

2023

Restaurant Operations Report



Emerging trends and imperatives for driving
operational excellence in multi-unit restaurants

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Summary of Key Findings



96% of operators are planning unit expansion over the next year and a half.

Fast casual (+23 stores) and quick service restaurants (+14 stores) are planning significantly greater expansion stores than full service restaurants (+6 stores).



74% of operators are aiming to reduce food costs in the next 12-18 months.

Food costs are 35% on average among surveyed respondents.



Nearly 40% of shifts are insufficiently staffed, underscoring the growing complexity of labor scheduling.



Operators estimate that improving operations execution could **increase sales by an average of 22%** in each store.



Operators want employees trained one week faster. It currently takes new employees an average of 19 days to become shift-ready, and operators want this reduced to 12 days.



Fewer than 1/4 of operators self-identify as “advanced” in their use of tech across key tasks and functions. Half or more plan to add or upgrade back-of-house restaurant technologies in the next 12-18 months.



Operators rank employee learning and development, visibility into store performance, and effectively rolling out new processes as top drivers of operational excellence, but also indicate opportunities for improvement in key areas that influence operational excellence and growth.

Methodology and Demographics

As an operator, you've probably heard more about the "state of" this industry in the last few years than ever before. It's been described as chaotic, disruptive, turned upside down, spun on its head, the new normal, etc., but to really pinpoint the true "state of" the industry, we wanted to hear from operators themselves.

To better understand the top operational challenges and opportunities in multi-unit restaurants, Crunchtime commissioned an objective, quantitative research study in partnership with EnsembleIQ Research Solutions.

200+ restaurant industry professionals were anonymously surveyed throughout May-July of 2023, each operating a minimum of 10 store locations. Respondents consisted of owners, senior managers, and directors with decision-making authority or influence across full service, fast casual, or quick service restaurants.

All of the data and findings shared throughout this report have been verified for validity and accuracy by Ensemble IQ. Any references to significance throughout the report are reflective of statistical significance testing at the 95% confidence level.

Survey Respondents: 202 Restaurant Industry Decision-Makers and Influencers

Concept Type

28%
Fast casual

31%
Quick service

42%
Full service

Area of Responsibility

Operations

79%

Technology

57%

Corporate
Management

46%

Training and
Development

40%

Introduction

Imperatives for driving operational excellence and growth in multi-unit restaurants

Excellence is quite literally the quality of being outstanding or extremely good. In multi-unit restaurants, this means delivering great customer experiences every visit and managing profitability in every location.

We asked operations leaders what operational excellence means to them, and here's what they had to say:

“Efficiency and work ethics that cultivate a **great environment for growth.**”

“**My sales are up, my cost is down, my staff is happy and my guests are excited to return.** We go the extra mile to ensure not only our guests and staff are happy, but that we are also all working in a clean, well-working, organized facility.”

“Our restaurants are running 100% on all cylinders, **our guests are happy above and beyond** their expectations and our **financial numbers are above our projections.**”

“Not just meeting but **exceeding the needs and expectations of the customer, resulting in increased profit** for the company.”

“Running cost-effective operations to make room for improvement, which results in both an **increase in profitability and brand recognition.**”

Top Drivers of Operational Excellence

What are the most important drivers of operational excellence that impact the success (e.g. sales, guest satisfaction) of your stores? Select up to three.



Operators are planning for growth— how will they get there?

With such strong interpretations of operational excellence, it's no surprise that operators have their sights set on growing and expanding in the near term. But, scaling a multi-unit business involves way more than just opening new locations. As we'll share throughout this report, operators see plenty of room for improvement in four key areas, all of which influence operational excellence: food costs, employee scheduling, executing key tasks and standard operating procedures (SOPs) in stores, and employee training and onboarding.

There's always room for improvement when it comes to maximizing profitability and

exceeding quality expectations for customers—it just becomes more complicated trying to grow to your next 10-50-100+ locations.

Consider this report to be your window into how your peers are operating—or changing up how they're operating—in the pursuit of operational excellence and use it to guide you in taking action across your organization today. Like other operators, as your organization sets its sights on aggressive expansion plans, think about how you can use these insights to help you get from where you are right now, to where you want to be in the next 12-18 months.

New Store Locations Planned Over the Next 12-18 Months

How many new store locations does your group/franchise plan to open over the next 12-18 months?

96%
of respondents
are planning unit
expansion over the
next 12-18 months

Current # of Stores	New Stores Planned
10-20 stores	+5 stores
21-50 stores	+7 stores
51-250 stores	+9 stores
251+ stores	+38 stores

Based on the average number of new planned stores cited by respondents.

Chapter 1

Reducing food costs and improving inventory management is a top priority

Operational excellence means...

**“Developing an efficient inventory management system
to minimize waste and ensure better profits.”**

- Survey Respondent, 220 Locations, Full Service

It is well understood that food costs are one of the largest operating expenses for multi-unit restaurants. But this research now gives operators a clear benchmark—that food costs are 35% of total revenue, on average. Food costs may be even higher for brands with 20 or less locations, with the expectation that food costs will come down as the number of stores increases.

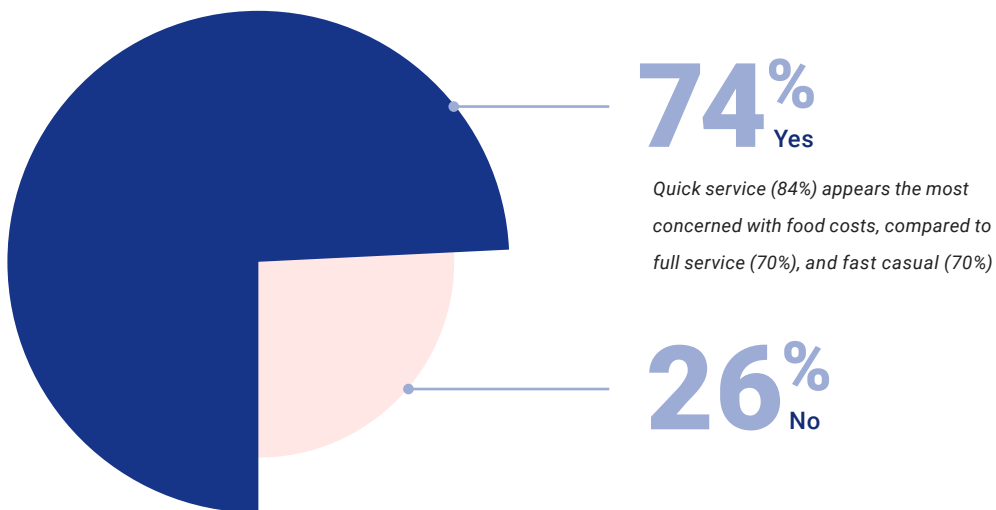
Food costs are **35%**
of revenue, on average
for multi-unit restaurants

Reducing food costs is a strategic priority.

74% of operators indicated that reducing food costs is a strategic priority for their organization in the next year and a half. Saving small percentages on food costs can have a tremendous financial impact, especially on multi-location chains.

