THE
RESTAURANT
OPERATOR'S GUIDE TO
OPS EXCELLENCE

Winning strategies to drive
customer experiences, profitability, and growth

crunchtime

Contents

The restaurant and broader foodservice industry is evolving quickly

The last three years saw more change than seen in decades. Through the pandemic, restaurant operators had to be agile and build new competencies on the fly, figuring out how to quickly close and open restaurants, and keep up with changing national or local protocols to keep employees and customers safe.
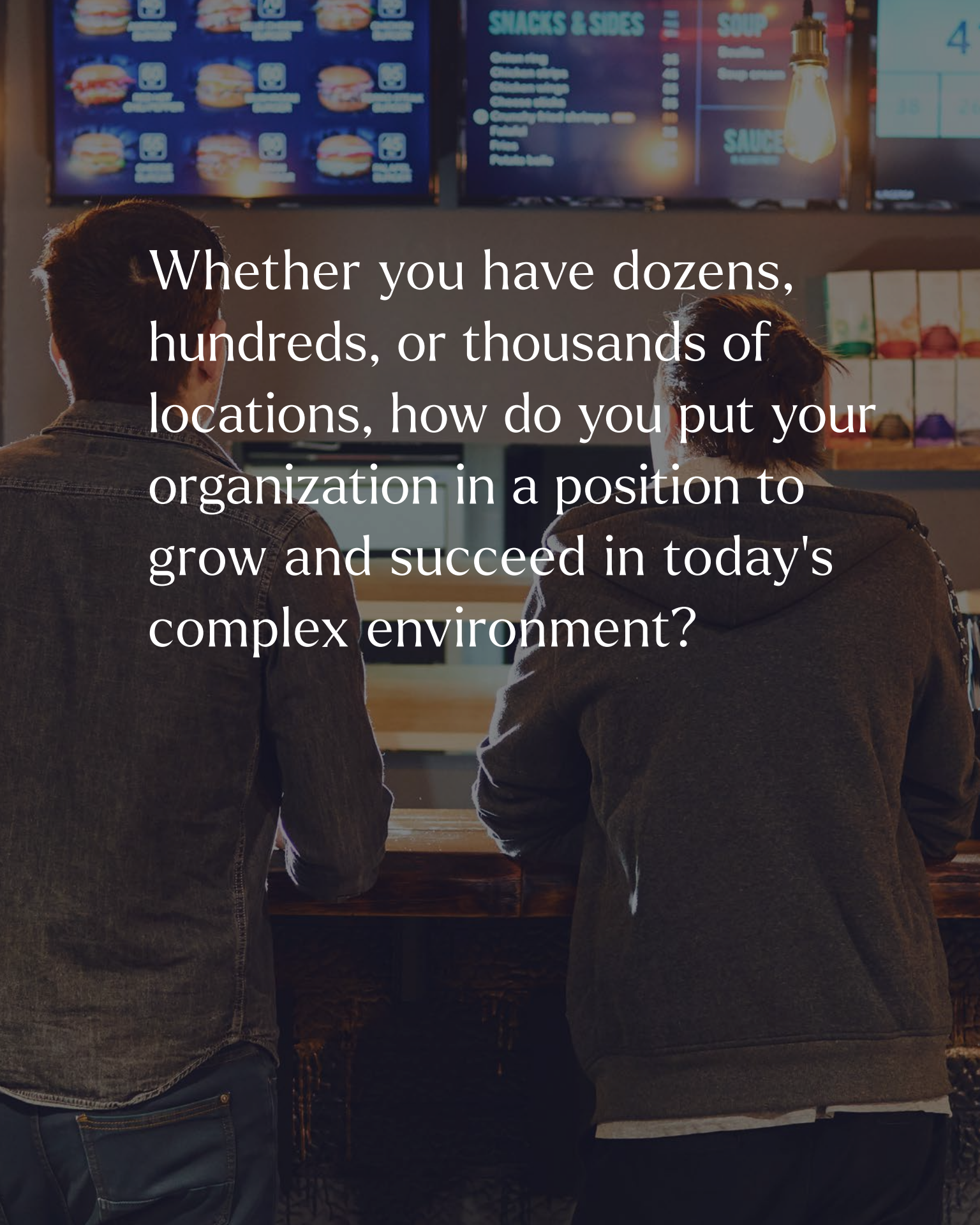
Just as we put the pandemic in the rear view mirror, restaurant and foodservice operators still struggle every day with a range of new and difficult challenges—rising food costs, supply chain unpredictability, staffing shortages, and higher wages.

