

What's next? Your Restaurant Business Plan Now and Going into 2021

This is a guide for restauranteurs to help mitigate the impact of the Covid-19 pandemic and maneuver their concept through the coming months. The next 18 months will be a challenge for every restaurant brand. The outline below will get you started on building a plan to optimize your business to keep your doors open and be prepared to capitalize on opportunities that will present themselves into 2021.

PLANNING

There is no substitute for a written plan that is communicated to all stakeholders. We are not talking 35-page documents with addendums, so let us start with one or two pages of strategies and tactics. If your team will not read it or do not understand it, it will not work.

The plan should include:

1. REVENUE GENERATORS OR BUSINESS VERTICALS

Are you going to do or continue: takeout, delivery, catering, family meals, grab 'n go, etc.? What makes sense for your brand and when is the best time to add additional business lines?

2. STAFF

Do you have the right staff and enough people to do the work that needs to get done? Training is always a component that needs to be defined. Wellness and safety of your staff is paramount and will be top of mind going into 2021.

3. PHYSICAL PLANT

What changes do you need to make when considering new business, social distancing, and potentially new product? Update your capital expenses (capex) budget based on your current and 2021 forecasted revenue.

4. MARKETING AND PR

Social media has grown significantly as a marketing medium in the last few months and will continue to do so. The tools you used to use may need to be scrapped or adjusted to reach people at home or on their mobile devices.

5. MENU

The menu you have today most likely is not the same menu you started with at the beginning of 2020. How will your menu evolve with potential new business verticals, menu trends and potential supply chain issues sourcing product?

6. FINANCIAL

Have you eliminated all non-essential services and when do you plan to bring some of those back to support operations? Cash-flow projections will be key and you have different scenarios (including a potential slow downs) to consider if Covid-19 cases spike. What revenues can you expect going forward from the different parts of the business?.



Consult with your CPA and other advisors to start, and then pull in your key stakeholders to develop the plan. This process should take days, not weeks. Keep it simple. Look at the plan weekly at a minimum. Adjust monthly/quarterly as needed to keep pace with what is going to be a tumultuous business environment over the next 18 months.



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REVENUE GENERATORS

The current business environment has created revenue generators that would have not been imaginable in January. Selling toilet paper or bags of flours? These were smart ideas that operators came up with to adapt to the times. So, what is going to stick and be profitable in the long-term? Dine-in guest traffic has been on the decline before the pandemic. Now that guests are being allowed back into restaurants at a limited capacity, this issue has been exasperated.

Delivery and takeout for casual and fine dining have helped keep doors open. Anyone with a drive-thru had an advantage but now are relying on off-premise sales to help fill the delivery gap. Self-delivery could be a viable option for operators as delivery fees of third-party vendors on the P&L remain unsustainable. Self-delivery is going to expand as more technology becomes available and helps independents and small chains become more competitive and efficient, as well as more drivers being available due to higher unemployment.

Takeout will continue to grow as consumer behaviors now include stopping by their favorite restaurants for lunch or dinner. Curbside, a hybrid of takeout, will grow faster as people familiarize themselves with ordering curbside service from a wide variety of retail brands. Access to technology is also another factor which will make both business drivers grow and become permanent fixtures in many brands.

Catering has declined sharply and the initial trend for the remainder of 2020 will lean towards individual meals (from the usual buffets) as social distancing and smaller gatherings remain in effect. Prior to the pandemic, catering was a growing revenue stream for many restaurant brands. Eventually, this part of the business will recover slowly in parallel with consumers being more comfortable gathering in groups at work and socially. Government regulations will also play a big part in the recovery as states and cities relax social distancing and group size requirements.

Going forward, operators will have to access what part of grab and go and selling pantry items makes sense for their brands. In some instances, grab and go makes sense and expands takeout sales as consumers will continue to value convenience. Pantry items will disappear from offerings and will potentially be a curated list of items that people can only source from the restaurant or specialty retailers. This part of the business also includes meal kits and take-home meals. Both areas of the business have seen a resurgence and their popularity will be with us for the foreseeable future.