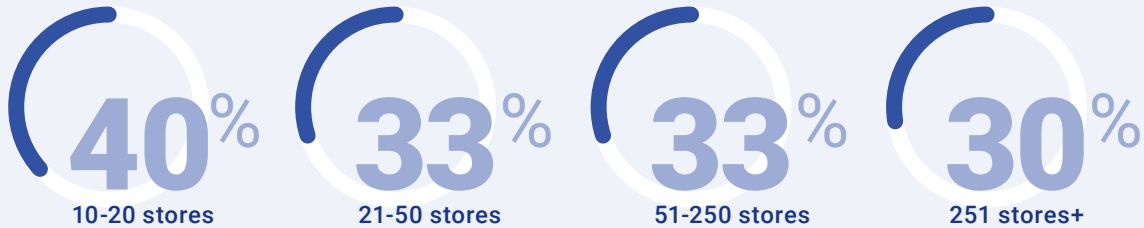
Operators Aim to Reduce Food Costs

Over the next 12-18 months, is reducing actual food costs a priority for your organization?



Food Cost Percentage Based on Number of Stores

Please indicate your actual food cost percentage (as a % of total revenue from food sales) across your stores.



Why is reducing food costs not a priority for 26% of respondents?

"We make and produce a lot of our food to keep prices down."

- Survey Respondent, 800 Locations, Quick Service

"Since we have strong connections with our suppliers, our food costs are minimal."

- Survey Respondent, 44 Locations, Full Service

"It will be somewhat hard to prioritize this as we have plans to roll out our new items and are more focused on marketing for better profits."

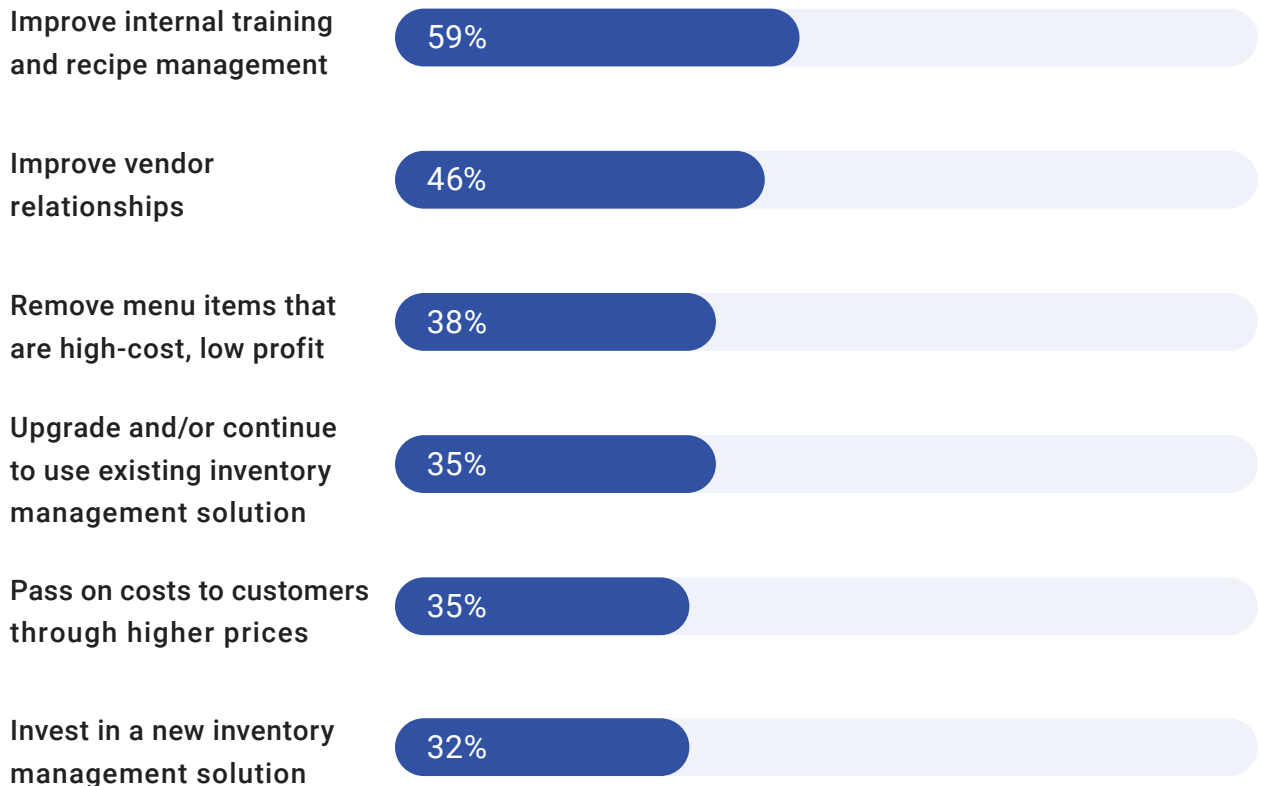
- Survey Respondent, 490+ Locations, Fast Casual

Strategies for reducing food costs in the near term are focused around inventory management.

Operators acknowledged that strategies for reducing food costs in the next 12-18 months are mainly focused around inventory-related processes. Inventory is often an area full of sneaky profit leaks for many multi-unit restaurants, and the rising cost of food has placed additional strain on operators worldwide, as it has become increasingly expensive for restaurants to produce the same menu items.

Top Strategies for Reducing Food Costs

Which of the following best describe(s) your organization's strategy for reducing food costs in the next 12-18 months? Please select all that apply. Among respondents reducing food costs, n=150

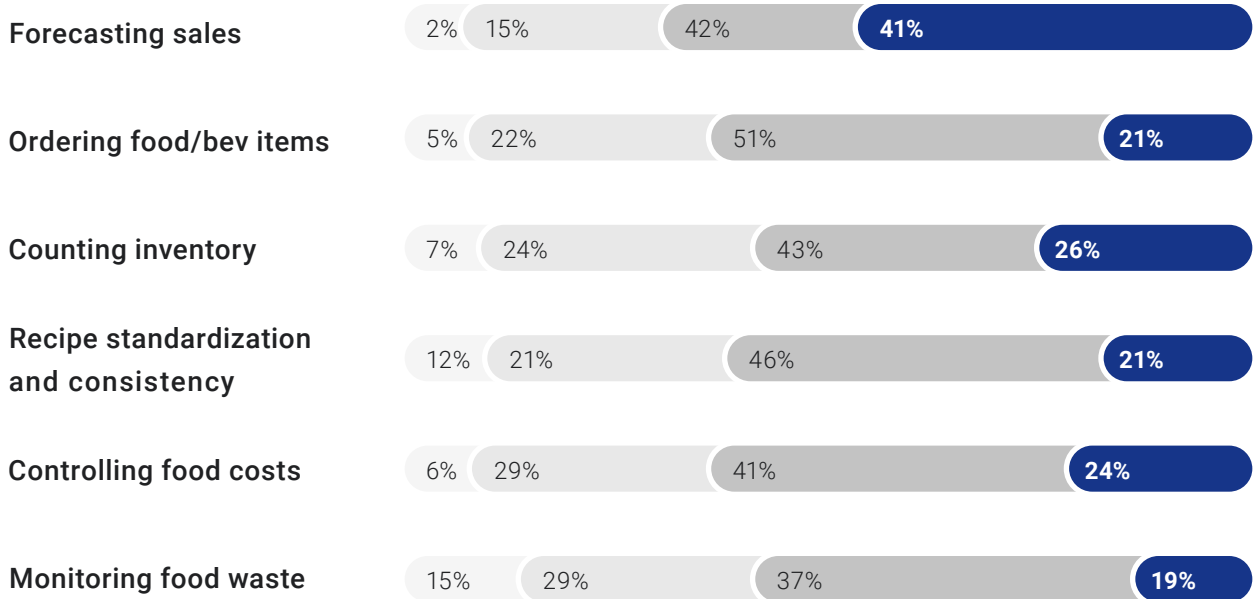


Only a minority of operators are “advanced” in their use of inventory management technology, but have plans for more investment and improvement.