Consumer behavior is also evolving quickly, with everyone getting much more comfortable ordering online, embracing (and expecting) delivery, pick-up, or drive-through options.

Multi-unit restaurants still struggle with rapid change at scale, which puts customer experience and profits at risk.

Managing day-to-day profitability, food safety, brand standards, and the overall customer experience across locations has always been difficult, but is now even more challenging given the speed of change in the industry.

We've reached a point where the "old way" of operating creates real problems. Area managers and store managers need to be able to communicate and share information instantly; every store must be able to change and align teams more quickly; ops leaders need tighter controls and access to the right data to make better decisions; lean, inexperienced teams need the tools to do their jobs well and even automate aspects of the operation so that every employee, manager, and leader can be more productive.
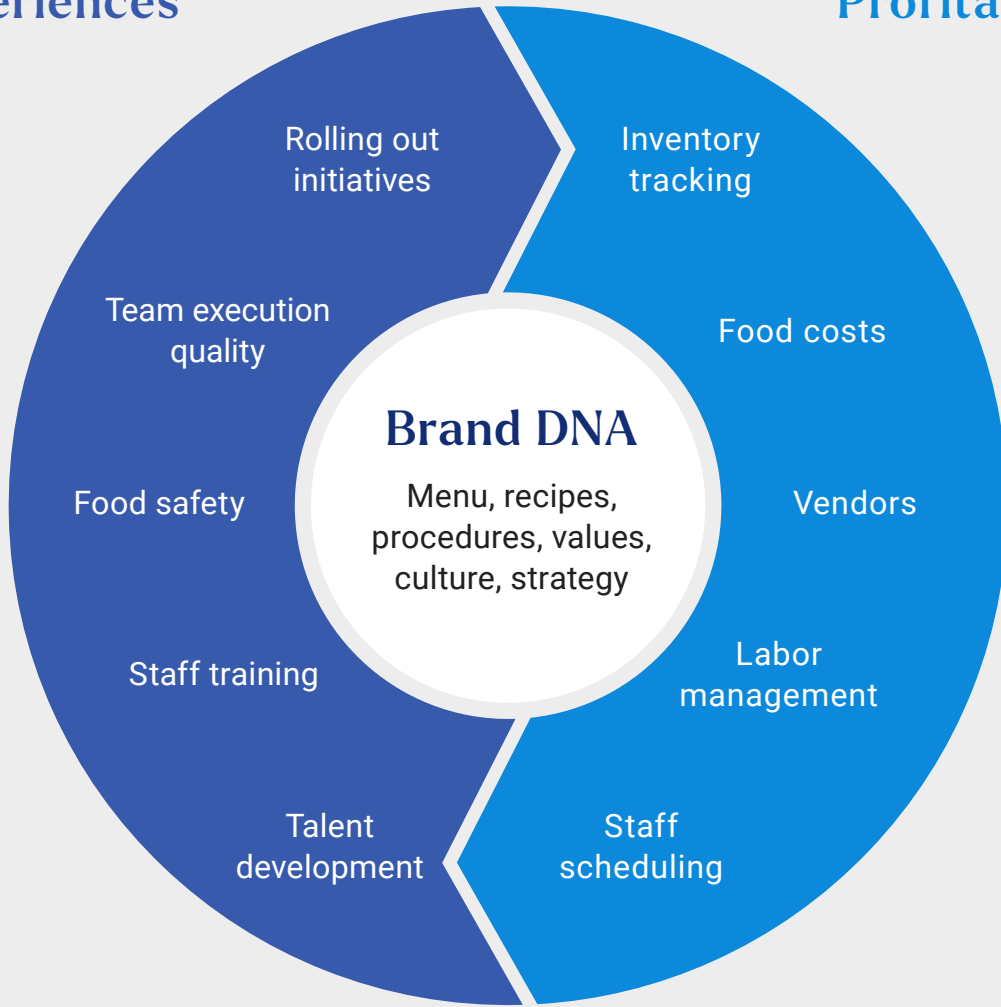
Whether you have dozens, hundreds, or thousands of locations, how do you put your organization in a position to grow and succeed in today's complex environment?

