

EPISODE 11

RUNNING A RESTAURANT: ONE OWNER'S JOURNEY OF SUCCESS THROUGH THE

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DSP: Hey, there are restaurant pros, it's David Scott Peters and welcome to Episode 11 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 tells the story of one restaurant owner's journey and how she used the COVID-19 business shutdown to transform her family-owned business from a struggling restaurant into a thriving business. Oh, and with the added benefit of bringing your family closer together in time off.

Now, I want to tell you about our guests today, Karen Fagnilli, co-founder and owner of The Lake House Inn Resort in Geneva on the Lake, Ohio. An inn and restaurant with scenic views of Lake Erie. They purchased the inn about 20 years ago and added the restaurant in 2005. Then in 2012, expanded the restaurant and have been on a quest to make money in the restaurant ever since.

Karen was already greatly focused on taking care of the guest, using locally sourced products and using systems. But like many others found, the restaurant was sucking up both time and money. She knew she needed and already was working with systems, but they weren't getting a results. Fast forward to March of 2020 and the COVID-19 business restrictions forced her to close her dining room instead of looking at it as a negative, she turned it into a positive. Listen in on our conversation as she shares with you how she was able to transform both her business and life in a short eight months, all while the restaurant industry as a whole was on fire. I want to welcome Karen Fagnilli to the show today.

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DSP: Karen, I want to welcome you today to today's show, it's really great to have you.

Karen: Thanks, David, I'm glad to be here.

DSP: Well, before we kind of get into things, I really wanted to bring you on because quite honestly, you're kind of a rock star when it comes to leading your team in getting things done, because I'm going to have to have you share with your story, your journey from really having an inn that had a restaurant that was probably bleeding your business dry to now it's a revenue center that actually produces money. And, you know, it's actually a little more fun for you. And what's really great is, again, it's a family business. Been around for a long, long time. Let you tell your story. But there wasn't a lot of food and beverage experience behind everything. Why don't you tell everybody a little bit about The Lake House Inn and your story?

Karen: Sure. So, I am the co-founder and owner of The Lake House Inn Resort in Geneva on the Lake, Ohio, right on Lake Erie. We purchased the property 20 years ago. It was an inn with cottages, 2005 we added the restaurant, which was in addition to we also started making wine, 19 years in, the first year into being in business. So, we added a little restaurant. We are in a resort town. So, we did a lot of summer food. We started with outside dining and then in 2012, we really made the leap and built the current restaurant and business just went off the map. And we spent several years just trying to get a handle on that increased business and trying to find the right people. And we continue every year. We see more and more people coming to our inn, enjoying our restaurant, enjoying our wine and enjoying our spa. And but we weren't making any money. We were, if anything, as each year

went by, our revenues are going up, but our margins were going down. So, it was a little bit of a struggle.

DSP: So what was that like? I mean, because you started, you know, again, had a dream, bought the inn, you know, started to expand, expand, and then this restaurant thing came out of nowhere as far as its success. But again, it was it was more of a drain than it was a positive for you. So, what was that like struggling with that? What were some of the challenges you had from hiring people that said they knew what they were doing to making mistakes through that process?

Karen: Correct. It's all of the above. We worked really hard. The harder we worked, the less money we made. And people think that in the restaurant business, you know, look, you have all these people. What the average Joe doesn't know, didn't know before COVID is that the margins are really skinny. And we didn't know that as well. We thought, OK, well, we'll improve them. We made the decision to do a locally, locally sourced foods, and that was a huge drain on our on our margins. And we went through people. We what I did is I'm a nurse that retired in 2014 to come back to the inn to help us get back on track. You know, what brought us back on track actually was COVID when COVID shut us down. And the things that we wanted to do but were hesitant to do, COVID made us do. Like- decreasing our menu size, not having table service on our outside patio, really looking at our Recipe costing cards we had them since 2013, but they weren't hardwired. When we were closed for COVID I said, "OK, we're going to make sure this works and we have the tools, let's do it." And then what I found is that the, the tools that we were using through our property management system, we're just a little clunky. They weren't working well. And so, I knew that we needed to do something more simple. And then you

and Anne came into our lives. We were part of restaurantowner.com. We've been using that for a number of years.

