EPISODE 7

RESTAURANT TECHNOLOGY TIPS
FOR INDEPENDENT OPERATORS

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DSP: Hey there, restaurant pros it's David Scott Peters, and welcome to episode seven 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 the principle of systems. Now being known as the restaurant systems expert I'm extremely passionate about systems. I see firsthand on a daily basis how systems, when implemented and monitored properly create larger bank accounts and create free time. The challenge is when restaurant owners don't understand the systems or the numbers behind them. They often waste a lot of time and money on software systems. I can help you avoid this mistake.

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

This episode is being brought to you by the catering coach. If you are a restaurant owner now more than ever, you need catering as a profitable, proven multiple revenue stream. But right now, who has the time to establish all the checklist

systems, packing lists and proven methods to grow your catering business? And 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.

I want to talk to you about restaurant technology and some of the pitfalls owners fall into. And if you go down this path of technology, how you get the most out of it. So, I'm on discovery calls all the time. These are the first call that I have with the restaurant owner. To learn more about them and their business. What kind of challenges they have and how systems might be able to transform their life.

And I often hear them talk about software technology. They say, you know, I got this software, but all I feel like I'm doing is wasting money. They tell me things like this on the call, my manager said, we absolutely need scheduling software. Right. What the manager tell the owner? Hey, man, if we get this, we're gonna save a ton of time, I'll have time to do these other things. And we're gonna save a ton of money. I, I, I've seen the ads on this thing. I know other restaurants who use this thing. And you get really excitable. Like oh my manager is gonna use something. And then the reality is. These owners tell me the managers, all they do is copy one schedule from one week to the next. And because they're not paying attention to sales going down, my labor costs is going through the roof. Now, I even say to it, these owners say to me, I talk about dropping the damn software and the next thing you know, I

have a damn mutiny on my hands because the software company is done such a great job marketing to my employees that I can't get rid of it. So now I've got this expense. It's not doing anything positive for me. And they often look me right in the eyes cause I do these things on Zoom. And they say, should I just should have stayed with my spreadsheets. I was doing just fine. I didn't need this software.

Now, if you heard me speak at any given time, whether it's on my YouTube channel, my podcast, you've read any of my articles, you've seen me speak all over the country. You know that I say one of the most important systems you should ever have are recipe costing cards. So maybe you get really motivated. Say you've got to have recipe costing cards and you go out and search software because I tell you why you can do it on spreadsheets. You can certainly do it pad of paper. The truth is you do need software. The problem is many software salespeople make it sound like it's a snap. It is so freaking easy. And so, these owners look me dead in the eye and they say, David, these software sales guy said, man, doing recipe cards be a snap. Just so easy. Oh, my God. It couldn't be further from the truth. I have to upload my invoices on a daily basis when they come in. And in fact, I had to do it in the beginning and I had to set up every single product. And I've got 300 products and I set it up for how I buy it and how I want it counted on the shelf. And then a 12 different ways that I use the damn product in a recipe. I had to set it up each and every one. And oh by goodness. I didn't know I made a mistake until I started creating a recipe card and I have to go back and change that product. And then my chef who swore to me, yeah, yeah, I have I struggle with software and computers, but I'll use it. Well, the interface is so damn confusing that my chef says the software doesn't work. I have no idea if chef is right or not because when I go in, I don't understand it either.

Now, these owners also look at me and they say, what about the social media stuff? Right. I don't know what I should be doing. I went out and hired a company, a piece of software that could help panel Facebook, Instagram, Twitter, and crap now, this damn TikTok. I don't even think it works. I think it's a waste of money, but I have no idea. And my competition is all over social media. I don't know what to do. It gives me such anxiety. And then COVID came around, right?

