

## EPISODE 6

## RESTAURANT OWNERS - 11 STAGES TO OVERCOME CHALLENGES

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**DSP:** Hey there, restaurant pros, it's David Scott Peters. And welcome to episode six 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 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 what many restaurant owners are facing due to COVID-19 pandemic. While some of this episode may not be easy to listen to because I will poke some of your current challenges, fragile emotional state and fears. I'm going to share with you a real message of hope and give you a path to both personal and restaurant transformation.

Let's get started. But first, a word from our sponsor.

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**EPISODE 6:** RESTAURANT OWNERS - MANAGE 11 STAGES TO OVERCOME CHALLENGES

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who are your catering customers when there are very few catering events? You need The Catering Coach. Sandy Korem, the catering coach, and her team will show you the path to immediate catering profits by taking out all the guesswork of what works right now in this ever-changing world. Catering is not what it was last year, but catering is still profits, profits, profits. Learn the systems, learn the checklists, learn the out of the box methods that successful restaurateurs are using right now to be catering profitable. Just visit [thecateringcoach.com/DSP](http://thecateringcoach.com/DSP).

This is where many restaurant owners find themselves, do the COVID-19 pandemic. You might feel like you could end up in bankruptcy or work your ass off and make no money. Tell me if this sounds familiar. Maybe it's you or maybe it's a restaurant owner, you know. I've worked my ass off for the last six years. I've poured my life savings into this restaurant. I've spent all waking hours here to make it work. And now COVID-19 hit. I'm going to lose everything. I'm so fucking angry. I'm so scared that all this work that I put into this restaurant is going to be for nothing. I'm afraid of letting down my employees and practically putting them all out on the streets. The job I provide them is how they feed their families. I feel so responsible for everyone and out of control at the same time. Maybe you identify with this statement just a little bit or it really hit home. Either way, feeling hopeless can rob you of your power as a leader. You don't have to live in the space. What if I told you I feel your pain and I have a solution?

Would you want to learn? Great. Then keep listening. I wrote a book called Restaurant Prosperity Formula™ What Successful Restaurateurs Do. You can find it on Amazon now. You know, it's supposed to be 15 dollars. But Amazon lowered the price. It's thirteen something now. But I digress. That book was written based on



what the most successful restaurant owners I've ever worked with do. What they do on a daily basis to be successful. And a lot of that talks about the transformation they made in their life. The restaurant is a reflection of them when they could get over their own issues, the things that were holding them back. How much more successful they could be, as well as using the systems, processes and ways that allow them to impose their will without being there. It's really magical. Now, while I'm the systems guy and what I teach centers around systems, it's really, again, about your personal transformation. I can't tell you enough that often who we are as a person gets extended into our business. So, as we get upset, as we get really riled up, sad, angry, pissed. Right. Frightened because of the COVID-19 pandemic and the restrictions the government put on us to keep people safe. The restrictions we've added to our business to keep people safe. The additional cost that food prices going up, labor costs going up. All the PPE equipment that we need and all the restrictions and delivery services and the list goes on.

And yes, we had to pivot, pivot, pivot. But all those things make us stressed. How am I going to make it? And the unfortunate reality is a leader, our restaurant, our team reflects who we are and how we show up every single day. So do understand personal transformation is very critical. And it's literally taken me almost 20 years coaching independent restaurant owners, just like you to really understand that. Because, again, I'm the systems guy. But I, I can teach anybody to use the system. What I can't do. Is force you into changing how you view your restaurant. The ability for you to lead your team, to let go of all the negative energy, to understand that you're good enough and by God you deserve success. But I can help you along that journey. And the prosperity formula helps you along that journey, it gives you a path because what happens in the Restaurant Prosperity Formula™ is there are 23

stages that you go through all these systems that go through. Some are easy, some are hard. Some make you money. Some are things you don't really want to do. But they're critical to the success of your business. Well, what if I told you if you could focus on just the first eleven, first eleven of twenty-three stages, your life would be completely different even during the pandemic.

