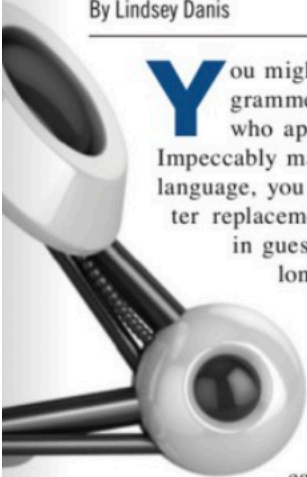


Programmed for Hospitality

How Technology Can Reduce Labor Costs While Maintaining Service

An industry-wide labor shortage has restaurant operators looking for ways to save labor across the board. The right technologies can increase efficiency and address labor shortage in the front and back of the house, without diminishing hospitality.

By Lindsey Danis



You might recall “C-3PO” a droid programmed for etiquette and protocol, who appeared in 11 Star Wars films. Impeccably mannered and conversant in any language, you probably couldn’t find a better replacement for human labor, at least in guest service hospitality. We are a long way from that level of technology in the restaurant industry. That said, the restaurant industry has entered an unprecedented era of technical innovation driven by increasing labor costs. Human care and kindness will always be central to hospitality. Technology can replace some of the repetitive and rote tasks and give our staff more freedom to assure food and service quality.

Scheduling Solutions

Perhaps the most obvious solution when it comes to labor-saving technologies is a labor scheduling system. These systems have evolved to be quite predictive by drawing on historical data from the concept as well as variables like weather, time of year, day and day part, or holidays and special events. “How busy are we typically on a Monday in July in this location? If there’s a festival going on we need to be able to accommodate that. If it’s an unusually hot day you need

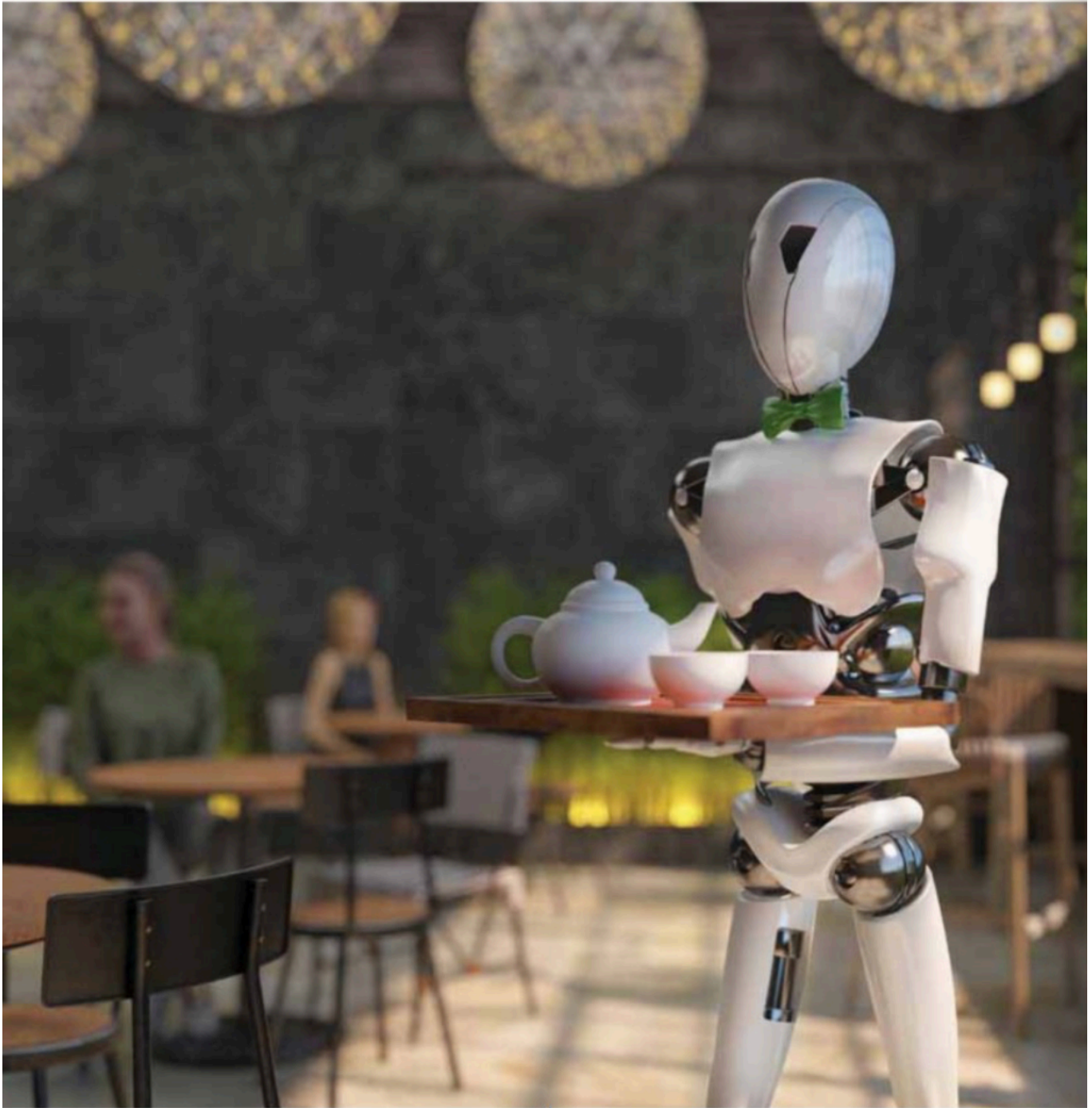
to account for that,” says Toby Malbec, managing director at ConStrata Technology Consulting.

