Hey there restaurant pros is Dave Scott Peterson Welcome to Episode 32 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 do on a daily basis to achieve their success. The basic premise of the formula that centers around achieving prosperity, freedom from 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. Today's topic centers around keeping your current employees happy, keeping them employed with you see, the labor shortage is real. The unfortunate reality is that this has just been getting worse over time, and we did it to ourselves in industry. On today's episode, I'm going to talk to you about how with the fourth quarter upon us, it's probably a good idea to re recruit the team members who already have. Let's get started. But first, a word from our sponsor. This episode has been brought to you by repeat returns. If you're a restaurant owner of a medium to high volume, independent restaurant, multi unit or franchise operator, and you're looking for a proven and realistic solution to attract, grow and retain customers, then you need to visit repeat returns. Repeat returns is a modern marketing platform created by a restaurant owner for restaurant owners. It studies each customer's habits and patterns predicts the most profitable outcome for your restaurant every single day and deploy some marketing to make that happen. You'll never lift a finger to see if repeat returns is right for you. Visit repeat returns.com forward slash DSP. I don't need to tell you about the labor crisis. The restaurant hospitality industry is in right now. I need to tell you how frustrating it is to be running short staffed. I don't need to tell you how owners are afraid to hold their teams accountable for fear of losing more staff members. The unfortunate reality is that we did this to ourselves as an industry over decades. In early October at the Scrl, a show in Kiawah Island, South Carolina where I was speaking to keynote speaker Joe Pollack with tech nomics. They're the numbers people for the restaurant industry, sent in his presentation entitled state of the industry, at the steady decline in hospitality workers wanting to work in our industry, and their happiness or lack thereof was nothing new. In fact, it had been getting worse year after year. COVID didn't create it, nor did it make it that much worse. But it did continue that downward spiral we were already in. Then only about a week later, restaurant business online.com wrote an article entitled restaurant workers are quitting at historically high rates. They show that nearly 7% of the nation's restaurant and hotel workers quit their jobs in August of 2021. They went on to say no other industry came close to that level of voluntary departures, we have a problem. To make matters worse, the fourth quarter is upon us. And that means people are reassessing their lives before the New Year's This is before that new year comes this is when they assess they go, Hey, do I like my job? Do I like my partner? Do I like the way my life is going? What are my the things I want to do in 2022, if you will, this means your restaurant the job they have with you could be on the block. We need to get ahead of this right now. That need means right now, you've got to be thinking about re recruiting your current team members. Yeah, I get it. It's hard enough to find new employees. But it's even harder to replace the ones we have. And we got to do whatever we can to keep them within reason. I'm never gonna say hey, allow employees to push you around hold you hostage because you're so terrified about letting them go. You know, my philosophy is I'd rather run short staffed than have the wrong people on my team. You know that for the first time in my career coaching restaurant owners. And I'm actually telling them to close one or two days a week to make sure they don't make their problem their employees problem. That's difficult enough to do. But I'm also telling people that if they're so terrified about losing kitchen, people or servers or whatever it may be, then change your menu, do whatever is necessary to make sure you still have control over your business. But that's not what this is about. This is about making sure you understand and recognize you have people on your team who stuck it out with you COVID hit and you like all the bartenders were gone.

Right There were no bars, your servers were no longer serving multiple shifts, they were getting a couple shifts as a cashier because everything was to go or delivery. Maybe they became cashiers because you became a store, right? All the pivot pivot pivot. Maybe you had a quick serve restaurant, and the in store dining closed down, and all you had was drive thru. Because you shrunk down, you had these the best people on your team, you kept them. And they got you through the heart of the closures, not one, not two, but for many of you three different closures. Then COVID came rearing its ugly head back. And I said to my members, knowing full well what we just saw, I said no matter where you fall on the spectrum, I do not believe the government has the backbone to shut us down again. They need the tax money. They made the big effort, I don't believe as a society, we'd be willing to make that sacrifice. And truly we've seen that play out. We saw the spike with with the you know, the Delta variant. But we didn't we close? No. They were reduced. Some places. But really no, we've seen that play out. We saw the spike with with the you know, the Delta variant. But we didn't we close know that we reduced some places, but really no, we've learned to live with COVID. And at the same time, we're seeing record sales, we're seeing record sales, and we've got people who are coming in or being mean to your employees. They're no longer being polite. And you've got to realize that working in the restaurant industry is hard. It's always been hard. But it's gotten harder. People are treating you like shit. We're working overtime, over and over and over again. We're working short staffed and running, being treated like hell with the management. And our customers sometimes because your managers are tired and burnout to where risking an industry of burnout. But you have to remember this while those employees stuck it out with you. And you may have done incredible things for them. You may have fixed your teeth, you may have paid for one of their their kids to go to daycare, you may have helped them pay for a surgery, I don't know, you've done incredible things for your team, because they're family to you. And you feel like that buys the loyalty that they're going to stay with you. Well, the truth of matter is it it's wonderful, don't stop being you your core values are important. They are who you are. But understand that those nice things are good for right now. Your employees, you have to remember this, your employees are loyal to themselves first, they've got to do what's best for themselves, if they've got a family, what's best for their family. So if today, you're they're loyal to you, that's fantastic, as long as do a great job for you. But tomorrow things could change. And that's my concern for the industry. We're seeing the spiral of people not wanting to be working in our industry, because what we've done lower wages, treating people like health treating like a number. They aren't appreciated. You name it, and now the customers. And the work is hard. How do we look at those people that stuck it out with us that are doing the job? Yep. Yes. We're always trying to recruit. Yes, we've got to replace the people we've already left. But how do we keep the people we have in place right now. It's time you got to reconsider. We recruiting your employees, looking at them and saying what can I do to re recruit you make you feel like you still want to stay here. Let me give you a few things you got to do. Number one, which is sit down with each team member wants you to be present, put your back to the door and want you to ask us some really good questions. But before you ask him the questions, I want you genuinely to thank them for staying with you. For getting you through COVID for working their ass off the extra shifts working hard working short staffed, being a part of the team how important it was and what their contribution was to not only the community and your customers, your guests but to the other team members, keeping them employed. Keeping the business open to you and your family. I think it's really important that you share with them how important it was and is what they've been doing. Need to sit there and say hey, tell me what kept you here? Ask them what it was that kept them there in your building. Maybe you're gonna learn that it was management in a great positive work environment maybe it's pay maybe it's a generally remember the time that you fix their teeth. Why is it they stuck it out? Because there's restaurant jobs everywhere. Let's find what is that magic so we can duplicate that magic? We can, we can promote that magic.