I want to tell you right now. They really can change your life. Now, I'm going to share with you what the highlights are of those first 11 stages, because you could put yourself on a path right now. To that success, again, even in a pandemic. But let me be very clear, for some of us, we're just trying to lose as little money as possible to get through this pandemic. So on the other side of this, when the economy changes, when restrictions are lifted, we're in a position that we can just zing take off because the last thing you want to do is give up on this asset. Right. Do we want to bail out on this restaurant? Yeah, we might be losing money. But what if you were to hang in there till next summer? When all the experts say things are going to start to turn around because we should have a vaccine by then, we should have now ingrained different behaviors in our society that people can safely operate their business and have customers come in. Like hang in there.

Because you may lose thirty, one hundred thousand dollars this year. But, hey, next year when you're kicking ass. What is your asset worth? Is it worth two hundred thousand, three hundred thousand, a million dollars? Now, there are some of us that are actually making money right now and some really good money if you had a drive through and so on. Maybe this this whole lesson doesn't apply to you, but it does. Because there are things that we all do personally that we need to change in order to become the best leaders in our business possible. So, let's focus on these

highlights. Doesn't matter where you are, whether you're just trying to hang in there, get to break even or you're making money. The truth is these first 11 stages can change everyone's life because imagine giving up responsibility without giving up control. Imagine knowing things are getting done your way. Imagine making the money you deserve. That's what this is all about. Financial freedom and freedom from your business, knowing things are getting done.

Well, let's first focus on being great, right, restaurant 101, hot food hot, cold food cold, clean, safe work environment for the guest employees, wow customer service. What we are put on this earth to do, great hospitality. Now, I know you've heard me talk about this all the time. The differences now great hospitality is pivoted and changed. Now great hospitality includes proper sanitation, masks, washing tables visibly for everybody to see, handles for everybody to see to make people feel safe. It's about we pivoted our business. Now, maybe we've got 50 percent of our business is to go, which may be brand new to many of us. Are we making sure that everything goes out, that it looks right? It's in the right to go container, that they have all the right utensils, that it's the correct damn order because by the time somebody gets home, if it's soggy and gross because it was in a Styrofoam instead of a paper container, if it gets there and it wasn't the right order, how pissed off they are. Right, because now your dining experience extends all the way to their home. This is really important. So now being great isn't just great hospitality in your four walls, it's great hospitality all the way home. So, focus on being great in every aspect of your business.

Make sure you have good numbers. Now, here, I'ma tell you right now. It could start with, hey, let me look at your chart of accounts. What do I mean by that? Show me

your P&L. And when we go down line by line by line, and if I were to say, hey, what's this number? What goes in this number?

And you say, "I don't know, I need to talk to my accountant."

That's not a good chart of accounts. A chart of accounts literally lays out everything the way you want to see it. That when you look at your financials, your profit and loss statement, it is your report card. It tells you where you hit or miss. It tells you what success looks like, where your opportunities are. But if you look at it and all you're doing is going down to the bottom, which you made or lost, you are missing out. And the challenge is sometimes our POS system doesn't match our budget doesn't match our profit loss statement doesn't match our POS system. Right. All those things have to be congruent. The same the same exact positions, the same exact categories for sales. The same, the same, the same. So that we can tie all of our systems together. So, when you're going through and you've got on your P&L front of house back of house, but in your POS system, it's cooks, prep cooks, dishwashers and so on. That doesn't fly. Make sure all of your numbers are accurate and they all match and tie together.

Next, now that I have good numbers. Now that I can trust all my numbers. Now we need a plan for success. Now I tell everybody the two most important systems any restaurant should have are budgets and Recipe costing cards. What this is, is the budget part. Now I know budget. Oh my goodness. It sounds like so much work. It really isn't. But how the hell do you know what success looks like if you don't have a budget? How do you know whether you needed to postpone your rent in order to make it because of this pandemic and that you will catch back up and you won't get

so far behind, but because sales are coming back as we open up dining rooms again, that you can actually survive and hang in there if you don't have a budget? See, it's not I hope I pray someday I'll have a budget. You need a budget today. You don't have a budget today. Start working on it. If you want one call to action, one thing to do from this podcast, from me talking to you right now is you got to have a budget. You cannot use industry standards as your numbers. Your restaurant is different based on your quality of product, your price point, your style of service where you're located. Right. Your core values, your numbers will be different. And what success for you is not for somebody else. Got to have a budget.