DSP: Great site, great people.

Karen: Yeah. And we hooked into a webinar that you and Anne we're doing on cash flow with the COVID restaurant prices. And we drank the Kool-Aid. We knew that this was going to work, and we had to be disciplined. We needed to follow the principles. And what I did is I did the evaluation to see, OK, what is, is David real? Is it is it really going to tell me what I need? And we got the you know, the 15 page document and you hit every item that we said, OK, yeah, we haven't hit that. We didn't know how to do it. And that was our framework for making the changes. And so, because we were closed for in you know, in restaurant dining, we started the carryout. And you pretty much said in order to survive COVID, you've got to pivot and reset what you're doing. So, we went to carryout and when we did that, it was real clear we needed to decrease our menu. Once we reopened, we had much better systems in place and we were watching our costs much closer. And we one of the things that we did, because it was you and Anne and being the accountant, I started having weekly meetings with our finance person who is also my daughter. And we are on opposite ends of the world. But this COVID brought us together and we are working very well together. We continue to have those weekly meetings. You gave me confidence through your lessons and your coaching sessions with the community that we needed to hire a GM and we did. We hired the person the week, the week before Labor Day, which is kind of like as our season decreases. But we knew we had to do that. And we're making huge progress. We made progress over the summer. Our food cost before COVID were running around thirty nine percent.

It made Andrea nuts every year. It's like we need to get closer and closer to thirty-two. And our chef, who is also our son, said, well we can't because we're farm to table.

DSP: Right.

Karen: We learned very quickly when we went into the summer, we really looked at what we were getting in our cost of goods and our labor and we really started putting the recipe cards together like they were supposed to be. And our food costs went from thirty-nine to thirty two percent within a couple of months just by looking at what we're doing.

DSP: So. So, talk to me a little bit. So, you were already a systems person. You had the software for your inn, you already an idea you needed recipe cards, you already had an idea of you need to control labor, you already had idea. Were you operating off of wrong numbers? Like where were your initial figures coming from. Because a thirty nine percent food cost, unless you're a steakhouse is astronomical. And as you felt it you really kind of luckily you were the landlord because you're working for the landlord when that is chewing up so much of your prime cost. What was that shift? What was that that unexpected, I guess, shift again in your mindset of, hey I got all these systems. Why weren't they working for you?

Karen: They weren't working for us because there was emotion involved because we made the decision as a family to locally sourced and locally sourcing was more expensive. However, we still needed to make a margin. And Andrea and I were just struggling for a couple of years. And I think that part of the struggle of the couple of

years helped us put OK our plan together. And what really kept me personally going to focus on our plan was your coaching. It's just amazing. How I would watch the lessons and look at the spreadsheets. What you- what your program does is it validates the good things that we had in place and then said, OK, just keep going, Karen. Just keep going. You're going to make it. And Andrea was just floored when- and her dad was the person pretty much running the restaurant because our son, the chef, opened a butcher shop a couple of years ago and COVID really spun his business.

DSP: Sure.

Karen: His butcher business was mostly wholesale to restaurants. And when the restaurants and wineries closed and the consumer was looking for meat, not even just good meat.

DSP: Right.

Karen: Because the grocery stores were out of chicken and beef. Well, he had it from his locally sourcing, so that spun his business. And today his business is more retail and he's doing much better than he ever did, retail versus wholesale.

DSP: Right.

Karen: So we and we purchased from him, but we don't purchase everything from him. We're not in that mode of Nate needed to get rid of we used at the restaurant. And I think that was part of our issue. So, we have we know. So, Sam, the dad, who

was running the business he and Ashley, the person, our chef, who really runs back of the house and front of the house, the line, they really were looking at their numbers, looking at what were they purchasing, how are they purchasing, how are they going to cost this and then how and then we modified our menu, are prices.

