look to you and go, you've been there, done that, oh by the way, you still don't even have all the 30 weeks and stuff that I put in that program in place yet look at the changes you made. So if you're somebody who is, is if you were to talk to somebody who's struggling right now mentioned a motor about the the employee the employee issues that we still COVID Business restrictions and all the challenges that are out there, and maybe they're not making the money deserve maybe they're still a prisoner their business. What would you say to them about starting this journey, you've got to start now. You cannot cannot cannot wait until it's over, or wait until this will wait until that or when I get a mandatory then I'll really start when I get all when we're fully staffed I'll start then.

This is the stuff that leads you to that so it really is kind of a hard mindset to understand because you really have to shift and just trust the systems that they are going to do the work but they will they're going to start changing your culture, your staff is going to start stepping up where you didn't know that they even had the ability to run your Facebook account and to order your food for you and you remember that was one of our biggest fears of I don't know anything about a food order How the hell am I going to order food I hope you change that, what did we do, we grabbed your history, and literally said, based on your history, here's what you gotta use math did right, right, in the crazy if you look at the numbers, The numbers tell you what, you know, same thing with your menu profitability monitor, I don't know what to get rid of, and what kind of impact would have on your business right the work on things. Yeah, and the budget is, man. Like, it is amazing that in our industry we get we fearful of math, because it's a word problem, but once you simplify, Understand where numbers come from, how they fit. It really changes your world, so I often tell people that the two most important systems, any restaurant should ever budget and recipe cost. I always joke about what are the two restaurants never had budget the recipe costing cards cuz they're too hard freakin. That's why in the program we do your budget for you with you, we, you and I worked together long enough that we got a second budget because we got to a point where there wasn't enough months left on it and things had changed so dramatically you needed to create your new plan. So focus back on the budget, and why, why do I harp on budget and say it's your proactive plan, how did the budget truly change your trajectory, and help you come up with these decisions.

Well I think if you don't know where you're going, how do you know where you're going, I mean it just it sounds silly but it's like, if you don't know where you need to be focusing the most maybe it's not trimming your cable TV bill and it's cool that you got to check your menu today. And with all those numbers broke out when you don't really know what you're just guessing and if you don't have a budget it's better to just start at your somewhere but if you do have a budget, you and I really sat down, line by line and like whoa whoa whoa this is way out of line, you gotta cut your comps or whatever that may be.

And those are some of the changes that we had to make, and none of those changes I dictate to you, like, No, I think I remember we I think we spent two hours just on prank calls before we ever got to operating, because we deliberated about every line item and cost gets old and what could be possible is this possible when you can get that done to labor, even doing a down and dirty dollars labor work ago really is your kitchen is your kitchen do you need that many hours really when you'll get your about five months ago, on average, and, and how that really changes things.

What does it feel like when you're actually making those decisions like you truly it's not me dictating that you go as a business owner yeah that's reasonable. Does that make a difference, you know 10 Something I don't feel like I've ever been like, oh I got all this pressure with her after me that on my case, it's more of a steady support rather than really you didn't get this done this week Geez I thought you were in this program, I thought this meant something to you. Not at all. It's never once been shameful or guilty or you know because you guys know when you understand the hate restaurant life happens like people die people lose their job people move.

Life happens restaurant happens right you I was gonna go home today before my podcast, get ready, do my makeup do my hair nope I was on the line cooking all for lunch like restaurant happens and you guys get that, and you just keep encouraging us to just be one step in front of the other. And so, there's always going to be a crisis in this business right now, it happens to be the labor crisis, and it will pass. And when we have new crisis, they'll be a new challenge in the industry before we got on this call you have shared with me, you've just hired, like the three new employees, which is big in your small town that's huge, and it's just about enough to start to get you to a point where you could expand your menu to a new menu, giving a little more options, expand your hours again and so on. I mean you're, you're literally that close, and if you have these people in place.

Do you think you're gonna be back there two days off a week are you gonna be back to being able to take a vacation by January of next year, what are your thoughts on that. Yeah, I plan for it. I don't think we need 10 staff can make this work we need a handful of people and we talked about this on a coaching call a couple weeks ago with Nikki and so you just got to keep putting yourself out there, you don't know who's walking, who is going to finally call and say geez, I've been watching and I saw seven posts now that you still need help and I just I'm ready don't my daughter's back at school or this happened my husband got a new job, whatever you just don't know when somebody is watching. So let me pick up on that real quick. So Nick is actually in North Dakota, just like you. Another extremely sharp, sharp operator, and there's all these people, so give context we were talking about how do we find people, and because of the group they shared their ads with each other and Nicki shared with how she stuck with it stuck with it stuck with multiple channels and then labor started to change where it's not an overnight thing it's that consistency part, talk a little bit about how important it's been, have those weekly group coaching calls have other operators, really share that there are so many just different tips and tidbits that have nothing to do with the systems, there's every week I take notes, there's always, oh my gosh, did you know about this fryer this, we added this toy line we put two people on our line by adding this Briar or, has anybody done this, it's, there's so much every single week there's POS systems, there's a lot that's not the food vendors and we've talked a lot about that and different vendors of how to cut your costs. We talked about the prime vendor agreement how important that is and just different advice we can share from Italy to North Dakota across the country across the world really that hey, have you tried this you know when it's really remarkable. Well let me ask you a question here. You've never been on an 18 month journey.