Employees spend an average of 19 hours per week per store on inventory-related tasks, and only a small portion of respondents are "advanced" in their use of technology for inventory management today. To that extent, 60% of operations leaders plan to add or upgrade their inventory management technology in the next 12-18 months, indicating they believe that there’s room for improvement.

Use of Technology to Complete Inventory Tasks

● Manual ● Minimal ● Intermediate ● Advanced



Average Hours Spent on Each Inventory Task Per Store Per Week

5.3

Ordering food and beverage items

5.2

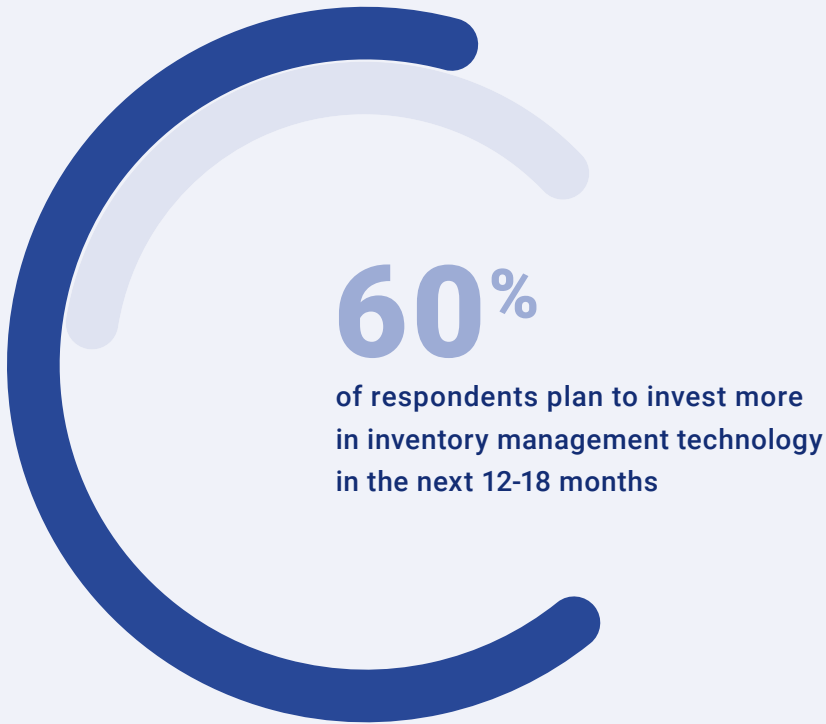
Counting inventory

4.6

Recipe standardization and consistency

3.9

Forecasting sales



The disconnect: Most operators feel "somewhat" or "very" effective at inventory management, yet are prioritizing technology to improve in this area.

When asked about the level of effectiveness with which stores execute key inventory processes, 94%+ said they are already "somewhat" or "very" effective. But the fact that 74% of respondents are prioritizing reducing their food costs, and 60% plan to invest in inventory management technology, shows that there is large opportunity for improvement in this area.

Chapter 2

Both understaffing and overstaffing are critical issues in labor management

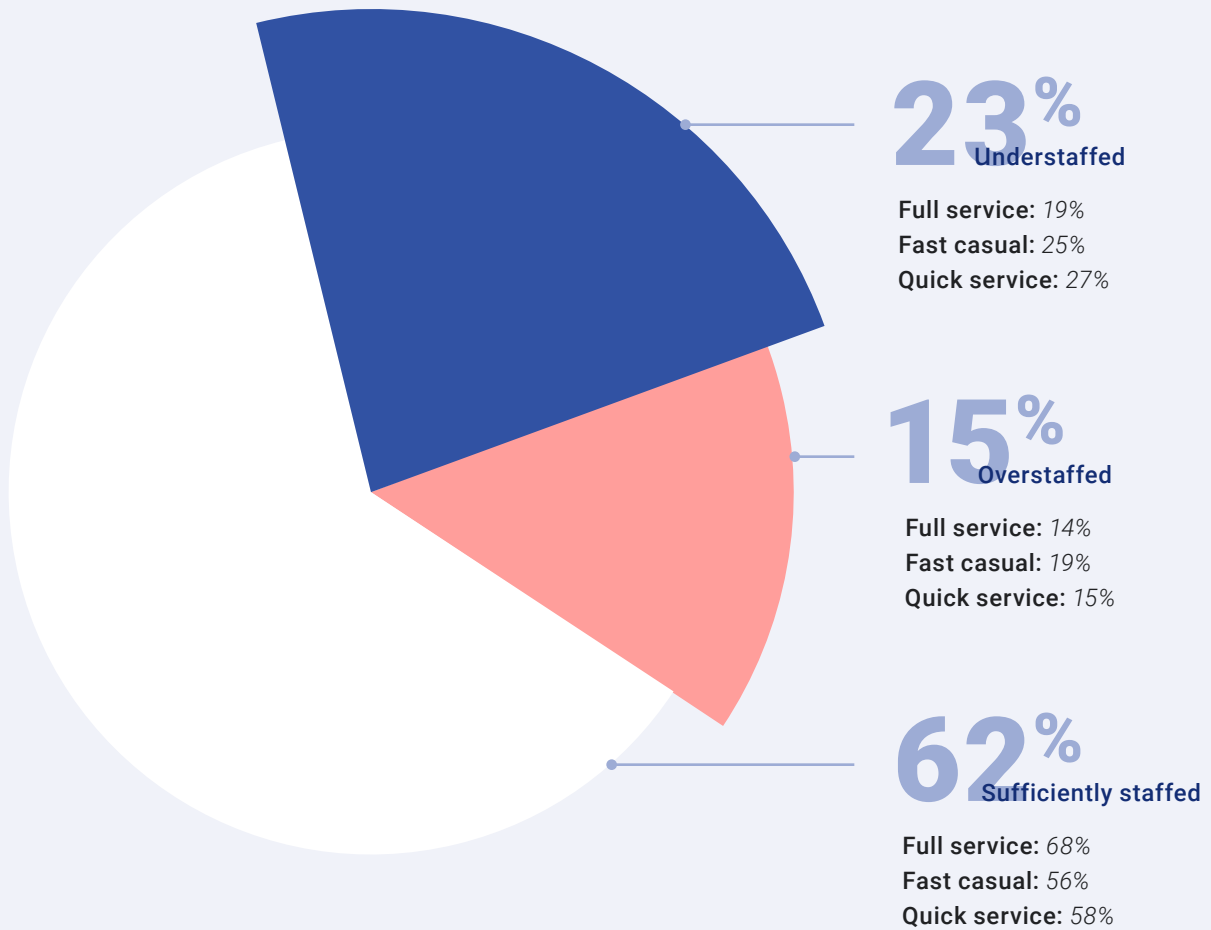
Operational excellence means...