Make sure you identify an implementer. What is an implementer? Well, let's go backwards on this. I've been coaching independent restaurant owners since 2003, and I've literally worked with thousands of restaurant owners and managers in these years. And I might tell you right now, early on in my career, I'd be like, hey, owner, I'm going to get you do these systems. Hey, owner, you got do these systems. Oh, bullshit. I'm not getting an owner do these systems. Owners are, we're ADD entrepreneurs we want the next thing.

"Hey, show me the new menu. What's this new marketing plan? Hey, I want to open another location. Hey, I've got this great idea for training. I'd love to get out on the floor."

But to do the same thing the same way every single day we're not built for that. That's why we have managers. But with that said, often we're starters, not finishers. Which means we'll start a project, lose interest, and then it goes away and we wonder, like, oh, I put up a waste sheet in the kitchen. I was hot on it and then, you

know, I stopped looking at it and they stopped using it. Well, you need one person on your team, I call the Implementor. Excuse my French, but this is somebody who gets shit done. This is a person who will do the work. Now, I don't care if they're a key employee, I don't care if they're a salaried manager or somewhere in between. You need to identify the one person that understands you, your vision for growth and the changes you want to make and have them help you implement your systems. That's how you're going to have success. I want you to ensure your team knows what their job is, how to do it, how well it should be done, more importantly by when. Let me go through that again. I want to make sure everyone on your team, whether a manager to a dishwasher, a cook to a busser. I don't care what position they have. Are you training them on what their job is, how to do it, how well it should be done, more importantly, by when? If you are not your leaving it to chance. You think they should have common sense and there is no such thing as common sense. Because when I can train you my way based on my system then I can see that you're doing the job right. I can manage you, I can hold you accountable. I can when you move on, train somebody else to do it versus everybody having their own way. This is why the chain restaurants kick our ass. There is only one system, one process, one way in their restaurants, their way, and it makes life so much smoother.

You need to take control of your food and beverage costs. You need to take control of your labor costs. What is going on right now? Heck, we've always had to do that. But when COVID hit and they were shutting down all of our meat slaughterhouses, right, the production facilities, because COVID hit. Well, all of a sudden pork prices went through the roof because there was a shortage. Beef prices went through the roof there was a shortage. And as people move to chicken, supply and demand,



chicken prices went up. Our food costs were going out of control overnight. If you were a pizza place what happened to pepperoni? There was a shortage, right, unbelievable what's happening. And then well we got 15-dollar minimum wage happening coast to coast, and it's changing minimum wage across the country. But the truth of matter is your labor cost is out of control because why? Many of us, our sales have dropped like a rock. We're doing 75 percent, 50 percent, 25 percent of what we used to do. Depending on where you are in the country and how much of your restaurant you're able to seat. And so, we have something called minimum staffing levels and we're trying to hold on to people to keep them employed. Hey, we got that PPP money. Maybe you didn't. But you're probably flush through it. And so, we got people working at different staffing levels that are a little bit higher than they should be because we wanted to keep people employed. And as sales are slowly coming back up, we're behind the eight ball. I've only got two cooks on the line, I've only got a manager on the floor and a server, but my labor costs may be running 40 percent. Why? Cause sales are so low, I can't cut anymore. You've got to gain control of both your food and beverage costs and your labor costs. Remember what I call those prime cost, total cost goods sold plus total labor costs. This is in your control. But now remember that budget. Now we've got our new numbers are new sales norm, which is lower our new labor costs, which is higher. And we start to understand that when we put that budget together. Hey, maybe I've got to change my menu to get my food costs lower so that I can compensate for the higher labor cost. This is why a budget is so important. It shows you your plan based on your core values, what you're willing to do, what you can do or what you have to do in order to survive. Whether that means make money, break even, or lose slowly instead of like opening up your wrist and committing suicide because it just letting it flow. Because that, isn't that what COVID makes us feel like? Like we are literally

committing business suicide. Well, it shouldn't. Again, these are the things that can help.