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STAFFING

The unprecedented unemployment rates in the restaurant industry will change the people component of the business for years to come. The health and safety of staff and guests are of paramount importance now and into the immediate future. The CARES Act and Paychecks Protection Program (PPP) have exasperated the situation with one size fits all solutions that do not align with the restaurant business. Training, health coverage and other benefits will be important to employees and employers as the working environment in restaurants and business models are undergoing considerable change. We expect telemedicine to be widely available to many employees as a paid benefit.

Culture and communication will also reform as health and job security concerns will be at the forefront for many. Employees will want to be a part of a business whose culture aligns with their values. Communication will become more important, especially in ensuring that a brand's internal and external messaging is aligned.

As the industry shrinks, restaurants will be able to staff their restaurants without significant open positions. Mid-management ranks will be hit with higher unemployment and they are usually the last to be re-hired. This was evident in 2008-2010 following the great recession. There will be less job hopping, as during the last recession, and job security will be important to employees for the next couple of years.

Investment in employee training to develop new skills with the current staff will help improve your business and culture.



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EQUIPMENT AND DESIGN

Many operators with means have been taking the opportunity to remodel kitchens and dining rooms to prepare for reopening the entire business or their dining rooms. Social distancing will impact dining room capacities now through government regulations and in the future. HVAC systems are being upgraded with UV filters and other technology to help with cleaning the air and reducing the transmission of viruses including COVID-19. Hand sinks and contactless sinks are being incorporated into dining rooms and service areas to show customers that staff are washing their hands.

Going forward, restaurant design will continue to evolve as fewer guests dine in and other business verticals continue to grow. Kitchens will expand in proportion to dining space to keep pace with this evolution. Smaller footprint was the trend going into 2020. This same trend will accelerate through 2022 as dine-in guest counts do not see a rebound to pre-Covid-19 numbers.

More attention will be paid to touchless solutions—whether they are doors, sinks and other parts of the restaurant. Sanitizer stations for guests and staff will evolve and be incorporated into design. Pathways in and out of restaurants will change with dedicated takeout areas, exit only doors and other solutions to allow guests to limit their exposure to other people in the restaurant. Outside dining will continue to grow as the perception that dining al fresco is safer than dining inside the restaurant. More fast casual brands will figure out how to incorporate pickup and drive-thru windows into their concepts.



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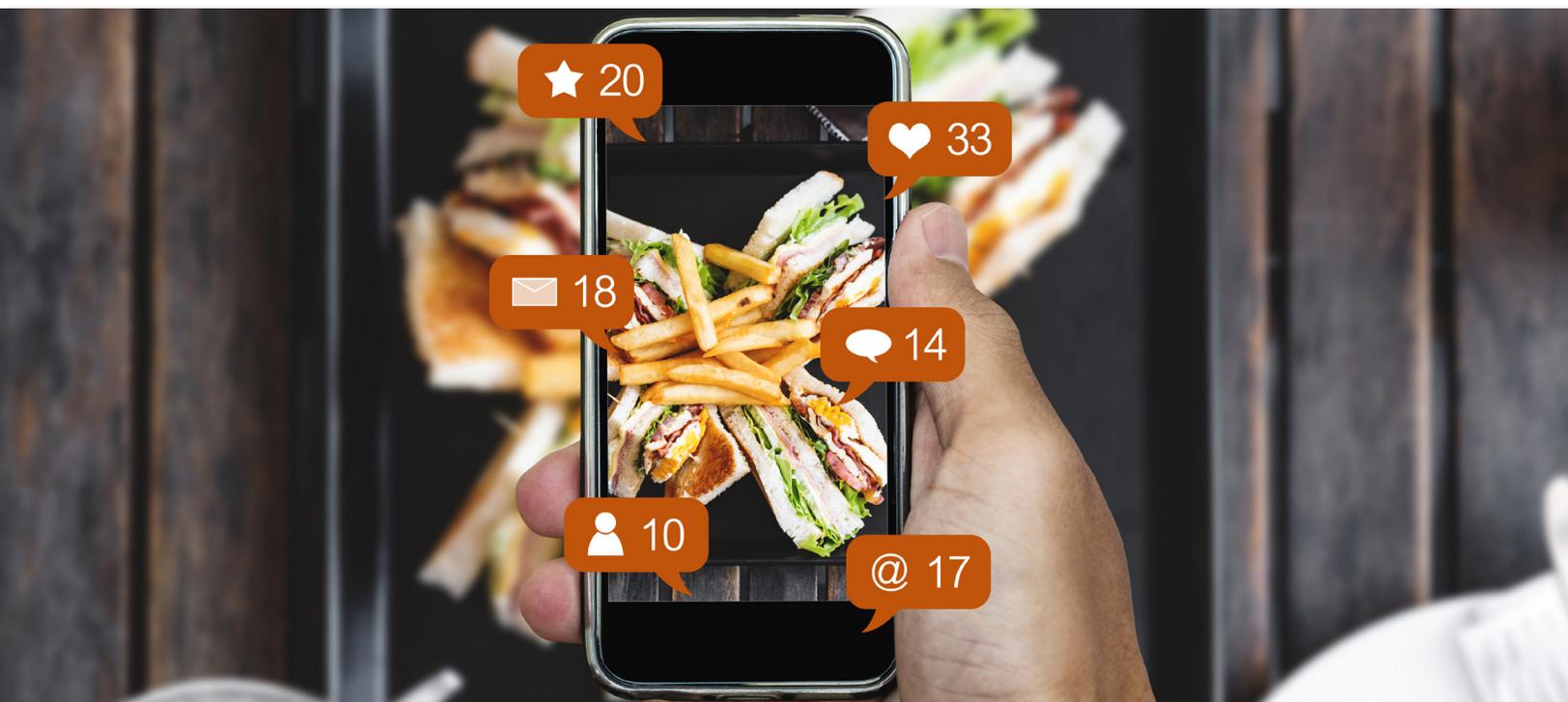
MARKETING