The Foundations of a Successful Restaurant Brand

Great Customer Experiences

Manage Profitability

Rolling out initiatives

Inventory tracking

Team execution quality

Food costs

Food safety

Brand DNA

Menu, recipes, procedures, values, culture, strategy

Vendors

Staff training

Labor management

Talent development

Staff scheduling

Embrace your brand DNA

Your brand DNA is the unique formula that differentiates you, that customers love and keeps them coming back. It's your menu, your recipes, the operating procedures that employees follow to deliver a positive/consistent experience, your company values, strategy, etc.

Deliver great customer experiences as you grow

Your ability to consistently deliver on your brand promise is what separates the great brands from the average ones. How do you ensure that as you grow, you're able to meet your customers' expectations — quality, cleanliness, etc.— every time they walk into one of your restaurants?

Manage costs to hit profitability goals

Given the thin margins involved in operating a restaurant, predictable cost controls and management of the two most expensive inputs into the restaurant business—food and labor—are essential to ensure you're not digging a deeper financial hole with every location you open.

The operators that do best at embracing their brand DNA, consistently and profitably as they grow, will gain competitive advantage; those that fall short will fail over time.

How to improve team execution

DELIVERING GREAT CUSTOMER EXPERIENCES

Operations execution refers to the work that is actually happening in stores, and how ops leaders make sure it's done really well. Consumers want food that tastes good and is safely prepared, a clean environment, and quality service. Creating that consistent experience is the core of operations execution. It's about ensuring work is done correctly and on time, every day in every store, to keep business moving and growing. This chapter explores how restaurant brands are helping teams do great work every day in every store.

Chapter Snapshot

1 Roll out new processes and initiatives faster

2 Increase team productivity

3 Improve the quality of work

4 Gain visibility into the work being done in every store

5 Ensure food safety compliance

1 Roll out new processes and initiatives faster

In the past, sharing important news or making a simple update to a standard operating procedure could take weeks or months to implement. Today, restaurant operators need tools and systems in place to be able to quickly and easily roll out new initiatives or updates throughout the entire organization; from making a small update to daily opening and closing procedures across every location, to coordinating a product recall in a specific region.

2 Increase team productivity

Store teams have long lists of work to complete each day, yet struggle with the time, staffing, and resources to complete it. From district managers to cashiers, you can probably think of dozens of tasks that you'd rather they spend more time on every day, but find that certain work takes longer than expected or never gets completed at all. Here are two ways that operators can help make teams more productive:

- **Workload prioritization**
  Equip store managers and teams with digital task lists to help prioritize their time each day, with guidance on when to do it and how to do it correctly.

- **Automation**
  Use a combination of hardware and software to automate tedious manual tasks such as temperature monitoring or food prep labeling. This not only saves time for store managers and employees, but also ensures that certain tasks are done correctly and on time.

3 Improve the quality of work

While brands aim to build quality into their operations by setting brand standards that all managers and employees are expected to follow, individual stores often fall short of those expectations and it's difficult to hold them accountable. While improving the efficiency of your teams is important, it's critical to do so without cutting corners when it comes to quality.

Modern technologies and processes equip store teams to execute their work more consistently and at a higher level.

- **More accountability**
  Photos and in-app tips remind employees what a successfully completed task looks like so they know exactly what they need to do, how to do it, and when it needs to be completed.

- **Automatic corrective actions**
  Historically there has been very little (or slow) follow-up when it comes to corrective actions.

  Today, follow-up tasks can be instantly assigned to store managers via mobile apps to prevent issues from slipping through. Field managers can receive alerts for critical issues and are notified after issues are resolved.

4 Gain visibility into the work being done in every store

Operations leaders need to have visibility into the work happening at the store level and should be confident that all of your standard operating procedures are being done correctly and on time. While operators rely heavily on their field teams to have "eyes on the store," they can't be in two stores at once.