And these owners look me in line in the eye and say, look, I pivoted my business, I added online ordering. The problem is the software I got doesn't connect to my POS system. So, I've got somebody standing there just transferring orders from this ticket that popped up and retyping it in into the POS system. And it's so frustrating. It's taking extra labor. And my guess, they're pissed because this hourly employee isn't making sure it's done right. And so we make mistake after mistake after mistake. Then I've got owners look me in the eye. So, they got the online ordering system. It was promised to be tied into their software, which it is. And they were promised that somebody could set a future time for their order. Say it's eleven o'clock right now. They get online, they order, and they want to pick it up at four o'clock on their way home early from work. You know what? Shit doesn't work. They've been printing tickets right at 11, my cooks are making it. They're putting up in the window. Manager walks back and go this order isn't supposed to be made to four o'clock. And I've got product dying in the window. I got I've got money wasted. I just don't understand.

Then again, we bring up COVID again. These owners look me in the eye and say, I've got to get these freakin third party delivery apps. Yeah, I get it. I feel your pain. I was

telling people forever not to get these third-party apps. Because at a 30 percent commission, how the hell do you do it? Then COVID came. And we needed revenue even if we didn't make money on it. We could cover labor. It was a good idea. Well, now owners are looking at me. Some of them, and saying, well, David, I still can't make it on this 30 percent commission. I just don't understand I'm gonna go out of business if I keep doing this. They're so frustrated. They say, what the hell am I supposed to do? Like, I need these sales. I don't have my own delivery. And this is this is what's happening because the states are going backwards. You know, I went from 50 percent dining back to 25 percent. All I feel like I'm doing is working my ass off to pay my bills.

Owners also look me in the eye and say, oh, my God. I feel like I've been so screwed by consultants. Right. There on the call with me and they're want to learn what I can do to possibly help them transform their life, transform their business. Put them on this journey to make change. And they look at me, they go, hey, let me tell you about the story, when I first opened, I brought on the chef and he was a nightmare. The menu he created was a complete cluster. You know, the next word right. On the line it was all screwed up. And this thing. Oh, my gosh. It produced a 40 percent food cost. I can't make money on that. Heck and I paid fifty thousand dollars for this chef consultant to help me lose money faster than I could just done on my own. Sometimes I hear these owners tell me about other consultants say, look, they came in, they did all the work. Right. They helped me get there. The problem is all they did was point out what I was doing wrong. Then they said, oh, hey, they had like kind of an affiliate thing with another software company, and they sold me on this software, and they implemented did all this stuff and then they disappeared. And the problem is, nobody on my team knows how to use it. Nobody knows how

to fix it. Nobody knows what we're doing wrong. So, I spent all this money and I'm actually in a worse spot than I've ever been. And they look me dead in the eye because there's a skeptic skepticism. They're like, I'm done getting screwed by these impostors. Because the owner who's looking at me feels like an idiot. How did they make a bad decision? Now, I understand that one, that's when you put all your faith in somebody else to do the work instead of taking responsibility for your transformation in what you do.

Then I've got owners look me in the eye and they say, you know, that salesperson because I was looking for marketing that magic pill. This guy said that if I signed up for the reservation app my sales would go up five to ten percent. Now, that sounded really, really good to me. But all I've done is seen my existing customers use the reservation system and it's cost me two dollars and fifty cents per reservation for the guests that would have walked in my door anyway. I don't feel like I've got any new people coming in. And I'm just tired of it. All these software people promise me. They make promises and promises that this will work and it never works. Just another shitty service I paid for that is robbing me blind.

Finally, one of things people look at me because I'm such a fan of checklists, they say I got this software to make checklists. Also, for food safety. I've seen your I've seen your YouTube videos, David, I went out and got a software package because I know that that you said checklists are the foundation of all my systems. Nobody uses the damn systems. Is what they say to me. My people are lazy. That's what they say to me. I don't understand why my managers say they're trying, and I feel like nothing's happening. Is what they say to me. And ultimately, no matter which one of those stories they tell me. If not all of them, they say I give up. I'm canceling

all this crap today. I'm spending over thirty thousand dollars a year on these software packages and I'm the only one who does anything right in my restaurant. The truth is, it's not costing you thirty thousand dollars. That's the monthly fees all added up over 12 months and thirty thousand is probably low. Some of your spending fifty thousand dollars. The truth is a typical restaurant that does one million dollars in annual sales. It's costing you two hundred and thirty thousand dollars a year in lost efficiencies. Because you're leaving that much on the table because you're thinking I bought this software to be a magic pill and there ain't no such thing. You've got to take responsibility. So, here's what I find. Like, if you truly want to go down this path of technology and make it work for you to find that two hundred and thirty thousand dollars for a million-dollar business.

