Hey there restaurant pros. It's Daid Scott Peters and welcome to episode 50 of the restaurant prosperity formula. Can you believe it? Episode 50. 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 is centers rather than 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 the high inflationary period we're doing business and right now and dare I say recession. Listen and as I share with you how my members are preparing for yet another financial hit to the restaurant industry, and be prepared to thrive. Plus, again, and learn how 10 Lucky listeners can get a free signed copy of my book as a special thank you for being a loyal listener. All the way to this very special 50th episode. Let's get started. But first word from our sponsor. This episode is being brought to you by repeat returns. If you're a restaurant owner of a medium high volume, independent restaurant, multi unit or franchise operators, and you're looking for a proven and realistic solution to attract grow and retain customers that 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 deploys a 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. What's up recession? I know what you're thinking what recession David? You're talking heads on my TV and our government officials are all saying we're in a state of high inflation and we could go into a recession. Now nobody knows how bad a recession or how long or how short lived no one knows. But we do know they're doing their very best. They all say to stave off a recession. Well, I'm not an economist and I'm truly not qualified to make the statement. But I'm going to do it anyway. I'm going to tell you that we're in a recession. What makes me say that listen to how Google defines recession. Recession is a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters. Has that already happened? Like are you telling me that we have not had two quarters of productivity falling? Maybe you're thinking, Well, I guess we've seen a recession is avoidable. Maybe you're from a different canceling. We're not in a recession right now. But that we all can agree we're in a state of high inflation, right. Okay. Let's look how Google defines inflation. Inflation is a general increase in prices and fall in the purchasing value of money. Where you cannot tell me we are not in a high inflationary period, right. We can all agree. We see it at the pump we see to the grocery store, your customers getting your restaurant. If we can agree that we're already in a recession. I know we can agree that again. We're in high inflation and I know that everyone listening to me right now in the business is not experiencing recession meeting. Some of you weren't in business in the Great Recession between December of 2007 and June of 2009. It was that was a collapse of our industry. For those of you who were back in business then you can vividly remember the lessons learned the restaurant industry looked like it was it was just taking a beating almost as bad as COVID. I mean, it was it was a shock almost overnight, again, like COVID In fact, tell you that fine dining restaurants lost 50% of their sales overnight. Customers started buying down from fine dining to a full service, family casual to quick service. In fact, quick service restaurants were excelling back in in that time period because at that time, their menu items, the cost or price for your customer to buy was less expensive, and the customers didn't have to tip so we found people buying down and really stretching their money the best they could. Well we don't necessarily see that today. We see that the price we have a false statement, quick service or quick casual. But as an industry, we learned the importance of cash on hand. Right? If we didn't learn anything from the Great Recession is you need to have cash on hand to be able to pay your bills when you see a decline in sales. Got to start storing the acorn. We learned the importance of budgets that we create a plan for success. We learned the power of our menu can change our sales change our cost of goods sold change our labor. We learned that scheduling our budget was critical that we brought in too many people. We could literally bleed our bank accounts dry.

Let me answer your question. Did we really learn those lessons? Why do I ask that question? What happened? COVID-19 business restrictions went into place 25% of independent restaurants closed doors because they only had two weeks of cash flow on hand. Most weren't operating on a budget and they were slow to react to change their menus. And they kept people working even though there was no business bleeding their bank accounts, that social worker that's wanting to take care of people outweigh the fact that we're back to the present day. So what do you experience right now as a restaurant owner, what are you truly experienced as a restaurant owner? You're experiencing costs that are rising at a record pace from food labor, everything to us. We've been on this trajectory since COVID-19, Business restrictions and and the unavailability of product and all the shutdowns and inflation. Like I've never seen our food prices increase so quickly. In any time period. I've been doing this for over 30 years. I know right now your guests are doling out $100 $100 to fill up their gas tanks. They've got to make decisions on where they're going to be spending their money when you spend $100 When it's doubled. And for some people triple what they were spending before. If you're a small family, you're making decisions on where you're going to spend your money because you got to have your car to go get food you got to have your car to get your kids to school. You got to have your car to go to work. I know right now, based on on basically already incredible product challenges like personally plays. reared its ugly head into 2020 We've already already raised our menu prices in our restaurants at a record pace. I've never seen a time period where we just keep hiking up the price hiking up the price now while the consumer has been paying it, too. We're getting to a point where if you've been following me for any length of time, you know that I feel like we're dangerously close to what we are charging for what's on the plate doesn't equal the value for the money we're spending. So there is a limit to where there will be a ceiling that your guests go paying that you think about $15 for a hamburger tumor, crazy. It is happening and of course as our industry with our labor shortage restaurants have raised their wages to keep good people attract good people, right? They want to have good team members on the team. So we've we've increased our labor costs. So the challenges the things you're feeling right now in this in this inflationary period, or dare I say recession? They're painful to your bottom line. Now for well over the last year, I've been preaching literally preaching restaurant owners need to focus