You need to arm your field leaders with new approaches and technology that enables them to monitor stores anytime from anywhere, and spend more time coaching their teams on priority issues, versus just reacting to them. Here are two tactics that high-performing teams use to achieve this:

- **Track tasks digitally in stores**
  By using mobile apps to track the completion of critical tasks and checklists, field teams can easily monitor task completion rates by store, district, or operation-wide. And, leaders can receive automated alerts when assigned tasks are not completed or are done incorrectly.

- **Mobile dashboards for leaders**
  When district/area managers have a clear picture of the work happening at every location without even stepping foot into a store, they know where to invest their time and can spend more time on employee coaching and training.

5 Ensure food safety compliance

No brand is immune to foodborne illness. The pressure is on the entire food chain from manufacturer to supplier to wholesaler. But, the restaurant brand arguably has the most to lose. Just one incident can damage a brand's reputation for years.

While traditionally, operations processes have left ops leaders uncertain about food safety compliance in each store, you can use automation and digital tools to ensure food safety every day.

For example, data from weekly food safety assessments can be reviewed by ops leaders to identify which stores or regions are at risk; or taking makeline temperatures with bluetooth thermometers, and notifying a manager if temperatures are out of range.

While there are textbooks filled with guidance to help ensure food safety, here are a handful of impact outcomes operators can drive through the use of digital tools and automation in their stores:

- Ensure accuracy and take human error out of the equation.

- Put digital tools in place to ensure that if/when food safety and sanitization procedures are missed or done incorrectly, someone will always be notified and follow up on it.

- Receive automated alerts on your mobile devices when equipment temperatures (refrigerators, freezers, etc.) go out of range so you can take action instantly.

- Automate food prep labeling: with cloud-based ingredient lists, expiration dates are automatically calculated, and hundreds of accurate labels can be printed in minutes.

RPM PIZZA
EST. 198

32%
decrease
in violations

21%
increase in
4 & 5 stars

RPM Pizza (Domino's franchisee) used operations execution software to assign tasks, track audits, and identify performance trends that management used to coach teams and drive strategy.

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How to accelerate learning and development

DELIVERING GREAT CUSTOMER EXPERIENCES

Employee turnover in restaurants remains at record-high levels, even as the industry recovers from the pandemic. According to Black Box Intelligence, **hourly workers are turning over at 173% annually in limited-service restaurants and 121% in full-service restaurants.** These turnover rates have held steady (plus or minus a few points) for the past several quarters, and there's no sign of industry-wide improvement in the near future.

Chapter Snapshot

1 Get new hires "shift-ready" by day 1

2 Keep employees engaged through learning

3 Reduce churn by preparing employees for their next role

Here's how restaurant brands are using learning and development to deliver great customer experiences and increase employee retention:

1 Get new hires "shift-ready" by day 1

Given the challenges getting enough staff scheduled for each shift, you need to make sure new hires can be trained up and "shift-ready" as fast as possible. Quality training programs also help new employees feel valued and supported, and allows them to quickly become competent and accountable.

2 Keep employees engaged through learning

Today's workforce is thirsty for knowledge and hungry for advancement. Keep your team members engaged from day 1 by assessing and improving their skills, cross training them on additional positions, and demonstrating how you're investing in their career development. Show them a potential career path right from the beginning and set expectations about encouraging continuous learning.

3 Reduce churn by preparing employees for their next role

To reduce employee turnover, more restaurant brands are adopting a philosophy of continuous development at every level, and preparing them for the next potential role so that they have a reason to stay.

From the moment a new employee is hired, you have an opportunity to teach them about leadership, giving rising stars opportunities to learn management skills before you need to promote them – instead of scrambling to fill a vacancy when employees do end up leaving.

This approach provides a host of benefits to both the employee and the restaurant: Unexpected management vacancies can be filled instantly; employees appreciate you are investing in their development and see a tendency to promote from within, so they're more likely to stay; and your company earns a reputation of continuous development, making it more attractive to top talent.

golden corral®

31% Decrease in company-wide employee turnover

83% Training certification completion (from 45%)

Golden Corral used an e-learning solution with a blended digital and in-person learning approach, including 20+ new training courses, so that employees could be trained faster and with less time invested by management.