The software takes all of this information into account and returns an idealized, labor-efficient schedule. But you cannot ignore the scheduling needs of your staff if you want to preserve morale and reduce turnover. Malbec says managers then have to translate the system’s recommendations to the realities of employee schedules. While the data might show you need someone for only a few hours, most employees will want the guarantee of a full shift.

Malbec also points out that certain roles may be necessary even when demand is slow. For example, most concepts can reduce the number of servers and cooks they have on hand on a slow day, but they may need to maintain the number of bussers to provide a satisfactory front-of-the-house experience for the guests who do show up.

If you have an upscale concept that accepts reservations, you should be prepared for walk-in traffic that could catch you off guard. Some operators report that walk-in guests comprise up to half of their business some evenings, even though they have reservation systems.

“A labor system is getting data from the POS all the time. If a system sees those numbers are not being achieved, some will have a learning functionality that tells the manager you’re not hitting the numbers.” The software might suggest sending an employee home early. On a busy shift with unexpect-



edly high volume, the system might suggest keeping somebody on longer than their scheduled shift to cope with demand.

Labor scheduling software helps restaurants operate more efficiently by taking the guesswork out of schedul-

ing. Since the software is always gathering more data, its decisions are going to be increasingly accurate. It can help operators save money on slow nights and help anticipate those busy nights when an extra set of hands really makes a difference.

Ideally, labor scheduling software improves both the bottom and top line of the business – labor cost control and guest retention. Hitting the right level of staffing means not paying for labor that is standing around looking for something to do. When a concept is adequately staffed during brisk periods of business, there tends to be fewer of the service delays that can turn off a guest from becoming a regular.

Sean Walchef, owner of Cali Comfort BBQ uses a system for labor forecasting, employee scheduling, and communication. The tool helps his team forecast labor needs, send a message to employees, and communicate with the staff. “It allows us to track staff engagement, so every time somebody logs in and checks into or out of their shift, it can ask how their shift went so we can get a pulse,” Walchef says. Walchef has “very strong opinions” about companies that made a lot of money off restaurant operators without making the necessary investments in their products to keep them competitive. For example, employees shouldn’t have to pay to download an app that’s needed to check work schedules, says Walchef.

Supplementing Not Replacing Hospitality

Due to staffing issues, many restaurants have switched to a limited-service model that relies on smartphone apps. A prime example is a table ordering system in which guests scan a QR code to browse the menu and order online, eliminating the need for a server to take the order. This system works well for casual dining concepts, although many of these businesses are prepared to accommodate guests who do not wish to order via their smart phones.

This technology is not meant to replace hospitality, but rather to supplement it. For many guests, ordering food and drinks is purely transactional. This is particularly true at quick-service restaurants. Shifting the process online frees front-of-the-house staff to attend to other matters, such as greeting guests and answering questions.