The challenge is owners jump in too early. See you jump in before you understand the systems and the numbers. That doesn't work. Do you understand? If you look at this and say. Hey, I get the software. I put it all this energy in. We're not getting anywhere. I'm spending money. I don't see results. It's because this one thing. Running a restaurant like a word problem. See, if you start doing the math on a word problem, you don't understand the word problem. What I mean by that? A train leaves Chicago at three o'clock. Traveling at 70 miles an hour. A train leaves Philadelphia at four o'clock. Traveling at 80 miles an hour. Where do they meet? Right. When I was a kid. My answer was, I don't give a shit. But the truth is. Hey, Cisco. Ben E. Keith, U.S. Foods any of your broad line distributors show up at 10 o'clock in the morning and they drop off three thousand dollars in product. The cooks put it into the cooler, they put it in dry storage, prep comes in starts working with the product. Three customers walk in, get burgers and five customers walk in, get pizza and so on and so on and so. Until the end of the shift, you have what, X?

See if you understand the word problem, where the numbers come from. They're all the same damn equations used divided by sales, weighted averages. It's the same damn equation. There's addition, subtraction, multiplication, division. That's it, man. Addition, subtraction, multiplication, division. There's no Pythagorean theorem. There's no coefficient of friction. There's no quadratic equation. There's nothing, man. It's simple. But if you don't understand where the numbers come from, how they fit together in the same damn equation that's used over and over again. Then it doesn't matter if you have software. So you've got to understand where all the numbers come from and how they fit. Then you're ready for software.

How about number two? Owners are looking for that magic pill, having already touched on that. There is no such thing as a magic pill. It takes work. But they're trainable tasks. See here's the deal. As I'm the systems guy, self-proclaimed systems guy. Right, the restaurant systems guy, I'm the numbers guy. Do you know that naturally I'm not a numbers guy? I just told you I hated word problems. Like, I, I, I'm so old that when I was in middle school, you actually got a math textbook you could take home. And in the back, there were the odd number, odd number problems you had the answers. And I had to do the problems, the odd number problems over and over and over again until I understood and got the right answer. So, math wasn't necessarily a natural thing for me. But I could train myself to do the math until I got it. See, once you understand the numbers and the equations, it's actually quite easy. So, you've got to make sure you do that.

Number two. Owners don't hold managers accountable. See, I don't care if you do things by paper and pencil. I don't care if you have a spreadsheet and I don't care if

you have software. If you ultimately don't hold your managers accountable. It doesn't matter. Nothing's gonna get used. And I teach, I teach restaurant owners seven steps to success, to successfully delegating all these tasks. I teach him how to hold managers accountable. See, that's critical. The seven steps I go through on delegation is the beginning of the best accountability ever because you're clear on what the job is, how to do it, how well it should be done, more importantly, by when. The step by step by step. There are milestones. You're double checking. You're ensuring they get the job done. You're never going to let them fail. But if they do fail, you're going to hold them accountable or in my world, I say answerable. See, if you train somebody what their job is, how to do it, how well it should be done, more importantly, by when. And they demonstrate they got it back. They make a decision, do their job or not. And then they're answerable for the resulting consequences. Well, software is no different. It's just a tool. So, if you don't hold people accountable to paper systems, what the hell makes you think you're gonna hold them accountable to a software system? Yeah, that's where all of a sudden you say my costs are going up because nobody's using it.

Four. Owners need to operate on a budget. Now, I tell you, two most important systems any restaurant should have are budgets and recipe costing cards. Well we touch on recipe cards already. Why? Because I talk about them so often. But here's the deal. See, if you implement a budget and you set your plan for success. You're going to be able to quickly see that you can get return on investment for the software packages. Because you'll create your plan of implementation of the software. You're expected results. Which means now you can successfully delegate. Oh, it goes back to the accountability.