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Inventory management: how to control costs

HITTING PROFITABILITY GOALS

The typical range for food costs in a restaurant is between 28% and 35%[1], and **global food prices continue to rise at an alarming rate—up nearly 40% year over year**[2]. This creates an ongoing challenge for operators who must look for innovative ways to control spending while increasing profits.

Chapter Snapshot

1 Always know what inventory is on hand

2 Prep the exact amount of product

3 Close the gap on actual vs. theoretical food costs

4 Smarter ordering (and better costs) with suppliers

[1] Common Food & Labor Costs Percentages 2019, Chron

[2] United Nation's Food Price Index

Here's how restaurant brands have improved inventory management to track food costs, P&L, and keep customers happy:

1 Always know what inventory is on hand

Tracking inventory has traditionally been done using pen and paper and is difficult to get right, with restaurant managers having to continuously reference sheets of paper as they key inventory into a computer. Slow, monotonous, error-prone work.

More restaurants today are using digital tools to improve inventory tracking. Now with digital apps, managers can use product usage data and quickly count stock levels, and ultimately spend less time counting, ensure accurate data, and spend more time providing exceptional service to customers.

2 Prep the exact amount of product (instead of too little or too much)

How much food should teams prep each day? If you prep too little, you miss out on sales; too much and you're eating away at your profits.

With the right inventory management solution, restaurants can use historical sales and forecasts to determine how much to buy/prep each day to help control cost and maximize sales.

3 Close the gap on actual vs. theoretical food costs

Many restaurants don't have a great way to know if there is even a problem with their actual food costs. Even small changes to your actual vs. theoretical cost variance can result in major changes in your business.

The surest way to drive profit dollars to the bottom line is to identify the biggest "profit leaks" in an operation. For example, with the right inventory management tool you may discover that chicken breasts represent the greatest dollar variance from your theoretical product cost. Further investigation could show whether it's a store-specific issue or one that exists company-wide, and help you decide the best course of action.

Actual food cost is the total cost of all the food used to produce the meals sold during the week after you've accounted for any breakage, shrinkage, or waste.

Theoretical food cost is determined by reviewing the recipes from the meals sold and calculating how much food (and cost) should have been used to produce them.

Actual vs. theoretical (AvT) variance is the difference between the two.

4 Smarter ordering (and better costs) with suppliers

Do your suppliers always give you the products you expect (vs. substitutes) at the prices you expect to pay? With the right tools, it's easy to spot if you're being charged more for certain products—and gives you the opportunity to address this with your suppliers.

Most restaurants have either forgotten to submit an order on time, or rush to come up with the quantities needed. With today's inventory management tools, restaurants can have a system suggest order quantities based on historical and forecasted sales—and can even have the system auto-order for you if an order hasn't been placed by a specified cut-off time.

HICKORY
TAVERN

25% Reduced extra food inventory

3% Reduction in cost of goods sold

With a digital inventory management system, Hickory Tavern used suggested ordering to reduce their on-hand inventory amount by 25% across restaurants, which decreased time spent by employees on inventory management, reduced waste, and improved the cost of goods sold.

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Labor management: how to optimize staffing and costs

HITTING PROFITABILITY GOALS

Labor and staffing is really tough in the restaurant industry. Labor costs should generally be around 20-35% of sales but is tough to balance. And **78% of restaurants say they don't have enough workers** to meet the current customer demand[3].

Chapter Snapshot

1 Create schedules automatically using data

2 Make it easy for employees to pick up or change shifts

3 Track and optimize earned hours vs. actual hours

4 Stay in compliance with labor laws

[3] 2022 State of the Restaurant Industry, National Restaurant Association"

Here's how restaurant brands optimize staffing and labor costs to maximize sales and customer experience without putting profits at risk.

1 Create schedules automatically using data

Any manager will tell you they spend more time than they'd like creating their weekly schedules or filling shifts when people call out.

Today, restaurant brands can use software and data to automatically create and optimize schedules to not only free-up managers' time, but set stores up for success. Some key inputs that can be used to optimize schedules include:

- **Historic data and forecasts**
  By knowing how many items you're likely to sell and how many guests you're likely to serve, you can staff your back and front of house more accurately.