“Optimizing the staff or scheduling.”

- Survey Respondent, 15 Locations, Fast Casual

Average Staff Allocation Per Week

What percentage of shifts are understaffed, overstaffed, or sufficiently staffed at your stores in a given week?



Staffing stores sufficiently requires looking into the past, present, and future and making decisions that affect day-to-day operations. It's about finding the right balance between how labor hours are used and how restaurant teams are backed for success each and every shift. Overstaffing shifts is costly—paying for extra employees who either shouldn't have been scheduled or could have been cut from the shift early.

On the other hand, a shift being understaffed is costly in a different way—paying overtime to keep employees on shifts longer, stressed-out employees feeling under-supported, increased risk from not having time to complete SOPs or food safety procedures, and the cost of a potentially poorer customer (and employee) experience.

**Recent payouts per case
for staffing-related lawsuits
have cost restaurant brands
\$5-20 million**

- Restaurant Business Online

38%
**of shifts are insufficiently
staffed, on average**

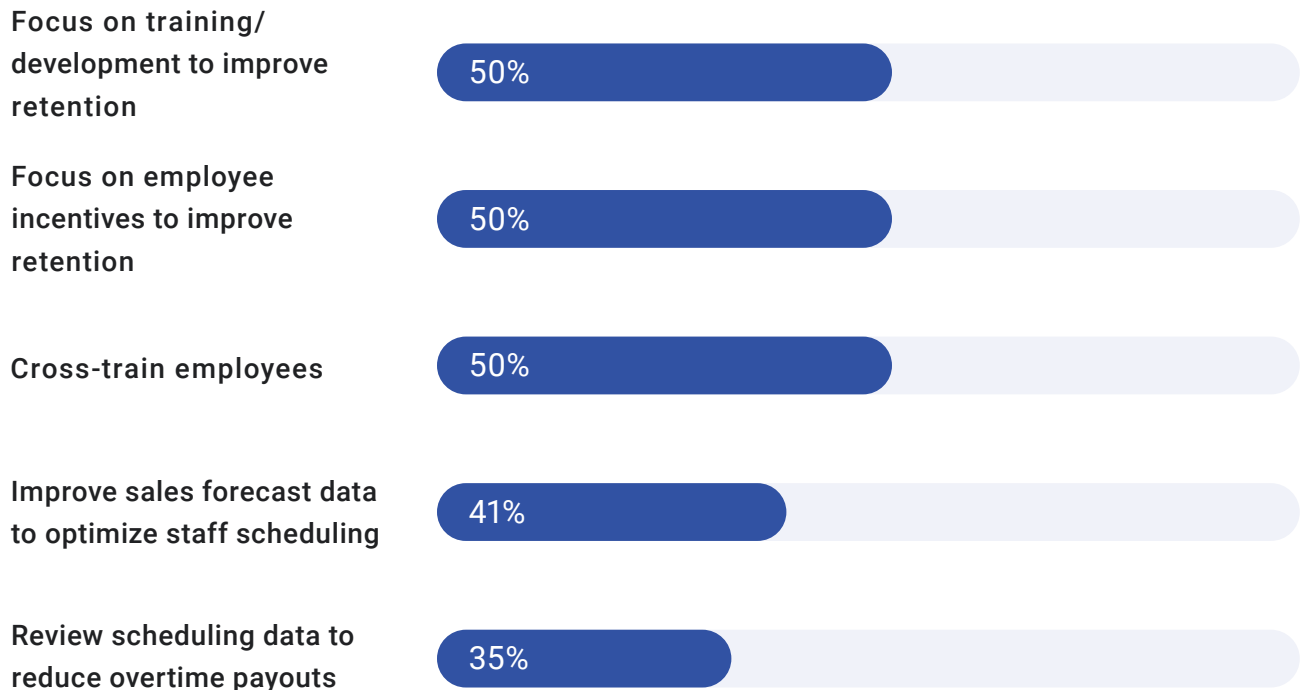
Respondents shared that stores are insufficiently staffed—both understaffed and overstaffed—for 38% of any given week. This signifies that staffing challenges are broader than just finding labor, even with consistently high turnover throughout the industry. Overstaffed shifts underscore the complexity of creating and managing schedules. It's well understood that labor costs are a concern for most operators, and there is little margin for error when properly staffing stores to keep costs down while also ensuring compliance with applicable labor laws in every store location.

Top strategies for reducing labor costs center on employee training and retention, and improving scheduling processes.

Along with food costs, labor is one of the top expenses for multi-unit restaurants. Operators acknowledged that strategies for reducing labor costs in the near term are focused on employee training and retention, and improving scheduling processes, to address both under- and overstaffing. Training-related initiatives ranked very highly likely due to the cost of turnover and rehiring. To optimize staff scheduling and reduce overtime payouts, operators want to improve sales forecasts and review scheduling data, both of which help select the right employees, with the right skill level, to sufficiently staff a given shift, while saving time and reducing errors.

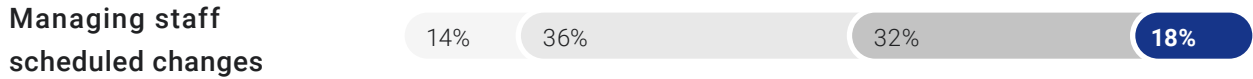
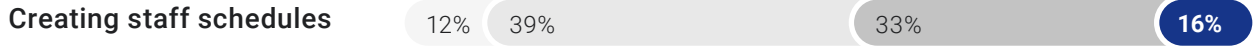
Top Strategies for Reducing Labor Costs

In the next 12-18 months, which of the following best describe(s) your organization's strategy for reducing labor costs? Please select all that apply.



Use of Technology to Complete Scheduling Tasks

● Manual ● Minimal ● Intermediate ● Advanced



Only a minority of operators are “advanced” in their use of labor scheduling technology, but have plans for more investment and improvement.

Currently, employees spend nearly 8 hours a week on average per store creating and managing schedules, and only 18% or less of respondents are “advanced” in their use of technology for scheduling today. More than half of operators (56%) plan to add or upgrade their labor scheduling technology in the next 12-18 months, showing their intent to make improvements in this area.

Each Store Spends Nearly 8 Hours Per Week Creating and Managing Schedules





The disconnect: Most operators feel "somewhat" or "very" effective creating and managing schedules, but challenges and investments suggest otherwise.