Says Walchef, “We think hospitality means we need to be served by someone and what we need to do is empower our guests so they can enjoy an experience on their terms,” he says. That might mean using servers, it might mean a fully self-service model, and it may resemble a hybrid approach.

Cali Comfort BBQ takes a hybrid model, with technology that lets on- and off-premises guests order online. As one advantage to this system, says Walchef, guests can order their drinks when they want drinks and food when they want food, instead of having to put in their order at the moment a server stops by the table. They can pay when they want to pay instead of needing to wait for the check.

“Since we’ve enabled this system, we no longer have the job code of ‘server’ in the restaurant. We now have ‘hospitality hosts’ that can manage a larger section of the front-of-the-house. Guests are empowered to use their smartphone to order and pay, which allows us to have less labor on the floor and to turn tables quicker than we ever had before,” Walchef adds.

Cali Comfort BBQ’s hospitality hosts circulate through their section teaching people how to use the new technology and answering any questions, such as those about dietary restrictions. The concept keeps

Walchef uses an online training and recipe card management system in his concept. Before switching to this system, Walchef says employees would constantly misplace recipe cards. Now, he adds, recipes are stored in the cloud so there is no chance of getting lost. The cloud-based solution increases recipe accuracy and decreases the amount of time spent on data entry since no one has to type out recipes or write them in pocket notebooks.

iPads on hand for those who don’t have a smartphone, such as older adults or foreign travelers, to use while dining. Walchef estimates that only one percent of guests need a loaner iPad.

“The number of mistakes we have in our kitchen has been reduced by 50 percent, if not more, because the guests are ordering what they want to order as opposed to the server writing down the order incorrectly or forgetting a guest’s special instructions on the walk back to the POS station, Walchef says.

Many operators think that customers don’t want to order from a QR code or using a smartphone, but this is a mistake, says Walchef. “We put these barriers on our guests with technology when it’s just not the

truth,” he adds. Sure, there is a learning curve associated with the practice, says Walchef, but in his experience, “it gives guests back one of their most precious commodities – time.”

Walchef believes when guests experience a streamlined online ordering system, such as the one employed at Cali BBQ, they will be less-than-satisfied with slow service at restaurants that are understaffed or make avoidable mistakes. Guests are not going to be as willing as they once were to wait for an overworked server to get around to taking their drink order or dropping a check.

“We do have Yelp reviews where people are upset and they feel insulted they don’t have a server to serve them, but that’s an almost negligible percentage of the complaints,” he says, adding, “Unfortunately, that small percentage has instilled fear in operators to switch to this technology.”

A More Efficient Kitchen

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The system he uses offers the ability to create and upload brief video tutorials to train and remind kitchen staff on the steps of preparing and plating items. You don’t have to be Steven Spielberg to make them effective. The videos don’t need to be anything fancy or highly produced, says Walchef, who believes that operators tend to overthink these processes, when “what you need is just a visual representation of somebody making it. Every restaurant operator has a smartphone they can take out and take a video with.”

Looking into the Future

“The restaurant industry doesn’t tend to be overly progressive,” says Malbec, who believes there is a relationship between the low profit margins of the restaurant industry and research and development by developers. Most of the time, he says, restaurant technology vendors wait for innovations to come from sectors that have better profit margins, like retail.

Once something is sufficiently proven and refined, and the prospective demand is sufficient to drive down unit costs, vendors will make a use case for creating solutions for restaurant operators. Malbec gives the example of kiosks, which have “been around forever” but they’re just now being embraced by the restaurant industry as a self-service ordering solution.

While it might seem far-fetched for the average independent restaurant, robotics is another new technology with potential payoffs for restaurants. Robotics was among the most conspicuous buzz at the 2022 Restaurant Show. At least one recent startup concept built its business model around it. Blendid was launched in 2015 by three technology entrepreneurs who designed a robotic smoothie system that blends recipes developed by their company chef. The system allows for chef creativity while removing human labor from a fairly simplistic preparation process. Guests order via a kiosk. The remainder of the process is automated. The system would not work with complex recipes requiring artistic presentation, but could reduce labor for other blended products. Blendid hopes to expand to other simple yet popular foods, like soups.