The last thing I want to share with you that is critical this. Other than taking action, doing the things that I just told you, because it doesn't matter if you get excited about if you don't take action, but you've got to be willing to hold people accountable. I call it answerable. If you train them what their job is, how to do it, how well it should be done, more importantly, by when. And they show you that they understand their j-o-b, their obligations. They get to make a decision, do their job or not. And I will ultimately hold them accountable or responsible for their actions or inactions. See, now it's fair. Everybody knows exactly what you want done, how well you want it done by when. There's no guesswork and this is critical. This is critical to have you hit your numbers, to be able to leave your restaurant, to have you work on what? You.

You really want to talk about transformation, the best way to get this done is what? Have people on your team help you, be a leader in your business, feel good about you. Give everybody your vision for how you want your restaurant run, how good your product should be, how great your service should be, how clean you want your business and all of a sudden it's amazing how things change. Because now you've got people who know what needed to be done, they know they're going to be held accountable and they actually do the work. Because you have budgets, you know what systems you're going to put in place in order to change your reality and you can check on them. And you can see when you missed a number, when you missed a system to retrain it or put new systems in place to achieve the numbers, and you keep yourself on a path to profitability. It is literally life changing. And right

now, we didn't talk about Shelf-to-sheet inventory and Recipe costing cards and dollars per labor hour worked and those kinds of things. We're talking about easy systems. That's the crazy part about this. The first eleven stages of the twenty-three stages of The Restaurant Prosperity Formula™ are easy. I say that as a task. They're not easy when we're stuck in the wrong mental space, when we feel bad about ourselves, when we feel like we're undeserving, when we feel like maybe we're an impostor, I should know better. I should know how to lead my team through this pandemic and deal with these unforeseen challenges that nobody, again, has ever dealt with in their lives. And the truth is, you are a leader. But sometimes we need a kick in the pants to say I've got to change personally. To help my whole restaurant change, my employees, my team members, my customers. And that's what's exciting about this, by simply following those things, the steps that I talked about, putting those things in place can be life changing.

Here, let me share with you a few of my members where they are today following this exact strategy.

So, one member tells me, "This is so awesome. I've used, I used to dread every Wednesday when I had to pay the bills. I wouldn't be able to sleep wondering if the checks would clear. Right. The checks I wrote would they clear. Now I sleep like a baby every night of the week. I know my bank account is full of cash. I no longer worry about paying my bills. I have two months' worth of payroll in my bank account at all times. It's such a relief. And I sleep better. I feel better. I'm less irritable. I don't snap at my team anymore. My employees seem more relaxed too. Which I think means my customers are getting better service. And that really makes me happy.".

Another member that I was on a budget call with just literally two weeks ago, I was reviewing his numbers with him and on that coaching call and this is somebody, by the way, who started right with me right when the pandemic hit. Maybe a month into it. So, right, everything sales have dropped costs are up. Already, somebody who was running a pretty damn good restaurant. But all of a sudden found themselves in the red because sales volumes were not curing all of his ills. And so here's what we found out. After starting with me and that's right at the beginning, the pandemic to where we are today. He dropped his prime costs by 13 points. Without buying crappy product or cutting labor to levels where they can't deliver on the promise to their customers. That's huge. They're literally operating in the pandemic, were crushed by the pandemic, but now have changed it to where they're actually profitable by making a 13-point swing to their costs of goods sold and labor cost. By following the budget procedure, by putting the systems in place that we talked about in those first eleven stages. We're not talking about something revolutionary. We're talking about doing the basics and doing them well.