When asked about the level of effectiveness which stores create and manage schedules, 95%+ said they are "somewhat" or "very" effective today. But the fact that respondents cite big issues with under- and over-staffing (page 16) and 56% plan to invest in scheduling technology, shows that there is large opportunity for improvement in this area.

Chapter 3

Improving operations execution could increase sales significantly

Operational excellence means...

“Enabling our employees to run daily routine tasks efficiently, resulting in improved sales and brand reputation.”

- Survey Respondent, 24 Locations, Fast Casual

Operations execution is ensuring that work is done correctly and on time every day in every store to keep the business moving and growing. Every task completed by every employee across your locations is an opportunity that can drive a great customer experience—and make a big impression on them about your brand. The consistent cleanliness of the store entrance, the freshness of food on display, and other aspects of a visit are key to creating repeat customers. When restaurants fail in this area, they often end up with disappointed customers and frustrated employees.

Operators estimate that improving operations execution could increase sales by an average of 22%

Improved consistency of daily operational tasks can significantly boost sales in each store.

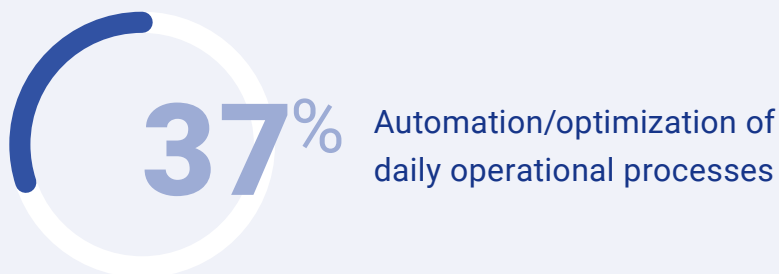
To that extent, operators estimated that if stores could more consistently complete daily operational tasks (such as cleaning/sanitization checklists, food safety logs, brand standards work, etc.), sales would potentially increase by an average of 22% in each store.

Operations execution initiatives are highly-ranked drivers of operational excellence.

Respondents also ranked operations execution initiatives, such as quickly and effectively rolling out new processes and initiatives, gaining real-time visibility into performance across all stores, and automation or optimization of daily operational processes, as top drivers of operational excellence that impact the success of stores (via sales and/or guest satisfaction).

Top Drivers of Operational Excellence Related to Operations Execution

(For the complete list of top drivers, see the introduction of this report)

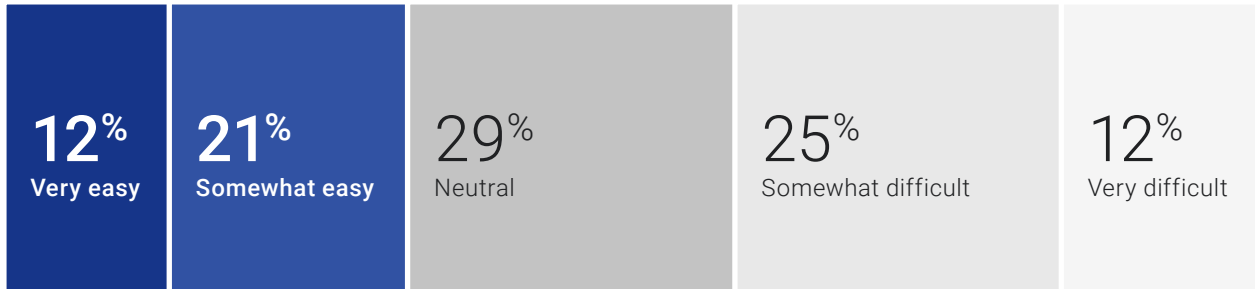


Difficulty Rolling Out New Initiatives Across All Stores

Please indicate your level of agreement: It's difficult to roll out initiatives/improvements quickly and effectively across all of my stores.

Easy

Difficult



There is room for improvement with operations execution.

While 37% said that quickly and effectively rolling out new processes and initiatives was a top driver of operational excellence (page 23), only 1/3 of operators think that it is "somewhat" or "very" easy to roll out new initiatives or improvements quickly and effectively across all stores. Although operators acknowledged the importance and value of rolling out new initiatives across stores, this also reveals that it is easier said than done, leaving room for improvement.

When it comes to meeting operations execution standards, only 28% of respondents strongly agree they have the information needed to quickly resolve issues that are occurring across multiple stores, only 34% strongly agree that open, clear communication channels have been established between headquarters and stores, and only 44% strongly agree that stores are completing important operational tasks on time each day at the expected quality level.

Only **43%** of operators strongly agree they can quickly address food safety concerns

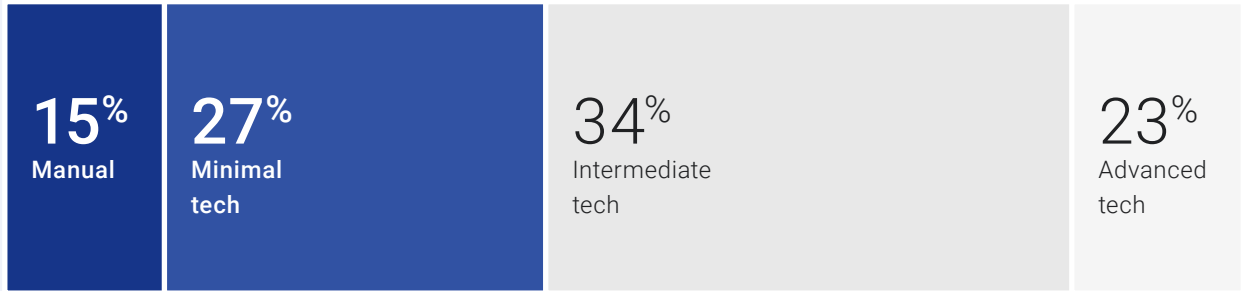
Meeting Operations Execution Standards

Please indicate your level of agreement with each of the following.

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
I have the information needed to quickly resolve issues that are occurring across multiple stores	28%	52%	17%	3%	-
Open, clear communication channels have been established between headquarters and stores at my organization	34%	47%	15%	4%	-
A customer food safety issue would put our business, sales, and overall brand at risk	40%	40%	15%	3%	2%
My organization is able to identify and rectify potential food safety concerns before they become an issue	43%	38%	16%	2%	1%
My stores complete important operational tasks on time each day at the quality level I expect (e.g. cleaning/sanitization checklists, food safety logs, SOPs, etc.)	44%	42%	11%	3%	-

Use of Technology to Complete SOPs

Which option best describes how your stores execute standard operating procedures?



53%
of respondents plan to invest more in operations execution and food safety technology in the next 12-18 months

Employees spend an average of 10.2 hours per week per store executing operational tasks (food safety processes, cleaning/sanitization checklists, and brand standards work).

Nearly half of multi-unit brands surveyed still use a combination of manual processes and minimal technology to execute key operational functions and tasks, with only 23% "advanced" in their use of technology to do so. 53% of operators plan to add or upgrade their food safety and operations execution technology in the next year and a half, signaling technology as a priority for improvement in this area. Though it's evident that operations execution is difficult, it's also extremely meaningful to get right, because the upside is tied to driving revenue, further confirming the strategic value that operators place on improving operations execution.