But what I want you to do is ask them what you can do to keep them there and keep them happy. See, you want to make sure you want to know the buzzword in the industry right now. Every industry, its employees want to feel appreciated. That doesn't mean liked. It means appreciated, that you truly appreciate what we contribute to the business, that they're a part of something bigger, that they're important to the team. Maybe it's time you ask them, they'll tell you if you're fearful of asking, you already know you've got a major problem and odds are keeping your employees is not a priority to you. It's just as revolving self fulfilling prophecy of these people never stay, which means you've got a bad work environment, terrible culture, no training, no management, like you're creating this problem. What if they did? What if they, they really appreciate you that you appreciate them? Wouldn't it be good to know that wouldn't be good to know what they need to hear what you need to do to make your work environment something they want to stay? Now the second thing in what you do is once you start thinking about promotions and raises, we're gonna talk about how we pay for those raises. But first, let's think about promotions. In the restaurant industry. titles mean things like to me growing up in the restaurant business titles for banks, you know, everybody's a senior vice president, you ever noticed that everybody's a senior vice president, big deal? What do you do? To me what my job was was more important than the title I've been given. Now there is a negative to it, that that titles means something our industry, the moment we anoint somebody, a general manager who wasn't trained and ready to be, they often goes to their head, they don't do a good job they become your best employee becomes your worst employee. So do no training goes with it. But let's just assume right now, you've got some lead employees really good employees, they've been with you for a long time. They've got no title, they've just been with you a long time. And everybody liens on them for decisions. And, you know, they count people out their drawers, they they check people out for side work, they do all these extra things is they been there longest. Maybe it's time we give them a title, team lead manager and training shift supervisor and actually pay them for that, when they work that job to make them feel more important to the team. That goes along with giving them new job responsibilities, whether you give them a title or not. You may have somebody who's been with you a long time that is tired of walking the circle doesn't feel appreciated, doesn't feel like they're a part of anything other than taking care of a guest and making money going home doing it over Groundhog's Day over and over again. Maybe you take that senior server and teach him to write the server schedule. Maybe take that bartender and have them help you take inventory were placed the order for you because you have a system a process away, and you can train them on it. Giving them more responsibility making their jobs more meaningful, can keep people around. Now let's talk about the money part. We talked about promotions, titles. But the money part. Well, to your employees more money is never a bad thing. And I will tell you as an industry, we've been worried about this debate over $15 minimum wage from coast to coast. There's coast, squeezing the way in right from California to New York squeezing their way in. We have many states that are losing tip credit. And we haven't got $10 $12.13 $14 an hour on the way to 15. And we're worried what it's going to do to our industry. Well, I think the debate over a $15 minimum wages over least of my members as I talk with the exception of a few members that are in very small towns, like really small towns, any major city $15 wages is low now. See, when COVID first hit, we had casinos Who were you know going to pay $25 an hour for line cook that, you know if you were in Nevada, or if they were in Arizona or you were in Connecticut or if you were in you know, Utah wherever you are wherever they have these, these small Indian casinos. They were paying a lot and all of a sudden my members like oh my gosh, how do I compete? How do I compete and my initial advice in the beginning of the pandemic was don't have a knee jerk reaction and match them. There's only 10 of those jobs. However, if other restaurants around you start raising their wages, you're going to have to follow suit the market is going to dictate where you need to be.