Now, I want to share with you very quickly something I have on my phone, a text message exchange I had with another member. Now she has a restaurant, but it's also her and her, her husband has a farm and they're in the middle of harvest time. So, there are times where she will literally be on a tractor in the field for 14 hours a day. And she's worried about, hey, will this restaurant work for me? And I will tell you, when I first met her, they were barely making any money. They were struggling. They were feeding the business. She felt like she could never leave the business. And the last time I talked to her, she had from a negative to over seventy

thousand dollars in the bank since this pandemic started. So, I texted her, I wanted to see how she was doing.

And my text here to her was, "Progress. Progress. Question mark. Need help. Question mark.".

She replies, "Doing well. Exclamation mark. We decided to wait on sales forecasts generator and checkbook guardian until we had a full month of sales in DSR or our numbers would have been rather different. We started September one in the D in DSR, so almost have a month. I have a Zoom call on Monday with Rich, Anne's guy", that's the accounting firm I recommend, "at 11 a.m. We have been doing the pre-shift notes, manager log, waste sheet, Key Item Tracker, and invoice tracker, daily. We have a list of a few questions for you, but nothing pressing. Listen to podcast three and four last night. So good. I like that you can share from there. We have been really busy, which is so huge. So far so good. I'm excited to plug September numbers in and move on to the sales generator and checkbook guardian.".

I reply. "Thanks for the update. Sounds great. I'm so proud of you. You really are making huge changes. I really hope you're seeing it in your bank account and your life. Can't wait to move you to the next steps." This is a week ago on Friday.

She replies, "Thank you. Three exclamation marks. That means a lot. The bank definitely reflects it. I'm in the field 14 hours, 14-hour days right now, but I feel such a sense of relief knowing my will is being imposed even when I'm not and especially when I'm not there. The social worker in me loves that, that the more systems we put in place, it takes the personalities out. Either you did your job, or you didn't.".

And those who follow me know that that is drinking the Kool-Aid in my world. Those are the things that I tell you and I teach you on a daily basis. So, she's regurgitating it right back to me.

I reply, "You rock. I'm smiling big. Congrats."

She replies one more time with a smiley face. "So appreciative of your help, support and guidance."

I'm telling you right now, and she has not even completed the first 11 stages. She is really close. She's right at the tail end of having these 11 stages put in place. And this is over just a few months period of time. So, if you're tired of feeling a victim in your business, if you're tired of blaming the government and gosh darn COVID-19 and all the things that are going wrong are wrong around you. And it's making you feel bad. Then it's time to change. Change your attitude. Transform your life. Follow, the outline I gave you, which summarizes the first 11 phases of the Restaurant Prosperity Formula™ and I promise you, you are on a path to change. You are on a path to getting your life back. You are on a path to having managers know their job, how to do it, how well it should be done, more importantly, by when. And you can trust that they're doing it, even when and especially when you're not there. And you're on a path to even be able to make money during this pandemic.

The decision is up to you. Are you going to sit tight and continue to do what you've always done? Or is it time for you to make a change? Hey, if you need help with that change, do me a favor, feel more than comfortable to e-mail me at David at

DavidScottPeters.com. I'd be more than happy to set up a time to talk with you and see if I can help you or put you on a path to success. I hope you're all doing well out there and go out there, kick some ass.

Hey, 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. Two, I have something I need from you. Please leave a review on Apple Podcasts, Spotify or wherever you happen to listen to podcasts. By leaving us a review, other restaurant pros seeking out this information are able to find it. I read the reviews and a hearing how this information has benefited you does wonders for me. And three, if you find any of the discussions helpful share them. The more restaurant pros who have access to them, the better we become as an industry. For more restaurant resources or to get in contact with me connect with me at DavidScottPeters.com. Be passionate about what you're doing, be persistent, but more importantly, become better and help everyone around you become better. And your restaurant is going to kick some ass.

I hope you enjoyed this episode of The Restaurant Prosperity Formula. If you want to learn more restaurant solutions like these and how to get your manager to do the work sign up for my free four-part video learning series where I go into all this in more depth. The link is in the description below. Also, be sure to subscribe to this channel to get my weekly tips and check out these two videos to learn more restaurant solutions.