Chapter 4

Onboarding and training are critical, but painfully slow

Operational excellence means...

“Being able to operate with fully trained staff having aces in their places to be successful.”

- Survey Respondent, 276 Locations, Fast Casual

As essential functions in multi-unit restaurants, training and operations are inherently intertwined and greatly influence the customer experience.

Educating employees to perform job tasks correctly, efficiently, and confidently is key to maintaining quality operations and customer experiences. In a fast-paced environment like a restaurant where the guests are always walking through the door, it's critical to impart knowledge onto employees quickly and effectively.

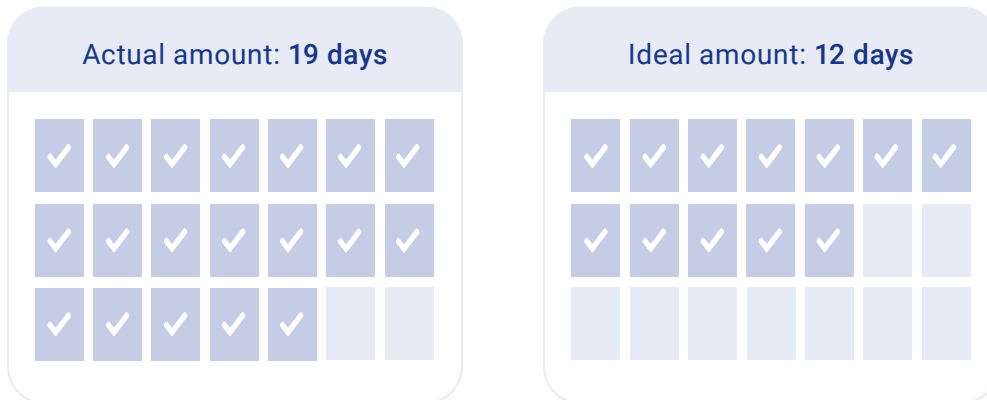
Operators with 251+ locations want to reduce onboarding time by 54%

Operators want employees trained and shift-ready one week faster.

Operations leaders said it takes 19 days on average for a new restaurant employee to become proficient in their role, while they ideally want new employees up and running in 12 days (where "ideal" is defined as a reasonable number of days stores could aim to achieve). Getting new employees trained up and ready faster gets them out onto the floor as soon as possible and allows them to start using what they've learned to have an impact on the guest experience right away. This also helps everyone get their work done faster, and completed properly, but more importantly, it makes the new employee feel like a contributing member of the team rather than a burden to coworkers.

New Employee Time to Proficiency

How many days does it take for a new restaurant employee to become proficient at their role? What would the ideal number of days be for them to become proficient at their role (where "ideal" is defined as a number of days your stores could reasonably aim to achieve)?



There is room for improvement with training and development.

When asked about existing processes, less than half of respondents strongly agreed that they have a good handle on training and development currently. Aside from maintaining compliance with regulatory requirements, there is opportunity for improvement across all other training-related methods and initiatives, including employee development and internal mobility, franchisees driving their own training success, employee engagement and knowledge validation, and the ability to complete training programs on mobile devices.

Meeting Training and Development Standards

Please indicate your level of agreement with each of the following.

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Our training programs can be completed on a mobile device	24%	31%	14%	13%	18%
Franchisees within our brand take responsibility for driving their own training success	38%	33%	19%	9%	1%
We have ongoing development programs for all levels (hourly employees through leadership) to help improve retention/internal mobility	38%	37%	19%	5%	2%
Our stores keep employees engaged during training and effectively validate their knowledge	41%	46%	10%	2%	-
Our stores enforce on-site training for hourly employees	49%	40%	9%	3%	1%
Our stores maintain compliance with harassment prevention, food safety/allergen certifications, and OSHA	69%	26%	5%	-	-

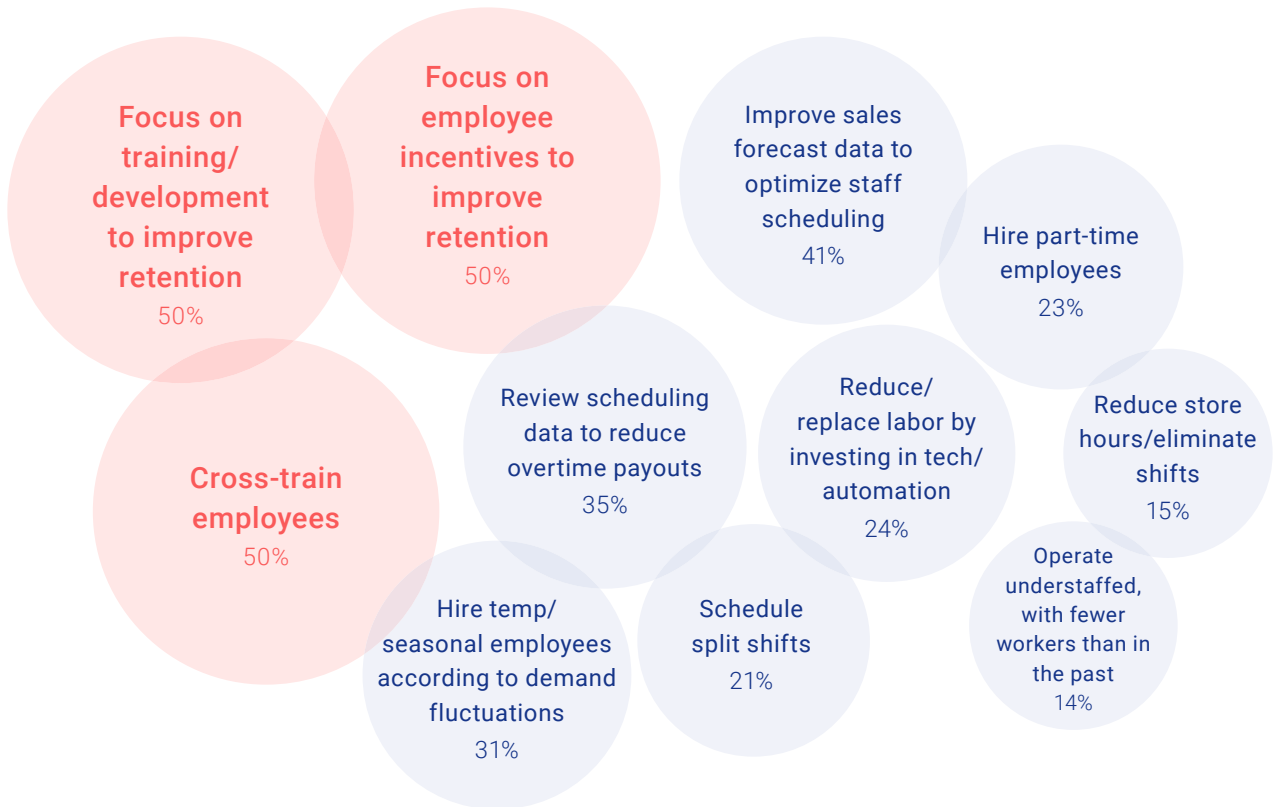
Training and development are operators’ top priority for driving success in other parts of the business.