Prescriptive Analytics

Malbec says he’s most excited about new developments in data analytics in the restaurant industry. “We’ve been using predictive analytics for a long time,” Malbec says. A good example are POS systems that predict guest traffic based on how past weather patterns affected business. Predictive analytics predicts what is most likely to happen in the future, which is quite useful (see the link to the article “How Data Analytics Promises to Change Independent Restaurant Operations” below).

Prescriptive analytics recommends actions you can take to affect those outcomes. One example of predictive AI is the labor scheduling software that draws on data to predict trends. Malbec believes that prescriptive AI is where the industry needs to go, because “predictive still puts the onus of decision making on the manager.”

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How Data Analytics Promises to Change Independent Restaurant Operations

<https://www.restaurantowner.com/members/How-Data-Analytics-Promises-to-Change-Independent-Restaurant-Operations.cfm>



For example, a prescriptive labor solution might tell a manager in real time that demand is not what is forecasted and make a suggestion of cutting someone early. With a purely predictive tool, the manager will only learn this information after the fact when it can’t save costs.

Prescriptive analytics is just starting to emerge through things like smart-order technology that suggests higher-priced items or add-ons to customers in real time. For instance, it might upsell a customer who usually gets a cheeseburger on making it a bacon cheeseburger, which

costs more. Malbec sees the potential of this technology to generate revenue and contain costs, which will ultimately help the restaurant become more profitable.

Seek and Ye Shall Find

With so many technologies aimed at restaurants, choosing the right solution can feel like a chore. It can be easy to drag heels on making technology decisions because of the perceived amount of time it takes to do research, have demos, set up the back end, and train the team on a new tool.

That's why Malbec suggests operators do their own research before they look at solutions. He says operators should sit down with key team members and a sheet of paper to define their business needs. Questions to ask include:

- What problem am I trying to solve?
- What are my pain points?
- What features of my current technology do I like and want to keep?
- What new features am I hoping to gain?

If you dive into research without thinking about what you need, you'll fall in love with everything and have a harder time choosing, Malbec says.

"There are a number of good resources out there to identify key players. Google 'the best POS system', talk to friends in the restaurant business. I wouldn't suggest you take their decision at face value because people run their businesses differently, but it's a good starting point," Malbec says. He also recommends state restaurant associations, which will have conferences and trade shows where you can explore technology solutions and talk to reps.

Once you've identified a few good options, schedule a demo. Since you understand your needs and desired features, you can use the demo as the opportunity to understand how the software will work for your business. "Ask them your specific questions and have them show you how well [the software] addresses your specific need," says Malbec.

Malbec encourages restaurant operators not to let price be the sole deciding factor. "Worry about price last, because ultimately there are a number of systems that have tremendous functionality that could easily account for the price difference," he explains.

When you feel like you've found the right solution to your problem, you'll want to pay to implement it, even if that means paying more than ideal. If the price is really unsustainable, says Malbec, you may be able to negotiate a better deal with the vendor.

Choosing a new technology is half the battle. Convincing your employees to get on board with that is a different story. That's one reason Malbec advises operators to "engage members of your staff in the decision-making process."

Involving key employees in the decision-making process gets their buy-in about the new tool. They'll understand what you're hoping to accomplish and why this new technology is

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the right choice. They may even be excited about using it, or able to help with the rollout or employee training.

Walchef agrees with Malbec on the importance of peer support. "The most important thing for a restaurant owner is to know they're not alone, they're part of a great community. We're all going through the same stuff," he says.

Since other operators are facing the same challenges, they're likely to be candid when asked their opinion. "If somebody is digitally active and they're on a podcast, chances are they'll be digitally responsive, so ask questions," Walchef says. He gives the example of a restaurant owner talking about their POS choice on a podcast episode. Since they are plugged in and engaged, there is a high likelihood of them answering an email or direct message on the topic. Walchef also cites the RestaurantOwner.com discussion forum as a great place to learn and connect.

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Member's Discussion Forum

<https://www.restaurantowner.com/public/Restaurant-Discussion-Forum.cfm>



Since technology is always changing, you'll want to keep a pulse on new trends to tell whether they're a fit for your concept. Walchef suggests podcasts, YouTube, and Clubhouse, the audio social media network, as places to stay on top of new restaurant technology tools.

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