

EPISODE 10

RESTAURANT BUSINESS IDEAS FOR MAXIMIZING COVID 19

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DSP: Hey there, restaurant pros it's David Scott Peters, and welcome to Episode 10 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 for 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 again centers around the crisis restaurant owners find themselves in due to the reimplementation of COVID-19 business restrictions. This episode is a result of so many of my members facing dining room closures, a Congress that has ignored the cries of the industry for way too long and thousands of people dying every day. What I have to share with you is both sobering and hopeful.

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 checklists,



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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.

Here we go again, but really, we're still just in it, the covid-19 pandemic business restrictions are coming back in full force from coast to coast. Just when our industry got a handle on operating this new norm. The reimplementation of these restrictions on the restaurant industry have been devastating and let me be clear, I believe we need to save lives and I believe the pandemic is real. I also have a deep concern for the families that are impacted financially from restaurant owners who could lose everything to the line employees who could end up getting evicted from their homes because their jobs have disappeared. On top of that, I'm absolutely pissed off at our federal government, at their absolute lack of interest in bailing out the largest employer in the United States, the hospitality industry. At the time of me recording this podcast, Congress is only now at the 11th hour trying to come up with some small corrective measure that could help, but the reality on the ground is that it's probably too late for too many. From what I've seen, by the end of 2020, we could have lost almost 40 percent of independent restaurants in the United States. It makes me want to cry. These inconsistent and sometimes seemingly contradictory business restrictions make restaurant owners lose hope. Because of sales dropping from thousands of dollars in a day as we got our businesses back up

and running almost back to normal for many. Overnight, we're closing again and we're seeing sales drop to five 500 dollar days. And this has us having to make a decision whether we decide we're going to break the law. Right. Are we going to keep our dining rooms open? Are we going to ignore the restrictions because we've got families to feed, whether customers, employees, our own? And that's a tough place to be in. It makes you lose hope.

We've got pivot fatigue. Look, I get it back in March of 2020, it was like okay whatever I got to do, whatever I've got to do. I'm going to become a grocery store. I'm going to add delivery. I'm going to add third-party, you know, delivery. I'm going to add pick up, I'm going to do all these things, change my menu, have catering to go. I'm going to do everything I can. And then we started we had PPP money and things started to change and we started to see opening up of dining rooms and all of a sudden sales were coming back, we started to feel pretty good. Now, maybe we didn't have all of our sales back. And depending where you were in the country you saw increases better than others. But we are seeing with the pandemic before these restrictions started to hit, starting to see our sales drop again because of fear. Now, with pivot fatigue, here you are in December of 2020, and we're still talking about this, yet we're seeing the second round of those business closures. And it's got you with really having some irrational thoughts because you've got pivot fatigue. You just want to give up. And I don't want you to if you've made it this long, we've got just a few months to get through and I'll talk about that in a second. You need to stay in the fight. If not for your customers, if not for your employees, but for you and your family.

And we feel distressed and down because all the increased stress.



Look, man. If you've been following me for any bit of time, you know, I that I want you working on your business, not in it. But guess what, with COVID-19, we've had to revert back to doing everything yourself. I get it. Sales are down, labor is up, yet we've cut the number of employees working for us. So, you're out trying to keep up with the business mandates and creating patios when you're back, you're back of your restaurant in your in their parking lot, adding pavers and tents and trying to make it a dining experience, not just, you know, a couple tables outside. You're working your ass off being the opening, closing manager, you're serving, you're taking to go orders, you're doing whatever you can. We start to lose hope because we're so stressed out, we're so tired.

I get it.

Let me share with you just one line of an email I got from a member in California a week after they informed him restaurants had to close their indoor dining again and after that owner decided to buck the law and keep indoor dining in place. And by the way, this owner is not alone. All across the country, I have members who have decided to keep their dining rooms open, going against their state mandates. And I know. And I know. That I'm not going to pass judgment on you. You've got to make a decision. Based on what's best for your business, your family, your employees. So, here's the deal, let me set the stage. So just to get you up to speed, he had a few team members on one of his restaurants actually test positive for the coronavirus after they were told to close, but they remained open. And I reached out and I asked him how things were going, how was he doing? And he replied with an email. And I'm only going to share the first basic line of the email, his answer



was "Not doing good. I think we have four out of five cooks at one location with COVID, waiting on test results. Sales on to go orders are crap. I'm thinking of shutting it down till March and starting over then. This might minimize my losses."

Can you relate? I bet you can.