Operations leaders expressed that improvements in training and development play a big role in driving success in other parts of the business. Operators ranked employee learning/development/retention

as the top driver of operational excellence impacting the success of stores. And as highlighted in the second chapter of this report, the top strategies for reducing labor costs were training, incentives, and retention—all of which reinforces how critical it is to get training and onboarding right across stores.

Operators Ranked Training and Development as Top Strategies for Reducing Labor Costs

In the next 12-18 months, which of the following best describe(s) your organization’s strategy for managing/reducing labor costs? Please select all that apply.



Almost half of operators still use a combination of manual processes and minimal tech to train and develop employees.

Almost half of multi-unit brands surveyed still use a combination of manual processes and minimal tech to train and develop new and existing employees. When asked how much time is spent on related activities, operators said each store on average spends 4.3 hours per week reporting, tracking, and analyzing training data, 4.7 hours per week per store validating employee knowledge, and 7.5 hours per week per store training and developing new and existing employees.

Average Hours Per Week Per Store Spent Training and Developing Employees



4.3

**Reporting/tracking/
analyzing training data**



4.7

**Employee knowledge
validation**



7.5

**Training and developing
new and existing employees**

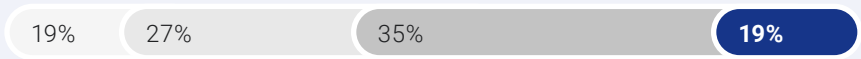
Use of Technology to Complete Training and Development Tasks

● Manual
 ● Minimal
 ● Intermediate
 ● Advanced

Reporting/tracking/
analyzing training data



Training and developing
new and existing employees



Employee knowledge
validation



53%
 of respondents plan to
 invest in more training
 technology and programs
 in the next 12-18 months

Looking out into the next 12-18 months, 53% of operators plan to add or upgrade their training technology and programs, signaling technology as a priority for improving onboarding and training. Despite there being opportunity to improve with training and onboarding, operators acknowledge its importance and impact across the entire business.

A man with glasses and a beard, wearing a denim shirt, and a woman in a white shirt and a striped apron are looking at a tablet together. They are both smiling. The background is a blurred restaurant setting. The entire image has a blue overlay.

Chapter 5

Technology benchmarks and investments

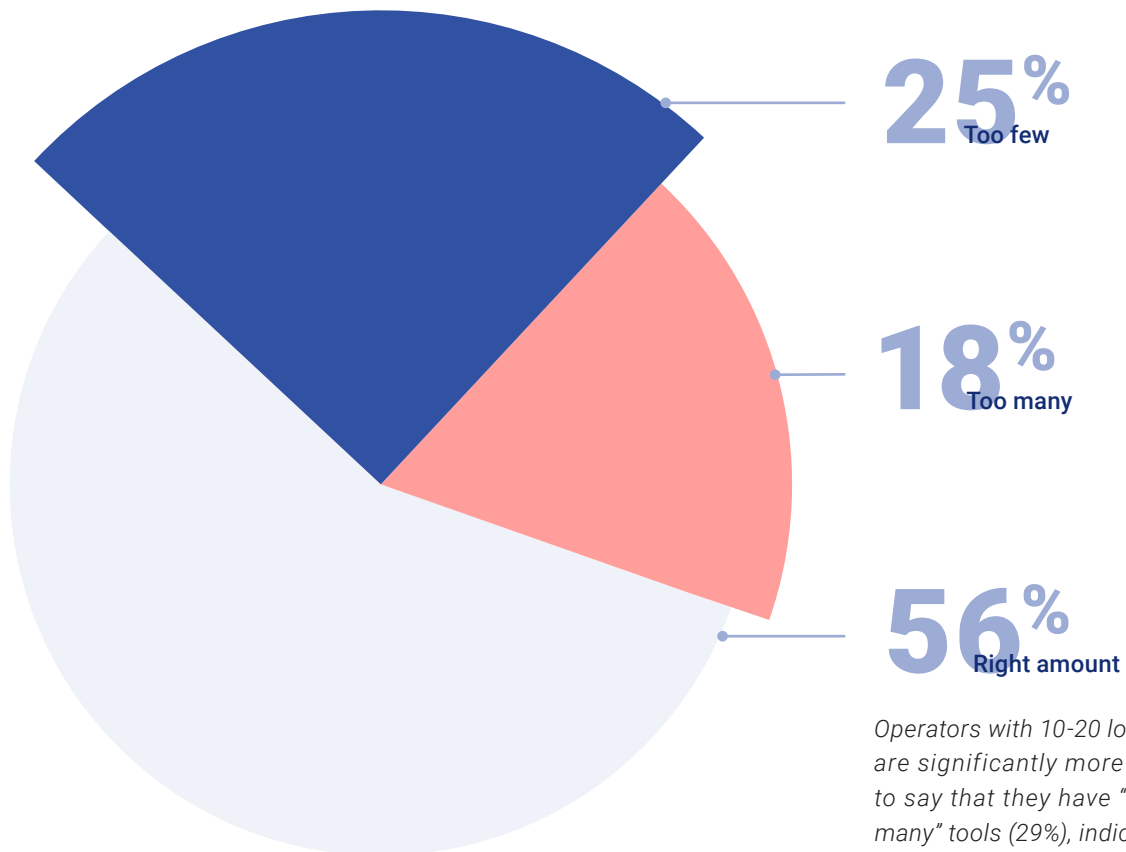
As technology becomes more prevalent across the restaurant industry, we aimed to understand the extent it is used across critical tasks and functions, learn how many different technologies and systems operators use to run their operation, and see where they will prioritize their investments in the near future.

Operators use 6 different systems to run operations, on average.

Multi-unit restaurants use an average of six different back of house (BOH) operations-related software solutions, tools, or apps regularly. Just over half of respondents believe they have just the right amount of tools, and the other half feel they have either too few or too many disparate systems.

Finding the Balance When Using Multiple Systems

Which option best represents your sentiments about the operational impact of these systems?