DSP: But how did you get there? Because, again, you had these things. I mean, what was that major change? What is it about working with me and going through the video lessons and using the spreadsheets? What was it that made it click? Because, again, you were already a systems person, but you weren't getting the results you needed or desired. So, what was that shift? I mean, just was there one thing or was it just reexamining and was it just that simple?

Karen: It was focus and survival because we COVID closed us down and we knew make or break. Are we going to make it or are we going to just shut it down? And you and Anne kept saying, "Just focus, focus. Look at your numbers. Look at your cash. Cash is king. Keep your cash." And I just kept saying that to my team. And Andrea is just like her head was getting larger and larger because she's going, "Mom, I've been telling you guys this forever." So, I think it really was the crisis causes opportunity or distress. And we took it as an opportunity. And our business will never be what it used to be ever.

DSP: Which is a good thing right? Ever.

Karen: Correct. Correct.

DSP: And just so everybody knows Anne is Anne Gannon of The Largo Group, who is a restaurant, CPA and accounting firm, that I recommend a personal friend of mine, and she just rocks and rolls. The kind of the partnership together, as you talked about, is I'm working on this this profitability side. She's making sure you have the cash to pay your bills. And it's just kind of a two headed front to make sure you pay attention to every single number.

Karen: Correct.

DSP: You were focused on numbers before. What did you all of a sudden see?

Karen: I was focused on the numbers. Andrea and I were focused on numbers before. And Dad and son, they looked at the numbers. They didn't believe the numbers. And I always- I came from health care. I know the data doesn't lie. And I think there was too much emotion in my world for a couple of years that I wanted this locally sourced food to work.

DSP: Right.

Karen: That I thought OK, if we bring the right people to our area, it will work. Well, it didn't work.

DSP: So that shift, if I get ahead, it's it was making everybody else understand the numbers. It doesn't matter if the top of the food chain understands, if management and everybody operating day to day don't buy into those numbers. That's that missing piece, right?

Karen: Correct it's absolutely correct.

DSP: How did you get them to understand the numbers? Was it the lessons? Was that the coaching or was it just a new way to present it to them?

Karen: I think they, it's real interesting. I don't have a good answer for it other than I was consistent with my message. And I was always looking at your stuff and reviewing your stuff and talking your stuff, which isn't new stuff to us. It was just a new way of presenting it. And a lot of the tools, I mean, all the tools that you have are just wonderful.

DSP: Thank you.

Karen: And we were able and Andrea, our finance person, she modified some of our tools, some of our spreadsheets, according to what you what you have taught us.

DSP: Right.

Karen: When we brought Randy on as our GM in September, before he even started, I sent him to your site. I gave him the login, told him to start reviewing some of the stuff. Just get an idea. And we're always reviewing. Give you a good example. Now, we're in December and so and we're in a resort town. So, business always slows down during the winter. And this is the time that we really work on the business. And so, we are working on inventory. And so, you know, I had a call

with you a week or two ago. I had said to Randy and Ashley, we really need to get a handle on our inventory so that we can even do a better job hardwiring it for next summer. And it just works. Randy and Ashley reviewed the lessons, they a couple of years ago, we started putting 5S together. So, everything was organized in in our storage-room and in our Walk-In freezer. Freezer is another story trying to keep that going because there's just not enough room. But she understands the principles of 5S that you have to keep everything in the same place all the time. And so, implementing shelf-to-sheet was pretty easy for the two of them. I was really surprised. So, they're working on that. But we also know we need to automate that. And you recommended a company and we've already connected with them and we're going live with them to make our life easier.

