

coping with rising costs and declining sales

When things are going well, we don't maintain a focus on controlling costs – it's just human nature," says Ron Salisbury, owner, El Cholo restaurants. **And when times are tough**, adds Michael Dellar, co-founder, president/ceo, Lark Creek Restaurant Group, **restaurateurs tend to panic, economizing in ways that negatively impact the customer experience.** "When others start lowering quality, cutting back on portions, substituting ingredients, etc., it's great for us competitively. **If you disappoint your customers during bad times, they won't return – even in good times,**" he says. Andrew Shakman, president/ceo, Leanpath, a company that provides food waste tracking technologies and tools, agrees. "While it's logical to cut costs, it's potentially very destructive to take value from the equation when customers are looking for value more than ever."

Some ideas:

WASTE NOT

Andrew advises restaurateurs to **look instead at inefficiencies that are transparent to the customer, specifically any kind of waste – energy, food, labor, dry goods, etc.** "Reducing waste is low hanging fruit when it comes to improving the bottom line and not affecting customers," he says. It's essential, says Gary Markowitz, founder/president, Kilojolts Consulting Group, a consulting firm specializing in implementing solutions for energy cost containment, to create an organization with a culture of thrift as opposed to a culture of waste – which, say both Gary and Andrew, can only happen when you get employees involved. **"Energy waste means employees – dishwasher, server, busser, maître d's, even managers – have the potential to do the worst possible harm to your profit center,"** says Gary. "Train them to think about the energy impact of hot water left running, lights left on in walk-in coolers, and appliances on all day, etc. – the same way they think about food costs. They have an incentive to keep the company strong, and it's better for the environment." Andrew adds that making it real to employees is aided by the fact that, "The people working in foodservice are monitoring their own spending carefully, so they understand. Make them also understand that when they are wasting food, they are wasting their own time. I haven't seen anyone who wants to do things that don't matter."

ASK FOR IDEAS

Kurt Knowles, owner, The Manor Restaurant, West Orange, NJ, says that **vendors have been helpful with ideas for new menu items that are more cost effective, etc. Employees can also be great resources when it comes to saving money.** "They all have ideas," says Ron. He monitors his suggestion boxes carefully. ("Always respond, so people know you are listening," he advises.) "Plus you have to ask. Often I'll walk

in to one of our restaurants and say, 'Tell me something I should know. Do you have any ideas?'"

TRAIN AND ENFORCE

Wasting less and delivering more to customers means investing in training, including teaching employees to use equipment more efficiently. "While employees can't control the cost of commodities, they can be effective in controlling energy expenses," says Gary. Plus, notes Michael, "It's a good time to ensure that people know all the protocols and procedures that are in place – and that managers enforce them and comply themselves." Ron underscores **the importance of maintaining one-on-one relationships with managers and following up to make sure policies are implemented.** "They get distracted too," he says.

MEASURE AND TRACK

Gary emphasizes the importance of **auditing energy expenses and of benchmarking use against sales and customer counts; Andrew of tracking food waste to illuminate problems.** "Once you start tracking waste," says Andrew, "you start learning where you've got problems. Then you can focus on those problems – set goals, make team resolutions." Even on a more intuitive level, it pays to do the math. Chef/owner Nate Appleman of A16 and SPQR, San Francisco, CA, says that after calculating the impact of offering bread to customers or waiting until they asked, he determined it is more cost-effective to simply bring the bread to the table, despite a cost increase of about 50 cents per loaf in the past year. "We have 110 seats and serve approximately 300 covers a night – and it created an extra step for bussers, so we weren't able to turn tables as fast. It's incremental, but over time – a month, a year – it has a big impact potentially."

INVEST FOR THE LONG TERM

"The numbers are going down – it's a fact of life right now across the board – but this might be a time to reinvest in your business," says Michael. "For example, in an environment like this, the market opens up for unit level managers. When companies don't grow, there aren't internal opportunities for management and you can pick up good talent." The Manor is **investing in a number of technologies**, from equipment that regulates surges of energy in the walk-ins to machines that process garbage into water. They have a truck that runs on their own vegetable oil and are undertaking a solar panel project.

Bottom line, says Michael, **"We think it's time to rededicate. We hope that we're in a good position when the cycle changes. And it always changes."**

"The important thing for restaurants now is to focus on what they do and to do it well. People aren't dining out as frequently.

You've got to be really good to bring them back."

Michael Dellar, co-founder, president, and ceo, Lark Creek Restaurant Group