on the following. In order to combat all the challenges we've already seen, you need to become an employer of choice. See if we can reduce our turnover. We have more efficient employees we become more efficient, we save money, if we can attract the right people. And again, we can be that restaurant that is fully staffed not one that is is dangerously close to losing more shifts to being closed because you don't have people. So to become an employer of choice, you've got a lot of things you got to work on from great supervision, fair pay, great training, making sure people feel appreciated and part of something bigger. And that takes a six month or a year journey because you're changing company culture if you're not already there. If you've been listening to me for any length of time, you know, you know you're you're not an employer of choice when one of your customers asked what are your server Let's see your full service restaurant servers at the table and they got a customer how do you like working here? Oh, these SOPs Can you believe I mean they share in the restaurant in front of you. But what you want to hear is how do you like work in here? Oh my gosh, these owners are fantastic. I actually had a dental issue and they took care of it. They take care of my family and I do anything for them and I love working here. That's when you become an employer of choice but you kind of tick off all the boxes and doesn't happen overnight. Your managers are critical to this. I've been preaching that you need to step up your marketing not only to attract new customers, but retain your existing ones. And while I'm not the marketing expert, I provide you resources and people to go to you must be working on marketing building your sales. See we've got to work on our top line mentality with our bottom line efficiency at the same time. People often ask me David, should I work on marketing first or operations? Is chicken the egg you always build business? Got to be as efficient as possible and every dollar comes in. That's how we grow.

And of course, I've been preaching, you need a budget system to achieve your budget goals management in place to ensure the process of working and that your menu is the key to changing your business. None of this has changed. It's just become magnified as we take our 123 hits COVID was a hit. Business restrictions were hit the labor shortage we had I'm sorry, this is fourth head. This is inflation slash recession. What are you going to do about it? You survived the most difficult two and a half years of business I've ever seen. What's the next year or two gonna look like when we are struggling? Because why? Your customers are trying to decide what they have to do with their money. See, I think that from hits purposes, your sales are going to either remain flat or dip down slightly. I don't see a 50% drop in fine dining, but you might see a five to 10% drop while your customer counts are going to drop. It's going to happen as long as you have stays up and fight over $5 a gallon. In some places. I saw pictures on Facebook. There were some cities in California were paying $10 a gallon. You can bet your sweet acid customers are not coming out to your business. on a routine basis anymore. When I say routine maybe once twice, three times a week. They're now cutting back but they're still to come see you. And because we've raised our prices, our menu prices so quickly over the last two and a half years. What we're going to find is our customer counts are going to be lower. He may have similar or slightly off sales. So that's good. Numbers are going to combat inflation to flat again, or combat what I would call recession. Well I asked that question on the last group coaching call and this is a short list of the many things that many things they share with each other. So I'm gonna start off with my favorite and that is these members. They often said they signed up for my program my restaurant transformation intensive program my group coaching program why? Because they wanted restaurant prostrating freedom from the restaurant that financial freedom they deserve. So as a coat that was the very first thing came out of my first members mouth that made me grin from ear to ear. Why? Because they know I'm helping people change their lives and not only survive, but thrive during these difficult times. Members talked about recipe costing cards and the need to keep up on their menu costs that they needed across the console software for food and beverage to upload their invoices maintain the recipe costs and cards, make sure they're tracking their food costs. The more importantly with those recipe costing cards, when they can see the price of brisket has risen 300% They can reengineer their menus to combat it raise prices and make changes but they got to stay on their recipe costing cards on routine basis which means you need software members talked about training service training service to make sure the guest is having a great dining experience. We are in the hospitality industry we have an opportunity to create memories and it's so incredibly important to stick out amongst all these other restaurants. When they're feeling when they're giving a shitty experience. You want to be the one that delivers upon a great dining experience and they go if I'm spending my money, I'm having a great time. This is the place I want to spend my money. And so it's really important. It's just as if not more important than marketing because it's your four ball marketing. Members talked about focusing on efficiencies. And there was a long list of efficiencies from labor to food to looking line by line by line down their p&l, but some of those things were were going to be equipment and so on which I'll share with you in a moment. Members talked about setting expectations their team members, these were specifically seasonal purchases in the next three months because we're in the summer months and we're having their asses kicked because everybody's hitting the seashore and they're 13 That's going to be just blasted with business and tired as hell. And these members talked about setting expectations to the team that they can get through this busy season with joy with a smile on their face because they know the money they're gonna make that it's temporary, and that management is there to support them. These members talked about improving their kitchen workflow. Like if you always do what you always did, you always get what you always got. And so if all of a sudden we've got longer ticket price and so on, maybe it is we've got to move the damn burger buns. Two feet over that I don't have to walk around a person to grab a button in order to play the burger. Maybe it's moving a refrigeration unit, changing our emphasis on our grill. By improving your kitchen, we can improve efficiency last step fewer people working and so on. So they're looking at these.