When you look at January making really looking at where you are in 2020, from pens purposes for you and I, you've been on a journey from June of 2020. So, July, August, really only 14 months 14 months of truly changing your life.

Does that feel reasonable to you, would you have ever looked when we met in June of 2020 would you have said in August of 2021, I will have reduced my prime cost from 89% to 61% that I have money in the bank surplus to a point where I have to pay myself more pay down debts more. Even though I'm in a, and would you ever predict the employee crisis that the nation's, like, No, I would have never thought any of that I would have thought that I did think that you know like, hey, We might be able to have maybe like $100,000 sweating right now $288,000 swing that maybe we could drop that by like 10% That'd be a pretty well that'd be you know a little $100,000 And so, like, maybe 10% Maybe 15 Never, ever would have suspected the labor shortage where you're closing not because you don't have the sales but you don't have the staff to provide the service and the food.

I would have never guessed would be in the financial side at the bank, checking account either.

This is all during a pandemic, this is all during a labor crisis. This is all not been the easiest journey in the world, like, I don't want anybody to think that working with me and putting systems in place is freaking magic, I suck I create work. I definitely, and you shake up your culture, which means you got people to push back, you've got long term employees and you have to let let themselves promote themselves the customer, like you don't work here anymore. You're not, you're not going to hold the last one, two or three employees to hold your business back anymore. Again, it doesn't mean there aren't challenges along the way. But if you were to assess where you are as a person, personal mental well being, financial, from June to today, was that changed been worth priceless, it's a it's a 180 like even just the shift like you were talking about not letting the staff we prisoner, I don't think that they were necessarily doing it intentionally, but they just played around the show and I was like okay well I really want better so I guess we can do that like I don't know what your self could be, again, wanting to make everybody happy and not wanting anybody to leave feeling sad or anything like that so I was definitely the person and wanted everybody to be everything to everybody and that's really been a big shift and being able to have the same rules for everybody it really puts them in a culture and expectations rules in place, and no they call each other. Okay, that's not how we mount program here that's not how we vacuum you need to kind of talk about you know the culture change has been remarkable and to not have that guilt and that feeling of oh my gosh, what do I do with this person needs like, that was such a fear for so long and you feel like why can't Yeah I wrote him up nine times but this is their final final warning you know but we just can't do it without them and it's like you can, and you will, and getting rid of some of those inconsistent rules has been part of that opportunity.

Okay, one last question and then I'm gonna ask you to kind of summarize or share with anybody listening what you want them to take away from our discussion.

My first started in 2003 I focus on System System systems I come up with a systems guy we're gonna do money profitability, we're good managers in place and then we're gonna work on you and after reading my book restaurant property formula, after having to restart after selling my shares my business partner bought me out my old company two years ago, a little over two years ago, having to restart my business, and writing that book I realized most successful people I worked with was about mindset and about them eating them alive. That's why I coined restaurant prosperity is freedom from the restaurant and the financial freedom you deserve. But in the in our group in how we approach things how I approach things about developing you as the person first getting you a life, because like it's your life, you have managers in place you make money.

How is like Am I being accurate Do you feel like we work more on you as a person, and your business. My business if you could have, you, you could sell a binder with all the systems, there's a video link of how to use this Excel for your Google Spreadsheet. You could tell that, and be done. But that's not what it's about and that's not what's going to change people's businesses, the systems are important, don't get me wrong, but how do you implement them because someone's who doesn't like doing the waist tracker they never do it so I can't get him to do it so it's just who cares we're just gonna do the waist record right now or the budget like, Oh, that's too hard, it's complicated, I'm just gonna give up and there it is it's that weekly coaching Okay, help me get through this. Don't tell me how it can be done, how many, how it can be done, and really shifting our own leadership and you've read different books along the way on leadership and really it has trickled down from the bottom. What do you wanna leave people with what do you hope people listening to us takeaway.

I would probably say the definitely not done and like I said earlier that it's not far from done far from perfect.

So I don't want people to listen to this and think like oh she's got a maid she's got all this work done, they're ready to go on vacation. There's still a lot of work to do and that's an ongoing for forever but the progress that we have made is really pretty remarkable and you can't wait for COVID to be over quickly when a crisis field or for whatever the next crisis might be your remodeling whatever you're not going to have to can't wait for that stuff to be in place before you get started. I love it. I mean I couldn't be more proud of the results you've gotten. I couldn't be any happier to have you on my team, if you will, to help other new members make their way through the journey, but most of all I'm just happy for you because you've truly made an incredible change in your life and your employees and your customers lives because you kept at it and you became the leader of your restaurant needed and you made the changes necessary to make it all work I'm just I'm just extremely proud and impressive what you've done, I want to thank you for allowing me to share your story with everybody again. Of course I appreciate all your and Mary's guidance as well and I don't think you're ever getting rid of me.

Thanks so much. 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 in your restaurant to say something, please leave a review on Apple podcast Spotify or wherever you happen to was in the podcast by leaving us a review of the restaurant proceeding all this information, are able to find. I read the reviews, and hearing how this information has benefited you does wonders for me, and green. If you find any of the discussions helpful share them, the more restaurant folks who have access to them, the better we become as an industry. for more restaurant resources to get in contact with me, connect with me at David Scott Peters, calm, 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.