DSP: Well software. Software is a joy once you understand the numbers. Like when people jump into software too early and they don't understand shelf-to-sheet, they don't understand recipe cards and the numbers behind it, then it's even more arduous. It's work versus wow, this software can make life easier for me. And that's where I truly want people not to have that disconnect. You've got to understand your numbers first before you jump into software. And it's coming from a guy who's created software in my past. So, let me ask you this. So again, we've established your numbers person. We've established you and your daughter looked at the numbers and you had to share, but. Before you found me, you had done you were searching so obviously at restaurantowner.com, Jim Laube, Joe Erickson, great people, salt of the Earth, just fantastic information recommended to everybody. You jumped on some webinars that Anne Gannon and I did at when in March when COVID first struck and you're shut down. You had kind of circled around. You went to my website, you filled out the restaurant evaluation, which took about 15

minutes. And you got this full report tells you where your gaps were. What was it that made you get on a discovery call with me? What made you decide that, you know, hey, I've got to take a shot on him? Were you concerned that I didn't know what I was talking about? Or was it all these pieces that they kind of said, yeah, this is the right person, this is these are the right tools?

Karen: I needed that discovery call to make sure you were real and that you really I knew you knew what you're doing, but I wasn't sure if you were real. And I knew that Sam and Andrea would say "Oh mom this is another thing you're trying to get us into." But after my call with you, you cemented it. Is that I, Karen, the mom, the owner, the co-founder, needed a coach. And I've used coaches for other aspects of my life. I have another coach, a personal coach.

DSP: Great.

Karen: I knew that, ok, maybe Andrea and Sam won't buy into this, but if I change my tack and I do it daily, it'll infiltrate their worlds. And that's exactly what's happening.

DSP: That's incredible. But just out of curiosity, because I know what it is, because I've used coaches and just recently just went through a program with a coach. And when you don't know what you don't know, we reach out there. But there's always a skepticism. So, talk about what did you mean by if I was real, right. Is whether I was full of crap or whether it was I was ready to take your money or I knew what I was talking about. What was that real concern? So, when people listen to us, they

can truly understand that, you know, what was that mental gymnastics you were doing, if you will?

Karen: OK, well, it was real clear as we started talking, I was very, very comfortable with you. You're a no-nonsense kind of guy. You have no fluff. You are this is what it is. And you have lived it. You started in the restaurant business as a kid with your mom. So, you know this. You've lived, you breathed. And then what really also intrigued me is, is that OK, you, you know, restaurant, but you also know systems and you know, software, you know, you know, the power of technology. But as you said, you have to understand your numbers before you use your technology. And I think back in 2013, when we went to our property management system, we tried to—I tried to implement the Recipe costing cards and through the property management system, but I couldn't get anybody else to help. I and I couldn't do it myself because I was working a full-time job. I couldn't get anyone engaged in that. And then every couple of years as we hired somebody new in the restaurant, I would try it and accomplish it. And they all said, "Karen, this just takes too much time." Well, I got it. Unfortunately, I really learned that, OK, it was too clunky for the average team member because we tried to work on it in April and May, got a lot of the recipes into the system. And then what? But the good part was, is that we really engaged with our with one of our line cooks and then Ashley the person that runs the back of the house and she's our inventory and our purveyor. So, she really learned a lot from that, and she learned a lot from that. And that was the starting point.

DSP: So a part of the set second piece is as a leader, you realized you couldn't be the one to do everything. I mean, if I listen to that story, it's the biggest takeaway is

you kept all of sudden you taught others and you relied on others and they bought in. So that really is a testament to I always say. When you get stuck in the restaurant business, you think you're the only one that can do it. You have to be the one that saves the place, and you realize you can't do it all. Right.

Karen: Right. Right. Right. Now, it's interesting that you even say that, because a couple of years ago, I told you about the fact that in 2012 we built a new restaurant. In 2013 our business just catapulted. It was just amazing how quickly it grew. And then it took us a couple of years to even try and get a handle on it. And we wanted to be everything to everybody and realized you can't. Well, someone recommended a book, "No Man's Land" to us. And it's all about as businesses grow and why do they fail? Because they don't put the right people in. They're afraid to spend that money on people that really know what they're doing. And that's what I did in September. We hired someone who we would have never thought to spend the money that that we are paying. But we knew we needed to do this. And as long as you get the right person, you know, and we think we've got the right person because he has bought into, he has embraced not even buy in, he has embraced what we're doing.