Their cross training team members, especially in the kitchen, make us really do multiple stations. So on a slower day I can have one person or two or three stations instead of having three people standing there. So cross training has been these members are talking about improving their onboarding process to not only save time, instead of spending hours onboarding somebody, they can fill out some forms online, get everything signed to have it all done, but they're gonna save money and they're going to reduce their turnover because they look like somebody who has your shit together. That when somebody says I want to work for you, they know they made the right decision when you have your act together and it's efficient and good. We talked about purchasing and implementing new equipment and software equipment that can stamp out tortillas or or roll out pizza for you to holding holding barbecues such as brisket without losing moisture and having it shrink and doing the things necessary. Machines that shred chicken because you've gotten an incredible chicken salad, but you don't want somebody standing there with a fork raking across chicken breasts. And all of a sudden finding those efficiencies with equipment and software. Software for running your POS system now online gives you great power to cost it sold software, scheduling software, seating software, you got it. There's software for everything. But the truth of matter is adding their tech stack if you will, tying it together that they can become more efficient. These members know that while other companies are now going to be pulling back on advertising because they're gonna see sales drop, because they don't have the money in the bank. These members are talking about taking advantage of the lower rates because as people who advertise less maybe those Facebook posts become cheaper, and they're actually going to bump up their marketing efforts to ramp up their marketing efforts in the downtime, but do know that they're not going to take on the poison pill. And back in the Great Recession, people started looking at the Groupons of the world where you're giving away the shop, we're not going to devalue the ring at the register. We're just going to market better if that makes sense. These members aren't sharing special features right? Today's special is we've got a result on dot dot dot whatever it may be selling at the table. That is not that we have a special that is a discounted price. Normally you get a burger $15 But we've got this special burger today it's $10 Hell no. Rather it's an opportunity to increase sales. Instead of a $15 burger. We've got a $50 burger. It's got fragua and it's got the most incredible bacon that's been soaked in honey and blah blah blah, whatever that Sheffy shit is right. But we're giving them an opportunity to spend their money to have a better experience. And increase our sales with lower customer count. These members are basically identifying and listing out those employees they get rid of if they had the right person come along. Right we're in a time where we may have been keeping employees on because we don't have to settle by having bad employees Bad's and bad guest experience. You lose money in training and efficiencies and labor cost and lost product broken dishes and so on. Which feels like a prisoner he can't get rid of these people. Well, if I were to identify the first people go away, and I can recognize somebody walked in the door is ready to go. Maybe that's when I can pull the trigger. Even if I'm fully staffed. That way I can become again more efficient, have higher sales. These members have really learned to stagger start their team members on their schedule. Meaning I may need eight servers to cover but I don't need eight servers come in at four o'clock plate grab acid time clock and talk about what they did all weekend long. And then we get busy two hours later instead to lower their labor costs. They've learned to bring those eight servers in but maybe open the restaurant with two at four o'clock to open up the restaurant. Another comes in at 430 and several more at five and by six I've got a full team on how to handle the peak periods. So I'm not wasting money. These members talked about identifying new revenue streams. This is important this is a major change that COVID taught us but we'd let go we got lazy. new revenue streams such as adding day parts, maybe your restaurant could pull off breakfast and should or brunch for that matter just on weekends. Maybe you should be selling buy outs of your restaurant allowing people to book the whole restaurant closing to the public but it's such a big, big ring at the register that it is well worth doing. So doing pop ups or catering events, whether it's catering to go drop off catering or truly taking on weddings and big full service functions. What ever you