The crazy part of all this is there's actually hope light at the end of the tunnel, if you will, with pending approval of not one but three vaccines. By the time March, April rolls around, we could be on our way back to some point of normalcy. Heck, I'm hoping by June, our economy will be back on track and restaurants, bars and caterers are back in full swing. But how do you get through the next few months? How do you decide if you could make it? How do you decide what you've got to change in your operation to survive? Well, I've got two very clear messages that if you've been following me for any length of time you've heard before. Budgets and systemize your operation. Budgets are a proactive tool to give us a plan for success. It shows you where your weaknesses are and what systems you need to put in place to change that bottom line. Heck go one step further if you follow me again, I talk about 12-week cash flow budgets, which is very different, it's not about profitability, it's whether I can pay my bills. I did free webinars on this with Anne Gannon of The Largo Group at the beginning of the pandemic. Yet it really hasn't changed. We've got to keep that 12-week outlook to say, can I pay my bills? When do I push things off? What can I get rid of? So, I can make it. Stay in the pack. We talk about systemizing your operation, it's imposing your will without being there. It's having everybody on your team do it just as passionately, just as good as if you did it yourself. This allows us to impose our will without being there. It's so

important now more than ever. Look, I'm going to tell you, this message will never get old. It will never change. It is, however, more important today.

So, let's talk about these two things in great depth. Budgets. What am I going to do? I'm going to grab my last 12 months. This is what you're going to do, right? This is your call to action. Grab your last 12 months, P&Ls. And then set out the next 12 months. What's your new reality on sales? Well, it's not what it was the year before. Right. So, what's my new reality, on COVID sales? What are my percentage? What's mix? My sales mix. I used to do 90 percent or let's say you did seventy five percent food, and the rest was bar. Well, now what are you selling in bar business? Almost nothing. So, when all of a sudden you might be doing 90 percent food sales. What's my current mix? Send that across for as many months as you think the business restrictions are going to be in place, that COVID is going to be impacting us. That we're more to go, we don't have people in our restaurants and at the bar. The moment I think that it's going to turn, we change our mix back to the old normal mix. Look at our cost of goods sold. What am I running today? Based on what my customers ordering today, which means my cost of goods sold primarily are probably going up because prices are going up and they're changing what they're purchasing. Then I go through my labor. What are my labor percentages? If they're salaried managers and I still have them on salary, what are their fixed costs? And then line by line by line on the operating expenses, whether fixed or variable. The dollar amount or the percentage and send that across your 12 months and when you get to the end, look how much money you make or you're going to lose month by month by month. Look at your what you're going to make or your losses. But it also by looking at it 12 months in advance, when we think the COVID restrictions are going to change, when business is going to come back to normal, you can say,

even if I'm losing money, maybe I'm losing five thousand dollars for the next two or three months. But when things turn around, I will make money over the next 12 months. And that's important. It gives you that hope. It also tells you the plan you need to make. I cannot tell you how many members I work with that we have taken 34 percent food costs, menus, 38 percent food costs, menus and made them 26. Without giving up on guest satisfaction, without buying crappy product. Through Recipe costing cards and menu engineering techniques and changing what we have to offer. And a few other things go along with that. Making the change you have to make. Because you can see 12 months out and say, this is what I have to do to survive. And now when you put that plan together, what month you're going to put what system in and what your results are going to be, you start to see what your 12-month number is going to look like, what you're going to make or lose. You will have hope by being proactive. Looking at what the future is, what you can do to change. Now, I will tell you you'll never make your budget. Things happen. So that's why we take our P&Ls and put them right next to our budget every single month, measure success where we hit or missed, where we missed, we go back to our managers, reinforce, retrain or change the systems. And then the rest of the year? We change the rest of the year to make up for what we didn't do well. It gives you the power to know what you need to do to survive instead of just living it.

Now, that brings us to the systems part. That's allowing you to impose your will without being there, the more you document your systems, the more you can have people do it your way. The key is a lot of people say to me "Oh systems don't work David. I understand we're not the - we're not going to be cold and sterile like the chains." Well, no, you're not. But do you not want to make money like the chains? Do you not want to weather this storm like the chains? Then we've got to teach our

employees what the job is, how to do it, how well it should be done, more importantly by when. The more you document, the more you train, the more you ensure that they can do it. Now, you're in a position where systems really work. You can't just tell somebody how to do something. You've got to be over their shoulder, do it with them, let them show you they got it. Do it over and over again on their own, and then you can hold them accountable. That's where systems make huge change in the business. And it doesn't matter if it's counting out a bar drawer the same way every single time or something advance like dollars per labor hour worked. There is a system, a process, a way to doing everything and everything in your business.

Now, here's the deal, what are the benefits? Why do I want to put all this effort into budgets and systems, especially now when I'm trying to do all these things myself? It may delay you a little bit. But you really don't have a choice. As the leader of your business, you have to find ways to get these things done. Everyone's counting on you. Your guests are counting on you so that restaurant is around for them. You fulfill a need to the community. Your employees are counting on you. That's how they pay their bills, feed their families. Your families are counting on you. You can't give up hope. What I tell people is an entrepreneur, and I do it all the time when I say all the time, a couple times a year. Something hits you, some risk you took, some idea failed, and you feel bad. Well, as an entrepreneur, we're not perfect people, we can feel bad, we can have a sad day. Heck, you can cry, you can drink yourself to sleep. I don't give a shit what it is. You're- give yourself permission to have one bad day, but the key is what you do tomorrow. See, do you sulk for the next week, month, three months, eight months? And have all your employees feed on your negative energy and see, look as the leader our ship is sinking. Or do you