DSP: Well, I think one of the things of finding the right people and right culture fit. I preach all day long, but there is a difference between bringing in somebody who knows what they do, because you said you brought somebody on that knows what they do, but you said we're following these systems, by the way.

Karen: Correct.



DSP: Right. That's the major that you said here are our systems. This is what we want you to do. You may understand and may call it something else and so on. But that's critical. No?

Karen: Right. Exactly. It was a non-negotiable. And that's what I was very deliberate in before he started. I sent him the list of this is what we do. This is these are our core values. This is our mission vision. This is where we've gone. This is where we do our 90-day goal setting. This is and for the restaurant, this is what we need to do. We have these we have these tools. We need to use them. And it's a non-negotiable. Absolutely.

DSP: I tell you, I'm beaming on this side because we really we didn't talk in great detail before this call. And I already knew that I wanted to bring you on because as a coach, looking on the outside into what you were doing, like, man, she's kicking ass. This is awesome. I need to share her story. But what you're really demonstrating is that first part of the Restaurant Prosperity Formula is leadership. I mean, you probably the time that you said I've got to step back in and you started this journey at some point in time because of COVID, you said, by God, this is going to happen now. I don't care what people say and that leadership is what truly made the change. Do you know what I mean?

Karen: Absolutely. Absolutely. And I mean, when our family sat down, we said, oh, what are we going what are we going to do? It's like, what are we not going to do? We are going to pivot. We are going to change the way we do business in order to have a successful business ten years from now. And by connecting with you and Anne Gannon, we are able to make that pivot. We where you gave us the map of,

OK, what's most important, what's second important. And so we just kind of just dug in and said, OK, we're going to do this and we're all doing it.

DSP: Were there any unexpected shifts or things that happened that that you didn't expect by joining and whether the lessons, the coaching or just your journey in your restaurant once you started this process?

Karen: You know, I mean, I'm just really surprised. I mean, well, I can share a real success story and Andrea will be beaming from this. Is it was really around March is when we always talked about we needed to sit down weekly, she and I, to look at our numbers and look at our financials because we're so we spent so much time on process and employee engagement, guest engagement. And numbers we're always like, OK, it'll happen, you know. Because somewhere in my life, someone taught me, a CEO from a health care system said, treat your patients well and the money will follow. Well, that stayed in my head. OK, treat our people well, treat our guests well. The money will follow. Well, the missing point in the middle is you've got to look at your numbers and see how they're doing. And so, we started the weekly meetings and then when Randy started our GM, it was a non-negotiable. He attended the meetings. Andrea set up scorecards for both FNB and then the inn and spa together. And so, in the last month, we've added Amber, who is our Director of Operations for the inn and spa. And so, the three of us sit and review our numbers, review their scorecards, do some goal setting, all related to our financials. And the first thing we look at in every meeting is our cash flow. Where the projections of an. We're looking at projections. When COVID just started, it was just OK in a couple of months. What are we going to do it for the next month, then the three months? How are we going to do with the summer? And we put projections of best case,

worst case and then middle case. And our best case was where are we going to do 70 percent of our volumes from before? And I have to tell you, David, by putting the systems in place that we did our September and October, we're the best we've ever done.

DSP: Wow.

Karen: Because we're looking at things. We modified. We changed what we were doing. And for the restaurant, one of the things that was mandated for us is that we either had to use laminated menus, which I knew weren't going to work, because that meant that meant that someone had to clean them. And we were already into sanitizing and cleaning everything. And I just was concerned. I think our whole group was concerned. So, we decided to do disposable. We will just do a new paper with every guest. Well, what that did for us is we could change our menu every single day. We could modify it; we could modify the pricing. And we had and it had to be on one page. So, we had to cut back on the number of menu items, which you teach that every single month.

DSP: Yeah.