can do or prepared to do these members talking about putting in a major effort about beefing up their loyalty programs. See there's only three ways to increase your sales get a brand new customer most expensive form of marketing there is get them to come back more often and get them to spend more each visit which those two things a loyalty program does for us. And it's one of those things that you get a loyalty program but it needs to be managed. You've got to put numbers in place Hey, I want everybody's sign up five a shift whatever it may be. But creating double triple point days On slow days to drive people in maybe increasing some of the benefits without giving away the shop, making it that a guest decides hey, I can go to that sports bar or this sports bar. They're both sports bar enough generally the same menus. But when I spend money at this other one, they care about me enough that I can earn a reward. So if I'm going to spend my money, I'm going to spend it all in one place. Getting people to come back more and more often in spend more money. That's a good thing. Members talked about having a plan B menu. That is way trimmed down. As costs go up or labor goes up. Can they simplify in a moment's notice? Could I reduce my menu literally having a second stack of menus that we're having our Ascott we're being crushed, we're about to fall down and instead of giving the guest full menu, there's a plan B. That gives me the opportunity to get a great guest experience and still make money. My members on this call are always looking to improve processes. They're always looking to be innovative in their business. And that's critical. If you want to make change you cannot settle for the status quo you have to continue to learn is not a part of the restaurant prosperity formula learning. My most successful restaurant operators understand they don't know what they don't know. So they're always looking for the next thing to become better. That is the difference between growth and a fixed mindset. Fixed Mindset. People say oh god, here's another hit fourth, our fourth hit right. Whereas a growth mindset versus dammit, another hit this sucks. But I cannot learn it. I cannot work it. I can outspend it I will find a solution. And that's what makes these members so powerful. A lot of members we go back to adding another revenue stream I missed to go items are packaged goods a refrigerator. They're putting actual refrigerators, in their lobbies, if it's their concept with some of their best items that people can grab and go does that fit you may or may not know why I market myself as the restaurant expert, the creator of the restaurant prosperity formula and this systems guy and I've been doing this since 2003. There is nothing more powerful than the restaurant owners together masterminding on these zoom calls, sharing their successes, helping each other with their challenges and being there to support each other. Yes, I'm the expert. But I don't walk the circle like you do on a day to day basis. There are things that you teach me every single day making me smarter and a better coach. There are new software solutions and pieces of equipment that I would never know about because I don't operate on a day to day basis. And for the most part while many of us have restaurant tours, restaurants next door that we love, we're friends with. The truth is we hope they die because they're taking our lunch business or taking some of our dinner business. So we will not share with them how to fix a problem how you fix the problem. We will not share with them that you have a struggle. So when you have owner operators that are on a group coaching call on a weekly basis all over North America in fact the world from time to time sharing helping each other it is magical. It is powerful. I'm not the only resource in fact that better resources are you and that was makes this podcast so special. I just let you in on a little glimpse of how my members are gearing up gearing up for what could be the knockout punch for our industry. Instead of feeling sorry for themselves. They're putting plans in place to not only survive but thrive. They can survive this hit right cope with a rising costs and product issues. Great resignation. And now inflation slash Dare I say recession. Instead of packing up their bags, they are finding ways with a growth mindset to thrive. Now, what also makes this podcast episode even more incredible for me, me personally is it's episode 50 It is hard to believe that putting out a podcast starting it wondering if anybody would listen would it provide value to be doing it twice a month and to make it episode 50 I'm awfully thankful for all the support that you've given me by being a brand new or loyal listener. As a special thank you to you.

I'm going to celebrate this 50th episode by giving away right this 50th episode of the restaurant prosperity formula podcast by giving away 10 signed copies of my book, restaurant prosperity formula what successful restaurant tours do? Yes, I'm an autograph that puppy. I'm going to send it to you for free. Now to get your signed copy. You have to be one of the first 10 People like I'm not made of money. And I want to say thank you. I'd love to give every one of you a book but I'm not in a position to do so. But I'm gonna give away 10 books, one to each person the first 10 people to go to this website ready. www dot David Scott peters.com forward slash the number five zero for 50 David Scott peters.com forward slash 50

You want to go there right now and be one of the first 10 people. Good luck and thanks so much for listening. 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 buy 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 by read the reviews and hearing how this information has benefited you. does wonders for me. And three. If you find any discussions helpful share them. The more restaurant pros who have access to them, the better we become as an industry. For more restaurant resources or to get in contact with me. Connect with me at David Scott peters.com. Be passionate about what you're doing. Be persistent, but more importantly become better and help everyone around you become better and your restaurant is going to kick some ass.