Social media marketing has never been more effective or efficient. Facebook traffic has exploded; video content has had a wide appeal now that there are many more outlets for content including Facebook and Instagram. YouTube is getting a wider, more active audience of users. Tik-Tok is gaining exposure as more businesses use micro-blast messaging with guests and staff.

As a result, digital marketing has shown massive growth. Utilizing these media outlets to market yourself will be the key to generating new customers, especially now our daily routines have been upturned by the pandemic. There are very few times in our lives that behavior can be changed and now is one of those times. This is the opportunity to present yourself to those who are creating new habits. A compelling message and awareness of your audiences' needs and trends will help establish yourself and to draw in new customers for your business.

Messaging must focus on guest safety first and foremost. This is a big shift. Consumers will only shop where they feel the business is following sanitation standards that are openly followed. Posting policies in guest view and communicating these messages on websites, social media platforms and merchandising materials in the restaurant is essential. Focus additional messaging on value, incentives and promotional offers as many guests will have been impacted by the economic slowdown that we are in now and will be for the foreseeable future.

That said, you should not overlook traditional marketing strategies. Out of home advertising, especially billboards, are effective for driving takeout and dine-in business. The cost of billboards will fall as many companies pull back on marketing budgets. Cable TV advertising is another way to reach your potential customers at home. Cable ads can be targeted to reach your key demographic in the markets you choose. Loyalty programs are taking off as now most are integrated with your POS, online ordering platforms and delivery.