So do know for many of us $15 minimum wage, that's nothing. I've many members that are now looking at $18 Plus for those starting line coats and taking their other line employees up from cashiers, to servers and so on at the same time, not only to keep people but to attract people to be at the top of the marketplace, because it's so hard to find people during this labor crisis. So our industry is starting to take care of one of the things that was driving people away hard work at low wages. The third thing I want you to think about is now we talked about that is budget budget budget. If you follow me for any length of period of time, you know, how important budgets are. If you're new, defining me and listening to my podcast, I want you to go to YouTube. And look up David Scott Peters. A YouTube channel is David Scott Peters. Now don't get confused. My old company was a founder of an old company that was a restaurant training coach company turned to a software company, you're gonna see, I've got like two and a half, three years worth of videos in my old life. Still great information. But you want to find my channel, David Scott Peters, because why do a search for when I talk about budgets. And I'm going to share with you how you can get my budget builder MVP, Google spreadsheet that I had programmed like software, along with a video lesson to teach you how to use it, and the lesson on how to budget. You're gonna get that for free. If you buy my book, chapter four, you can get it for free. Oh, heck, email me at David David Scott Peters calm. So you listen to episode 32, restaurant prosperity formula, and you love the budget worksheet. I'll send it to you. Why is it fact damn important? How are you going to pay for these higher wages? How is that going to happen? Well, there's a couple things we can do. First of all, we can sit there and say, Hey, what happens if I give my current employees a raise? Straight across the board, dollar 15%, whatever it may be. When when I built my budget template, I can go to my labor, flip it to a fixed expense, and increase it by that percentage. And I can see how many points I've lost in my bottom line. Let's say it chews up one and a half points, labor that increased one and a half points gone your profitability gone. Well, now I can know what I need to do on my cost of goods sold. Maybe I need to raise my prices on my menu. And if raising my prices, the first one of the things I'm going to do, what I'm then do is flip all of my variable expenses in cost of goods sold food costs, bottled beer, draught beer, wine, liquor, merchandise, flip it to fixed, then I'm going to show the price increase in sales, we're gonna raise my prices in food by 10%, I'm gonna raise my prices in beer bottle beer by 5%, and so on. What happens is by raising that revenue and freezing my costs, the spreadsheets gonna say, Hey, you had the same number of customers walk in the door, we've just got more money for it. So we're going to see those food costs pour cost drop, and we're going to see our labor costs that we just increased drop. Now I'm going to tell you, probably dollars to donuts, that you're not going to be able to increase your sales by raising prices enough to overcome the wage increase. II now we can flip things back to a from a fix expensive variable expense, we have our new targets. Now we can decide we're going to re engineer a menu with recipe costing cards. And our menu can decide not just what we just raised prices on. But maybe we can buy a better product at a cheaper price. And reduce the costs maybe we can do from eight ounces of French fries to six ounces of French fries and reduce the cost. Maybe we can get rid of loser items and add new things like one of my members during the pandemic, I got them to spend $40,000 on a woodfired pizza oven to reduce their food costs from 38% to 26.

This now with a budget you can

create your plan for success, how you're going to overcome the increased wages. See with a budget, you can overcome these new wages, you can learn how to still make the money you deserve. And for many of your thinking, oh my gosh is $15 minimum wage? Well, I've got news for you. For years, New York and California and Washington have been at $15 An hour and they're still getting the profit margins. I've been working with them on hitting a 55% prime cost runner a 15 to 20% profit margin if your sales are million dollars a year or more. Why? Because you have a budget and you can manipulate on purpose your prime costs, total cost console cluster with the total labor costs. Want to learn more about prime costs make sure you go to my YouTube channel, David

Scott Peters. About last but not least, the fourth thing I want you to do

This is going to require you to actually stay in my podcast land, I want you to go back and listen to episode 23 of my podcast, the restaurant prosperity formula, the one you're listening to right now, and learn how you can become an employer of choice. See, I told you the beginning of this, that all the stats show that our industry has been on the spiral. 2019 was bad. 2020 was bad to 2021 It's getting worse. People don't want to be in the restaurant industry. All these cooks that you'd like go during COVID are now in construction never coming back. This bartenders got a day job. And Fridays, Friday, and it's from nine to five, they're not coming back. You've got a lot of people just hit those, those single moms that had to learn another way to earn a living because their kids were home because that's where they went to school wasn't the $300 the $600 that the government was getting extra. Because if that was the case, we wouldn't be in this mess right now. But we as an industry didn't want to listen, we've got to become an employer of choice. We've got to treat people better. We've got to make them feel, feel appreciated. That's having good supervision, good pay, clean, safe work environments. Jobs, that means something, feeling a part of something greater. We've been teasing the millennial generation for years now. Oh, the millennials if I if I talk to them wrong, they're going to leave? Well, the truth of the matter is millennials and younger. That's how we as an industry must start to treat everyone, we must become an employer of choice. Or they're just not coming to our industry for good about what we have now that's exiting at record numbers, just recruiting new people to our industry. This is why we have a labor shortage. But you can change it, you can become the leader your restaurant needs and change it in your business. See, running a restaurant was never easy. And it's only gotten harder. But because you understand you need to become the leader your restaurant needs. You understand that re recruiting your team members, your current team members, it's going to be critical to your success. Hey, that was an awesome episode, I want to thank you take 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 something I need from you. Please leave a review on Apple podcasts, Spotify, or wherever you happen to listen to podcasts. 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 and 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 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.