

Prepare Your Restaurant for the Next Big Crisis

Okay, we know what you are thinking... things are finally starting to look up and you want life to go back to normal and never discuss COVID or pandemics ever again! We agree. However, we all must admit that this unforeseen global crisis took us by surprise, yet some restaurants fared better than others. The operators that prepared in advance for a worst-case scenario were able to better navigate their way through this difficult year.

Following these 8 proactive tips will make your business leaner, stronger and more financially stable should we see another crisis on the horizon.

1. Build a cash reserve. Cash is king, especially during a global crisis. Examine your expenses and decide where you can save money. Perhaps lowering your inventory levels to exactly what is needed to avoid waste. Or reengineer your menu to make it more profitable. Squirreling away a little savings each month will help you build a healthy cash reserve that may be needed during times when sales are down or have completely stopped.

2. Reduce your debt. Entering a time of crisis or recession with less overhead puts you ahead of the game. While you are rebuilding your business, you need your money to pay for current expenses, not past debts. Take advantage of government assistance as needed to alleviate any large debts that you have incurred over the past year. Even if another pandemic does not happen, you will not regret paying off looming debts.

3. Invest in innovative technology. Now is the time to invest in technologies that will save you money down the road. Business Intelligence software will provide you key insights into where your money is coming from and where you are spending it. Without this vital information, it will be nearly impossible to make informed choices on how to run a lean business in a down economy.

4. Create a flexible business model. The pandemic has drastically changed how much consumers order delivery and takeout food. The restaurants that have stayed profitable through this

pandemic not only shifted their business model to adapt to incorporate off premise dining options, they made it special and unique. With almost half of consumers reporting that they will not abandon their COVID eating habits, now is the time to focus on integrating takeout and to go food into your menu if you haven't already.

5. Diversify your customer base. During a crisis, consumers become nervous and begin to cut back on non-essential expenses. Also, if many of your regular diners are considered "high risk" due to the generation in which they were born they may have completely stopped dining out last year and continue to remain leery to venture out any time soon. Now may be the time to begin drawing in a new generation of loyal guests. Social media is key to attracting younger generations (see tip #8).

6. Boost employee productivity. Learn to operate lean and mean even during normal times instead of being reactive should an emergency come up. Review your productivity reports and see who your superstars are. Invest in your top talent now and get them focused on sales as well as cross-trained to help in other areas. Laying off several employees at one time will affect your staff's morale and all restaurants are only as good as the staff who supports them. Try testing the waters of operating with fewer staff members even when the restaurant economy is healthy.

7. Adapt your menu. You can generate more profit from your menu by analyzing customer demand, sales, margins, and theoretical vs. actual food costs. Re-engineering recipes so that you use lower cost ingredients without compromising the taste can increase your bottom line. For example, if you use goat cheese in a recipe, experiment with swapping this pricey ingredient with a mix of cream cheese and plain yogurt or sour cream for an inexpensive substitute that does not greatly change the flavor profile. Use the savings to accomplish steps #1 and #2.

8. Become a social media advertising guru. Even during a pandemic, the world does not come to a complete halt. People will still do not want to cook every day, so be sure to be top of mind when they want to order to go or delivery. Social media advertising is typically free and easy to do. Don't wait until business slows to learn the ins and outs of advertising on social media. Now is the time to become an expert so you have a healthy following to share specials and promos with to get them in your door now and in the future.

Goodbye and good riddance to you and your pandemic 2020. We hope to never have another year like you. But if we do, next time we will be better prepared!