Karen: So it's just that kind of thing. And now what we're doing is we're starting to use the tools for the inn and the spa because the fundamentals are the fundamentals.

DSP: Right.



Karen: Not just for the restaurant. And, you know, looking at what are the two most important things that suck your cash? Cost of goods and labor. And labor is and I love it when you say from the moment the person shows up, your money is going out the door. And I'm starting to teach that to our team, is when someone we always talk about how employees can't clock in five minutes before, but then they that little creep someone comes in. Oh, I need to come in.

DSP: Labor creep is awful. Yup.

Karen: It is. And you and so we were talking about it in the last couple of weeks. And so, every week we talk about, OK, we've got to look at this labor and it's working. It is just working.

DSP: And just so everybody understands your business, I mean, for all intents purposes, when COVID hit, that was just the beginning of the thaw, if you will. Right. And so, your business was just starting to pick back up in the restaurant side of things. It was very seasonal in the past. And so, as COVID rearing its ugly head, as we're talking in December of 2020, you know, it's not affecting you as much as somebody else because you've already on the tail end of your season. So, you, you know, the positive for you is, man, when we get back to March this year, when things switch because of the vaccines and things like that, you're going to be back to booming.

Karen: Correct.

DSP: And because you did your weekly meetings, because you looked at cash flow, because you look at your plan for twelve months, you know how many acorns you needed to store up this summer to make it through the winter to not have to go to a line of credit again. Right. I mean, that's huge.

Karen: Exactly. And that's what I've been when we have our weekly finance meetings, we talk about that this because right now, because we're into and then, of course, COVID is just such on the rampage that we're just getting. Would it have been better if the state would have just closed us down instead of this painful? OK, well, most of the people are canceling. People aren't coming out for dinner except, you know, the week before Thanksgiving is when the state really said people stay home, don't have Thanksgiving dinner. And what we did because we had carryout hardwired from when we were closed down, we did 50 percent, 50 percent was carryout, 50 percent was dine in.

DSP: Wow.

Karen: I was worried because we had never done that much carryout, you know, in a in a seating. And our team just rocked it. And it's just that whole organizational piece and our guests who did carryout who really wanted to come and an eat with us, knew that we they were going to have a really good meal. And so that was kind of like the starting point of, OK, as we go into winter, our carryout will be there. And then as we're moving into winter, we're really spending time working on the business as the leaders so that when we go into May of next year that we have everything hardwired. So, we're maximizing our resources and improving our margins even more.

DSP: I couldn't be any more thrilled for you any prouder because. Because when we talked in March. Right. Everybody COVID down. Oh, my gosh. What are we doing? How do I save it? Nine, 10 months later I mean, you're a completely different person sitting across from me, virtually, of course. But I mean, it's amazing. I mean, what does that what has that translated to for you and your family? Because you're a family business, like did it get rid of tensions? Did it make life easier? What did that do for the family side?

Karen: Well, when you have cash, life is better. When you don't, life is ugly. And so the stressors, the meetings that we have are productive. We're not fighting with each other. We're not pointing fingers at each other, blaming each other. We're all focused on one thing. We want to have success going into next summer. And we know we have to continue to put additional processes in place.

DSP: What about personal time? Did that change for you?

Karen: Oh, absolutely. Well, Randy came. Well, because Sam was running the restaurants, I mean, not only yeah, it was just crazy. You know, he we had to have an owner in that restaurant and he and Ashley really, really worked it. I would say within the first month, he finally got away a little bit. And now today he does the- he is part of the their weekly operational meetings. He'll go into the restaurant just to see everyone. He doesn't do any if any day-to-day operations.

DSP: And by the way, does the restaurant run worse without him or better without him?

Karen: It is running better because we have the systems in place and we have Randy who's bird dogging everything.

DSP: Well, and because Sam's now leading the restaurant versus being the guy who had to do everything. Isn't that crazy, though? I mean, because it's so backwards, people think, oh, no, I've got to do it. I'm like, no, you have to have others do. That's the only way you have success.