- **Employee experience and ranking**
  Ranking your team members helps you to schedule them based on their skill set and how they can complement— and even support— each other during a shift. This ensures a balanced set of talents in the restaurant, which inevitably leads to better employee and guest experiences.

2 Make it easy for employees to pick up or change shifts

There is huge value in scheduling flexibility to employees — letting them request time off, swap shifts, picking up additional open shifts when they need extra cash, always having visibility of their schedule in their pocket vs. having to rely on the printed copy hanging on the wall, etc.

With an employee scheduling app, your team can conveniently view their schedule, request time off, and swap shifts. Doing this via email, text, or phone calls consumes a lot of time and can cause something to get overlooked. With a scheduling app, managers are happier because they spend less time creating schedules, and employees are happier because they can manage their own schedules more easily.
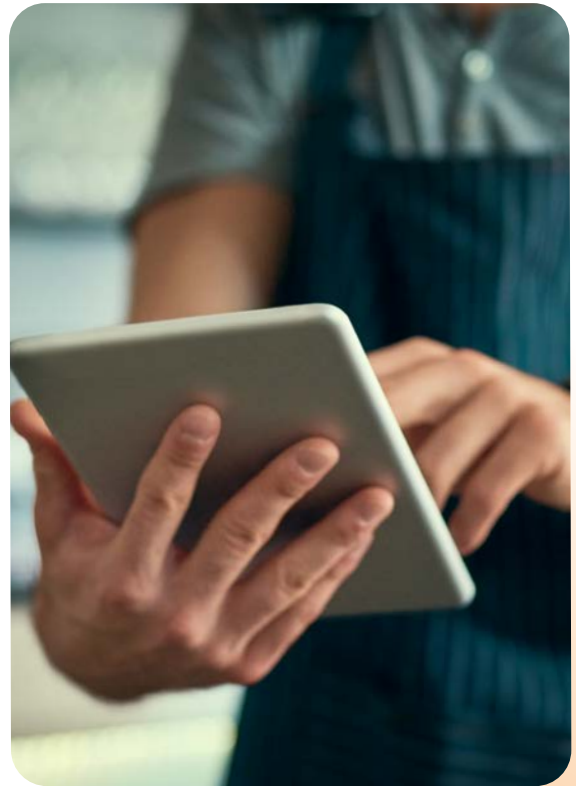
3 Track and optimize earned hours vs. actual hours

Earned hours vs. actual hours is a powerful equation that can help optimize schedules and avoid staffing mishaps, while also evaluating operational effectiveness. Earned hours indicate how long your employees should have worked during a shift based on the actual sales during their shift.

A manager's earned hours performance is determined by their actual hours-to-earned hours variance. The resulting (+/-) variance indicates how well a manager reacted to real-time restaurant sales against their employee schedule.

If the actual-to-earned hours variance is close to zero, they are doing a good job responding to the restaurant's sales that day and calling in extra people or sending people home as needed. If the variance is too high or too low, there's likely a problem that needs to be fixed. This will enhance performance, profitability, and the guest experience.

Actual hours is how many hours the employees worked.

Earned hours is how many hours an employee should have worked given the actual sales performance.

Actual hours-to-earned hours variance is derived from calculating *actual hours minus earned hours*.

4 Stay in compliance with labor laws

Labor laws can be quite different at the local, state/region, or country level, and staying compliant with these laws isn't exactly trivial.

Tools today make it easy for restaurant managers to check their schedules against all labor laws, process time-clock punches quickly, and have immediate visibility into potential labor rule violations. Managers can be notified of potential violations and their corresponding financial penalties before the schedule is published. Such tools not only help control costs at the store level, but also mitigate risk of labor-related lawsuits at the brand level.

![Caribou Coffee logo]

2hr Reduction in schedule-creation time

48K Labor hours saved/year on scheduling system

With their digital labor management system, Caribou Coffee automated their schedule management, having schedules created using sales history and forecasts, and provided management with insights on how to use labor throughout the day.

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Achieving operational excellence in every location

The fundamentals of running a multi-unit restaurant haven't changed much, but how those fundamentals are executed has changed tremendously with modern processes, technology, and automation.