Five. Owners need to check their numbers. I can't tell you enough that I don't care if it's software. I don't care if it's paper and pencil. I don't care if it's a calculator. See, if you put garbage numbers in, you get garbage numbers out. And if you're not paying attention to your numbers. Trust and verify that the right numbers make it into each one of those buckets. Right. Just type in a number. No it's up blindly. Do the numbers foot, which means do they add up? If you don't take the time to double check, you're gonna get bad, wildly bad information to make wildly bad decisions and watch your profitability drop like a rock.

Here, let me give you some examples, what I'm talking about. I have a member who's been using Restaurant 365. It's one of those all in one solutions for restaurant management, but includes accounting. He's dropped. Now... Let me be very clear. He's been using this for a long time. And after starting working with me at the beginning of the pandemic and during the pandemic. By actually understanding what to do with those numbers, he's dropped his prime costs 13 points during the pandemic. That's on one point three million dollars. That translates to one hundred and sixty-nine thousand dollars in savings a year. Because now that software package he was paying for, he's got his managers using it properly. He's got his managers analyzing number. He's got his operations manager making good decisions based off that information, which is ultimately what saves you money.

I have another member who basically went from not knowing really much about what she was doing in the restaurant business, to having a strong management team, three days off a week and explained how excited she was about this new software package she was going to implement. But that she understood that now

was the right time because she actually understood the numbers and the systems. See, she put the spreadsheets in first, the ones that I gave her and made sure the managers use them, held them accountable. And now everything made sense and how it ties together that software will actually increase her efficiency.

I also have a member who's using the software company, the software from the company I sold back in June of 2019. So, this is somebody after I left my company actually bought in, I was already gone. And it's all my systems and I'd love it to death. But it's like anything else. If you don't use the software, if you don't hold people accountable, it's no good. Well, he's been using the software almost two years now, and we meet on a weekly basis and review his numbers and work with his management team on how to adapt, to change, to interpret those numbers. And basically, he's also meeting with a software coach for my old company on a weekly basis to review the numbers. Well, what's the difference between a software coach and me? Well, software coaches telling you how to use a software. Working with me I'm telling you what to do with the damn numbers. And now he's got inventory numbers he can trust. He knows his actual to theoretical product usage and where he can make changes in his business, where he's bleeding in the kitchen. He schedules his labor on budget going into next week on budget. Instead of bringing people in and praying you're busy. He's brought on two new managers, gotten rid of the old managers. Some of it was self-attrition because now we are holding people accountable. They didn't like that. And these two new managers are doing the job and he's starting to see the financial games, the gains of running with systems.

Look, software solutions are just tools. You have to take responsibility for your business. Your systems, your team, your numbers. See, when you learn to do that, software can be a huge timesaver, a moneymaker. And it can help you hold your management team accountable because you can see they did their job or didn't by simply logging in anywhere you have access to a Web browser. The key is making sure you understand the systems. And your numbers first. So even if you're in software now and you don't understand, you've got to go back to the rudimentary fundamentals, understand the systems and your numbers. Now look, if you're struggling with your software and you really want results and you want time off. Hey, you can e-mail me at david@davidscottpeters.com. And in that e-mail, say you want to jump on a Discovery Call with me. And what I'll do is I'll send you a link from my calendar and you can set up a time where we'll spend an hour going over your business, your challenges and the things that you want to achieve this year. Because with COVID, all bets are off. Yes, we have these solutions. We don't want to throw all of them out because maybe our sales are down or we're feeling tight on money. When you put these software solutions in place, when you understand both the systems and the numbers, you can actually change your world. Because you'll see your profits go through the roof. You will have a management team you hold accountable and you will have free time.

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 Podcast, Spotify or wherever you happen to

listen to podcast. 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 does wonders for me. And three, if you find any of the discussions helpful share them though. 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.

Looking for a direction on which area in your restaurant has the most opportunity for improvement. Complete my custom restaurant evaluation. It takes about 10 to 15 minutes to complete. And when you hit the submit button, bam, you get an evaluation customized to the needs of your restaurant. It's free and a great tool to use to develop a plan for your restaurant's success. Click the link in the description below. Also, be sure to subscribe to get my weekly tips and watch these two videos to get more information and guidance for running a successful restaurant.