Karen: Right. And you have to teach your others the right way and have non negotiables as we hire new team members. This is what we do. This is what we're all about. Yeah, we do, we do new employee orientation. We had to move it to Zoom and it was kind of cool because I was able to record it. So, as we bring on one or two people, we can have them watch the watch the recording so that they understand what we're all about and understand what our non-negotiable rules are about. And so now we can spend time on improving our checklists. And that's another thing I learned from you, is if people aren't using the checklist, they either don't want it and they're the wrong people or they're good people and they don't understand what you want. And you taught us that. Be very specific. You know, you've got to be very specific because what I think is clean is or is not what other people think of.

DSP: I often say, have you seen your employee's apartments? You'd understand what they think is clean, is not your level of clean. You got to show them. That's awesome.

Karen: Right. Oh, no. That was that resonated with me. And I think about that all the time. When someone doesn't do what I ask them, it's like they're a good person. I didn't communicate it well. And even if I try to communicate it well, I have to be at their level. And cleaning is one of those things. And clearly, like with COVID and the additional cleaning, we had to really do some training with our people. And I'm going to hope that their homes are cleaner now today because they're doing a lot of cleaning. Yeah.

DSP: I'm going to tell you this Karen in our in our talk with your past experience, which everyone we all have different worlds, and it sounds like a lot of lessons you learned in health care absolutely translate to hospitality, managing people, in business itself and your experience with the inn and now restaurant. You know, there is a there is a point in time if I'm listening to you right now. And I was somebody listening to us and I had an inn, and I didn't understand the restaurant business, I'd be searching you out and saying, OK, because you're that you could be that coach that understands how to pull all that together, because that inn side is a whole nother headache, a whole nother challenge that can make or break your whole world. And then usually that restaurant is that piece that's just an amenity in many of these places. And it just sucks all their profitability. Man, you have struck gold in in putting it all together, your own systems, if you will. Right.

Karen: We're going to hope that we did. I mean, we're definitely put in good systems in place and our numbers are showing it. And as we are and the variability, we've got you talk about sales forecasting. I mean, we've been doing this since 2012. You know, with the with the current restaurant. We have tons of data. So, let's do some better forecasting, knowing that we use a reservation system. That's very

clear. This is how many. And we recommend that people make reservations. And so, we know that, OK, we can we can forecast from the reservations what are we going to do that evening and know flux are our team accordingly.

DSP: Do you have any ideas, or do you know your numbers as far as what your prime cost has dropped or food costs or labor over the last nine months in making these kinds of changes?

Karen: Oh, absolutely. You know, our prime was in the low like probably mid-60s, and now we're in we're flirting with fifty-eight and we're hoping to even go lower.

DSP: That's fantastic. Especially when you think we're you're doing this all during COVID. Let me ask you this. If somebody was looking at. Looking at membership with me and the coaching program I have and what I have to offer, what would you tell people? Would you tell them, hey, go fill out an evaluation, get on a discovery call? What would you say?

Karen: Clearly? Exactly. And that's exactly what we did, because you and Anne Gannon came into our life when we were in crisis. And so, I was very hungry. And so, I watched so much stuff and used use the tools. And then as we as we got our stuff together, it's like we need to grow this. We need to make sure that we are very successful. And that's when I did I I watched a couple of the other of your other YouTube videos and saw and you kept talking about do the evaluation only take you 15 minutes. And it probably only took me about 15 minutes. But when I got it back, it was like, OK, this was my report card. It didn't tell me anything new. It told it validated these are your areas of opportunity Karen. And I shared it with Sam and