pick yourself up by your bootstraps? And the next day you start working on what you need to do to make it work? That's what you've got to do. As an entrepreneur, you're allowed to have one bad day. It cannot feed into two, three, four or more because that's when your business starts to just literally tank. You are the face of that business. Now, when you when you start to make these changes, when you have that bad day and the next day, you start on this, getting your budgets together, working on your systems, moving your business forward, leading your team, being the leader, your restaurant needs, you're going to transform your life and your restaurant. See as a restrictions lift again, as you have managers again, as you start to have customers again, you'll be in a position that you can have freedom from your business and the financial freedom you deserve. These are the benefits of putting the hard work in today.

Now, what if my pessimistic forecast for the restaurant closures is right? Remember that 40 percent of all independent restaurants, I think, are going to be closed by the end of 2020. How could this possibly be a positive for you? Well, let me share with you. First, let me be very clear, it crushes me to think 40 percent of these restaurants are dead, dead in the water. And we know it because you saw it in the first two weeks of the pandemic back in March of 2020. We saw 25 percent of all our restaurants close. Then months later, business, business, Restaurant Business magazine did a study and found in New York 30 percent of all independents closed. Well, here we are in December closing businesses again, at least the indoor dining, which is just might as well closes is what we feel like. We're going to lose more. And if Congress doesn't act, doesn't get some relief in here very quickly. We're going to lose more restaurants. More families devastated. Well— you survive this, you stay in the pack, whether it's lose a little bit of money, be able to see where the hope is in

the changes and stick stay in the good fight, there's going to be less competition. So as things open back up, people start getting- going back to work again. There are fewer restaurants and there would be this pent-up demand, they're going to want to get out as soon as vaccines start to hit, people are going to want to get out. There stir crazy being in their house for almost a year at this point.

Next, there's going to be expansion opportunities. Right now, I've got members right now who are actually doing well that are looking for their second, third, fourth, fifth locations. Because they know there are landlords that have had restaurants go out with basically all the equipment, all the FF&E, everything that's needed to run a business. And it could flip to your concept with just lipstick on a pig, if you will. I've already seen landlords giving TI money again. Because they're like, I'm losing my ass. I'll pay, yes, I will pay for the renovations in here. So, you're going to be able to pick off these additional locations at a steal, which means, man, it's like doing it right now, it's making sure your occupancy cost is five to eight percent of your sales, giving yourself an opportunity to make sure you make money. See, here's the deal. You survive this and you make it to the other side, which I'm hoping you're going to do, and I'm doing everything I can to help anyone make it through here. You're going to achieve, well you're going to have restaurant prosperity in your grasp, freedom from your restaurant and the financial freedom you deserve. So, what you've got to do is you've got to get out there, you've got to get out of your office. Touch tables do all the things you can, well, not touch tables, touch guests as they walk in the door, all the things that you've got to do to have wow customer service. Restaurant 101, hot food hot, cold food cold, clean, safe work environment for the guest employees. Right. Wow, customer service, incredible product, but now Restaurant 101 includes gosh cleaning. It requires making sure that all your orders

are delivery ready, that everything shows up in the bag, that's supposed to be because now your food goes to somebody's house and it's you. You've got this. Then you say, OK, in the evenings, whatever it takes, let's work on those budgets, let's create your plan for success. You have to owe it to everyone to get that done. You have to work on your systems journey. I don't care if you don't have any managers at this point. All you need is one key employee that I call the implementer. Somebody help you get shit done. Just one ally on your team to make sure it all gets done. And you will be on a path from being from going from despair to hope. Because we have two more months to truly worry about what goes on.

That vaccine is coming. All around the world, there will be major change, there is light at the end of the tunnel. Maybe Congress will do something by the time, even by the time this podcast goes live. All I want to say is this. I'm here with you. I feel your pain. I'm doing everything within my power to help my members. And those people who aren't members. Whether it's my podcast, whether it's my YouTube channel, my Facebook, my Instagram feed, giving away information and hope and systems to help you have change in your life, to transform your life and your business. The key is you've got to decide to take it and lead your team to success. Look, man, you've got this, you can do this, we're all counting on you.

If you're tired of not being able to leave your restaurant because no one else knows how to run it, I want to make sure, you know, it doesn't have to be that way. You can leave your restaurant. It is possible to build a team of people who know how you want the restaurant to run. With these trained and responsible people in place, you can give yourself time away. What would you do if you had time away from your restaurant? Would you sleep better? Would your relationships improve?



Would you feel more relaxed? These are all things you deserve to experience as a business owner. It's why we own our own businesses. If you would like to learn how to own a restaurant that doesn't depend on you to be successful, [click the link](#) in the description to watch a free training course that teaches you exactly what you have to do. 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.