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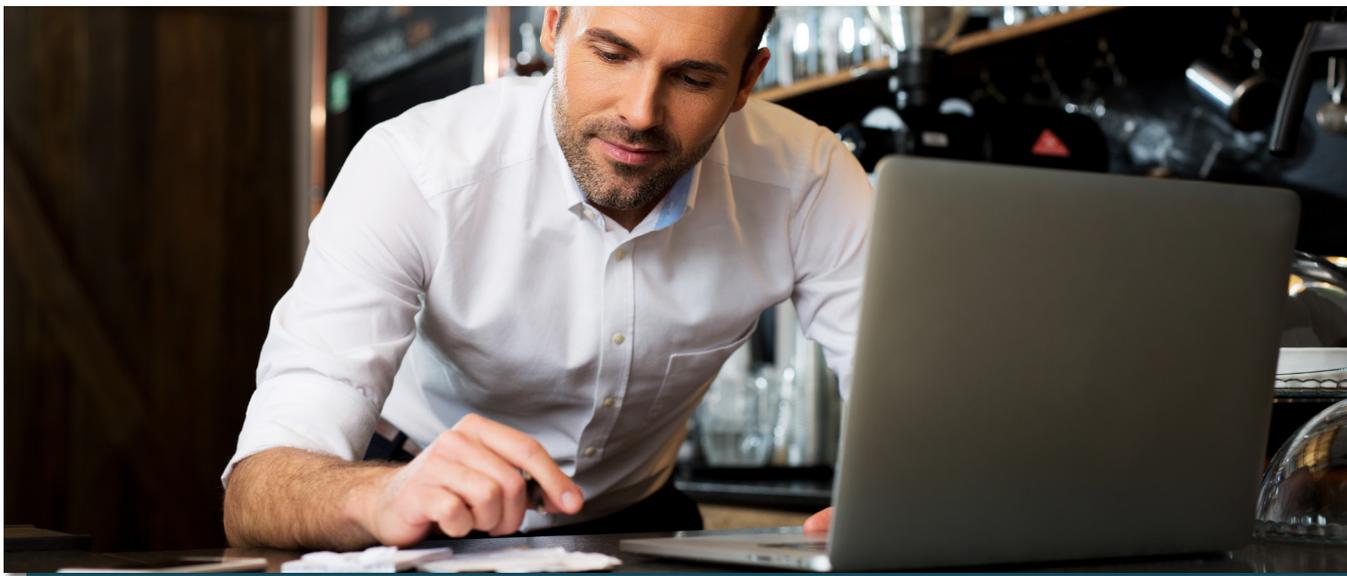
MENU

Our new normal is evolving in front of us. What your menu looked like a few months ago is most likely not the menu you will have this summer and going forward. The paradigm shift for restaurateurs is coming fast and menu changes started in March for many operators. As we move forward, menu strategies new and old will converge as we adapt to the right mix of price points, value, menu items and differentiation that will appeal to consumers.

Supply chain constraints may play into your menu initially as the pork and beef markets are seeing record prices. This will level out, but it will have an immediate impact on availability, pricing and profitability. Flexibility will be key in considering supply chain issues along with consumer demand. Consumers will change the way they interact with restaurants over the coming months as dining rooms open and people get back to work and school.



Value will be important to many consumers while others will be looking for indulgent items they cannot make at home. Menus will continue to balance these two needs by offering options a high/low strategy to appeal to both groups. As snacks take the forefront and shared apps become less appealing, this will help with a perceived value shift on the menu.



FINANCIAL

Cash flow management, expense control and sales projections are the big challenges at the moment and will continue into 2021. Many operators have tackled the expense side of the P&L at the start of the pandemic. Our goal will be to figure out sales from multiple business channels and access how the changing business conditions impacted by the pandemic will play out. The provisions of PPP will impact all operators depending on which option you chose. PPP rules are still a moving target with regards to tax impact and forgiveness of the loan.

The challenge of financial planning will be incorporating all of these moving parts into a functional budget to guide the stakeholders of the business.

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WHAT'S NEXT?

Action. Be proactive in putting together a holistic plan that incorporates all parts of the business. Each part of the business is interdependent. Take this outline and sketch out a framework to move forward. Make adjustments going forward on a monthly or quarterly basis to keep up to date with the business environment, business results and consumer demand. Plan, measure, adjust and repeat.



ABOUT US

Goliath Consulting Group with headquarters in Norcross, Georgia offers a dynamic array of business development solutions, tailored to meet the needs of each individual client – in addition to a full suite of knowledge and tools that help make restaurants more profitable, including strategic planning, menu development, project management, new restaurant development, branding, marketing, franchising, equipment, technology, evaluations, outsourcing, and more. The company also has a management division that manages full-service restaurants. Goliath Consulting enjoys a ten-year track record of creating client success among local, regional and multi-unit national restaurant chains.

Goliath Consulting Group is actively involved in the Foodservice Consultants Society International and is an allied partner of the Georgia Restaurant Association.



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