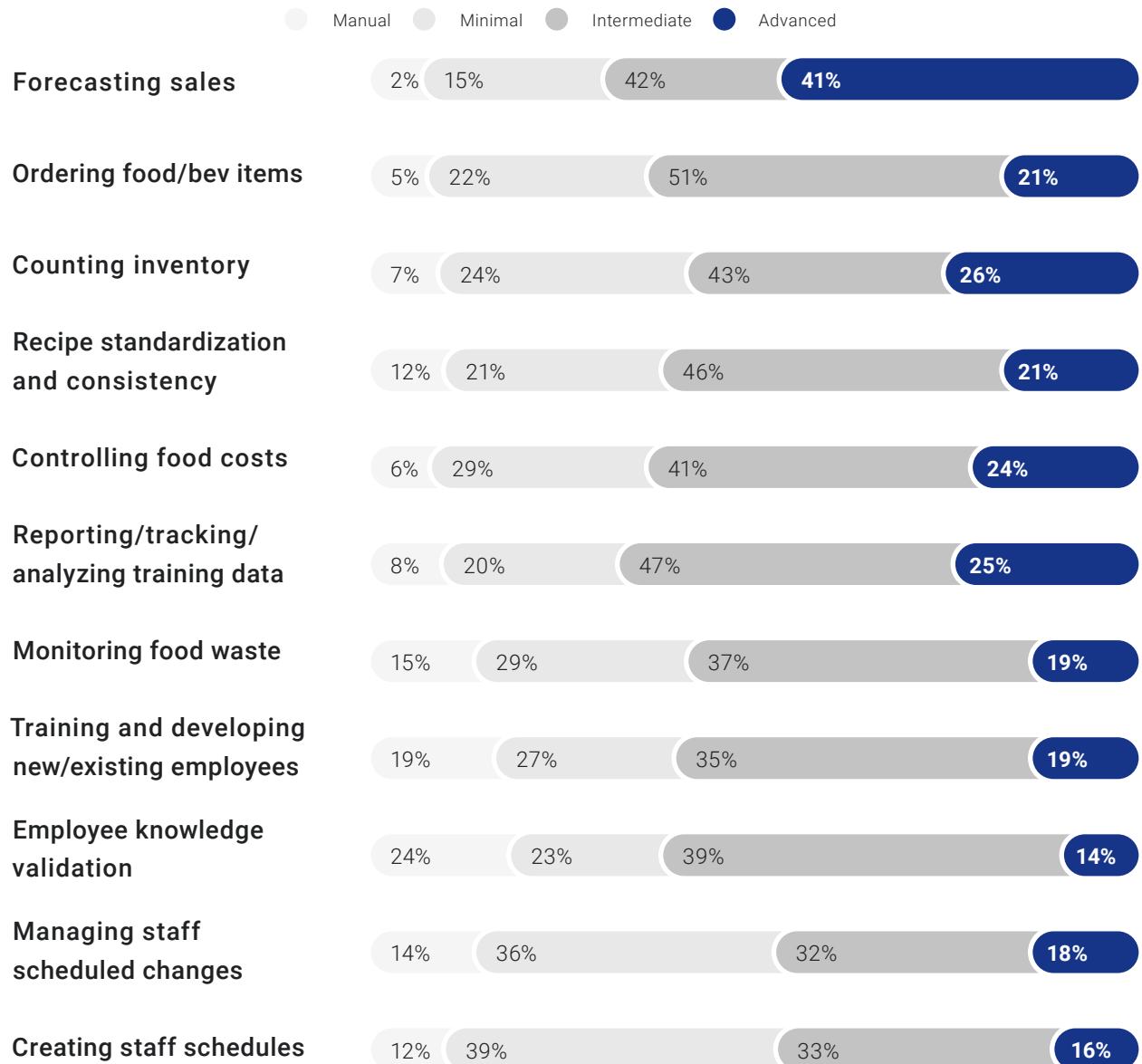
Operators with 10-20 locations are significantly more likely to say that they have “too many” tools (29%), indicating a need for assistance on how to optimize their tech stack.

Only a minority of operators are “advanced” in their use of technology across key operations tasks and functions.

The distribution of technology used shows that a majority of operators use technology to some degree, yet only a minority self-identify as being “advanced” in their use of technology, best-in-class software and/or fully automated processes.

Level of Task Automation

Which option best describes how your stores complete each of the following key functions/tasks? (Manual: paper-based process; Minimal tech: computer spreadsheets; Intermediate tech: software/automated systems; Advanced tech: best-in-class software/fully-automated systems)



Back of House Technology Usage and Investments Planned

For each of the following back-of-house restaurant technologies, please indicate whether your organization is currently using it or plans to invest in it in the next 12-18 months.

	Don't use, but plan to add in next 12-18 months	Currently using and plan to upgrade in next 12-18 months	Currently using, no plans to upgrade	No plans to add
Business intelligence tech	22%	41%	31%	6%
Inventory management tech	11%	49%	38%	3%
Labor scheduling tech	15%	41%	38%	6%
Operations execution tech	14%	39%	43%	4%
Food safety tech	13%	40%	41%	6%
Training tech/programs	14%	39%	40%	8%
Kitchen display system	9%	42%	42%	7%
Kitchen robotics	14%	36%	26%	24%
Recipe viewing/recipe management tool	13%	31%	48%	8%

There are plans to invest in operations technology in the next 12-18 months.

The majority of respondents plan to invest in key operations technologies, including business intelligence (63%), inventory management (60%), and labor scheduling (56%). With the context that only a minority identify as “advanced” users of technologies for various operational tasks, this shows that operators realize there is opportunity for improvement in these areas.

Operators who aren't investing or upgrading aren't clear on value. Here are the reasons why they have no plans to add BOH restaurant technology systems.

Overall Barriers to Adding Back of House Technology

*Why do you have no plans to add the following back-of-house restaurant technologies?
Net responses for "no plans to add each respective tech", n=75*

- 39%** Our current processes work fine without it
- 39%** My organization currently has higher investment priorities
- 39%** Wouldn't add value
- 31%** Wouldn't deliver a good ROI
- 29%** Don't know enough about it
- 25%** Too expensive
- 21%** Too much time/too many resources to implement
- 13%** Never heard of it
- 12%** BOH employees do not want tech

Conclusion

Achieving operational excellence to grow to your next 10, 50, or 100 stores.

As indicated by operations leaders, there is value in improving these all-important operational imperatives to drive growth. Multi-unit brands that achieve operational excellence set the pace for the rest of the industry by consistently delivering on their brand promise while managing food and labor costs effectively, and are well-positioned for growth even when economic conditions are unfavorable.

To grow to your next 10, 50, or 100 stores, take the information shared in this report and use it to make your store, field, and HQ teams better. Adopting new processes, philosophies, and systems that allow for agility will help you prevent breakdown and achieve success without sacrificing quality in every store. Don't let your organization's expansion plans simply stay aspirational; here's the bar—now go and raise it.



About EnsembleIQ

EnsembleIQ is the premier resource of actionable insights and connections powering business growth throughout the path to purchase. We help retail, technology, consumer goods, healthcare and hospitality professionals make informed decisions and gain a competitive advantage. EnsembleIQ delivers the most trusted business intelligence from leading industry experts, custom research solutions, creative marketing programs and impactful event experiences that connect best-in-class suppliers and service providers with our vibrant business-building communities. To learn more about EnsembleIQ, visit ensembleiq.com.



About Crunvertime

Crunvertime is how the world's top restaurant brands achieve ops excellence in every location. Our software is used in over 125,000 locations in 100+ countries to manage inventory, staff scheduling, learning and development, food safety, operational tasks, and audits. Crunvertime enables customers including Chipotle, Domino's, Dunkin', Five Guys, Jersey Mike's, and P.F. Chang's to control food and labor costs, and deliver great experiences. For more information, visit crunvertime.com.



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