Andrea and they both said, yep. Now, did Andrea want to spend any money? Absolutely not. Did Sam want to take the time? Absolutely not. But at least they didn't tell me that I was crazy because the data was the data. And actually, the evaluation that was one of the things that we shared with Randy when before he started with us. So, we knew where opportunities are. But with that said, I mean, I know I'm a person and I am in my strengths. I'm a learner, so I always want to learn. So, what did I want to do? I wanted to go to your top level because I really wanted to just get everything and anything I could. Andrea, I knew Andrea would just shoot me if I did that. So, and I didn't want to do the bottom because I wanted to learn. So, I went to the middle and I probably didn't tell her for a while because I put it on my own credit card. And then when I finally put it in there, she said, "Mom, again?" I said "Andrea investment. It's an investment. It's not any more than taking a college course." And that's how I validated spending the money. But you have different options for different people. I mean, we have people that you have a lot of stuff very complimentary out there on the Web. And then you have the first level, the second level and then the top level. So, people have some choice, and they can stick their toe in the water, or they can jump right in. And I wanted to jump right in.

DSP: Yeah, well, and things and things are actually changing over, I'm evolving how we're doing things. And there's really kind of only two spots now because what I've learned is people like you have demonstrated to me that there really needs to be—you've got to take this seriously, invest in yourself, because it really isn't about me in the end. It's about you transforming your life and your business. I'm merely giving you the tools, the information, an easy way to learn it, the coaching, to ask the questions and push you. But it's really about you Karen, right? Would you agree with that?

Karen: Oh, absolutely. Because I'm either going to do it or I'm not. And I belong to different organizations. I lead some organizations. And now the 80/20 Rule and 20 percent of the people do all the work, 80 percent just go for the ride. And so that's with any organization. It blows my mind that people will spend money and not and not take advantage. But I've seen it in other organizations that will spend even more and never, never attend a meeting, never attend a session with you. I mean, you thought this out so well because you record everything. You have the lessons online; you have the two live sessions. And I know sometimes you get frustrated with some of us because we don't have questions to ask. And when I tell you at the end of every session, "David, you're keeping me on track." You really are truly my coach. You are keeping me going. And then I took advantage of it. I knew I wanted to do the inventory correctly. So, I reached out to you and Mary and I got on a call within a couple of days and you recorded the call and then I sent it to Ashley and Randy. So, I mean, there's just a lot of opportunity for any restaurant because, you know, restaurant owners are working in it and you got to work on it somewhere along the line or you're not going to survive.

DSP: Amen, you're preaching to the choir. Amen. So, before we go, I first of all, I want to thank you so much for sharing, this really awesome. I I'm pumped.

Karen: Oh my pleasure.

DSP: This is a good way to start my week. Is there anything you'd like to share with anybody, a thought process a quote, a book, anything that we didn't cover before we go?

Karen: Well, I think your book I mean, your book is wonderful. And you can get it on Kindle. I think you can get an Audible, I don't know.

DSP: Not Audible. I haven't done that yet. You're throwing me under the bus. People have asked.

Karen: OK, so I bought the Kindle and I bought the hardcover for Sam. And it's sat on his nightstand. And then when Randy came, I gave Sam's copy to Randy and said, OK, here, this is going to be your Bible. But your book was good. I mean, it's just it just outlines it and then to it's like just well, you said just do the work and don't think you can do everything at once. It's a huge elephant, you know, take one bite at a time, set, set the goals of what's most important. We knew that our cost of goods and labor and making sure, taking our Recipe costing cards to the next level were top priority. Right now, I mean, I went right to Stage 23, two weeks ago because I knew that we were in a situation of click, click, click money's going out the door every moment any employee is on the property. And so, I knew that I needed to do some training with our leaders to see. And your lesson was just so good because it really brought it to reality that that click, click, click is just we're throwing money away.

DSP: Well, that's also a pretty unexpected plug, but those people don't know the title. It's Restaurant Prosperity Formula™: What Successful Restaurateurs Do. Find it on Amazon. Karen, I want to thank you so much. This is really fantastic. I'm really thrilled and proud of you. The results, I'm just happy to be just a little part of it.



Karen: Thanks. Oh, no, you've been in large part, but thank you.

DSP: Thank you.

Karen: And it's my pleasure.

DSP: 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 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.

DSP: 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.