Doing great work in stores, tracking inventory, training, and scheduling staff— this all had to be done 30 years ago just as it does today. But this same work today must be done better and faster, with less people and resources available to do it. It's a big ask for restaurant operators.

We hope this guide acts as a framework for restaurant leaders in their pursuit of ops excellence, with inspiration for how to help their organizations grow and succeed in an increasingly complex environment.
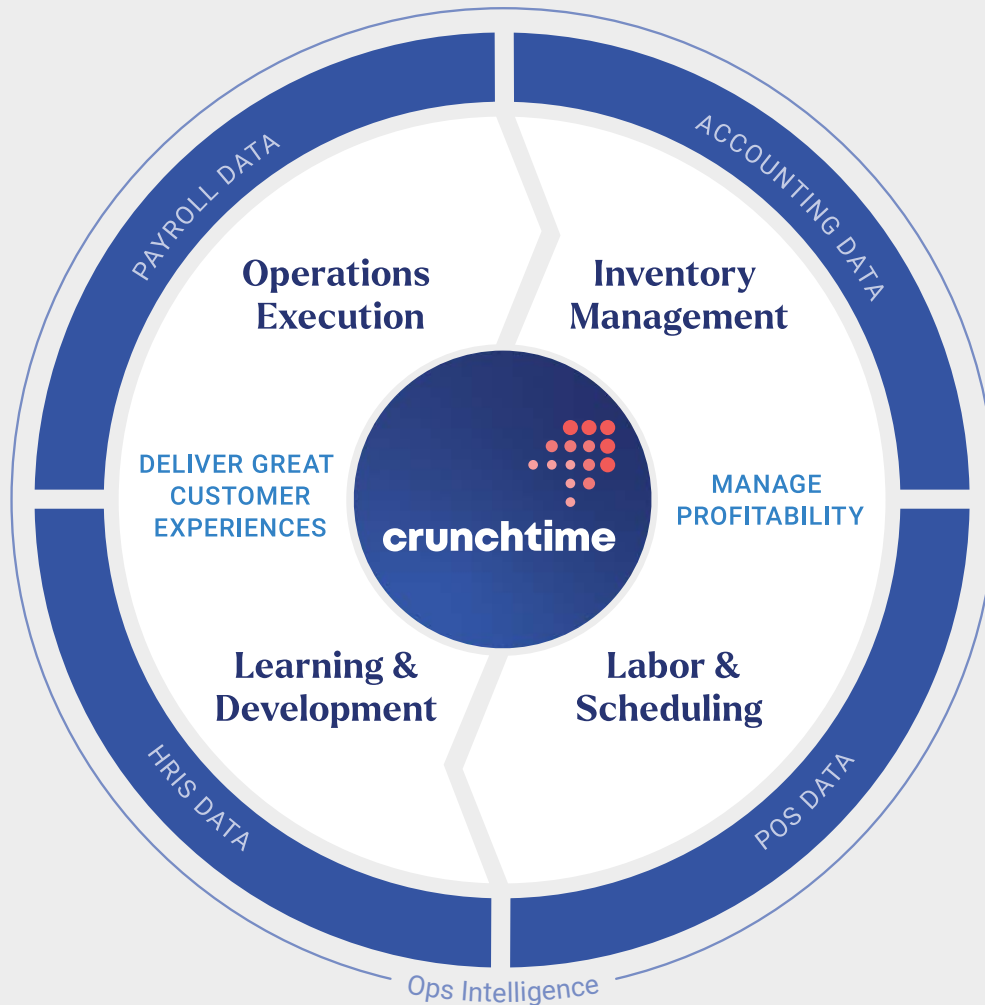
About Crunchtime

Crunchtime is how the world's top restaurant brands achieve ops excellence in every location. Our software is used in over 100,000 locations in 100+ countries to manage inventory, staff scheduling, learning and development, food safety, operational tasks and audits. Crunchtime enables customers including Chipotle, Culver's, Domino's, Dunkin', Five Guys, and P.F. Chang's to control food and labor costs, and deliver great experiences.

For more information, visit **www.crunchtime.com**.

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