

# How restaurants can outperform change

LOOKING TO EFFICIENCY TO MANAGE  
LABOR CHALLENGES









One by one, cities and states are taking steps to legislate a higher minimum wage in the coming months and years. As costs increase for businesses, much of that pressure will fall on the food and hospitality industry.

Forbes notes a relevant rule of thumb: 50% of those making minimum wage are in restaurants, and that 50% of those working in restaurants are on minimum wage. When it comes to the burden of change, much of it falls on the food and hospitality industry. As legislation kicks in, restaurant owners—already on the front lines with threadbare margins, escalating food costs, and sky-high rent—fear higher wages will disrupt their businesses.

***“I know it adds up to a lot of extra money each week,” says owner/operator Nick Benninger in a CBC piece on the impending change in Ontario. “Just taking 10 part-time employees up from say \$13 to \$15 is \$800 extra per payroll. For us, that translates into \$2,400 in additional sales we need to do to pay for that.”***

## PATH 1

# Panic + resist.

**What are restaurant owners options to adapt to these new costs?**

When you've worked fingers and finances to the bone in order to sustain your business, a 30% hike in labor costs feels like an unrecoverable blow.

Given a forecast of financial stress, some see only one path for owners: raise prices, cut service, shrink the kitchen, and suffer the consequences. But what if folding isn't the only option? If we took a moment to reassess how we do business in the digital age, what opportunities might we see?



A reckoning of efficiency you  
already knew was coming.





**The changes in minimum wage offer a unique opportunity for many restaurants: to step back and consider their day-to-day flow of serving customers and find new efficiencies.**

---

We can get so accustomed to the way our businesses operate. For example, a server writes an order onto a flip-book of paper, then walks to the POS terminal in the back. They re-enter the order into the terminal, then return to the table to deal with drinks. Then back to the kitchen. Then back to the table; the terminal; the table again; the terminal again. Multiply all that hustle several times over for all the tables they have in a day, a week and a month and you can see an opportunity arise.

This degree of wasted energy isn't just exercise. From a service perspective, it's dead time. Like a commute, nobody gets paid for this effort—there's no value in it for servers, owners, or guests.

Mobile technology—now a need-to-have rather than a nice-to-have—redesigns the flow of movement between front door, table, wallet, and kitchen. With servers focused on the guest experience, runners (other staff, redeployed) can bring food and drinks from the kitchen and bar to guests. Dedicated focus makes things run more smoothly to accommodate more tables and guests.

*Facing the pressure of imminently higher wages, 'the way things have always been done' is no longer viable for good service. We've always noted the back-and-forth, but took it as innate to the industry. But what if it wasn't?*





Augmenting POS terminals with tableside ordering and payments is fast becoming the industry baseline. The Cactus Club—a wildly popular Canadian restaurant chain—has been considering the move to tableside ordering. By making the transition ahead of



the game, the brand strategized how servers could take on more tables without feeling harried, all while serving guests more quickly. Once again, technology advancements resolve faster, cheaper, better in ways we couldn't have imagined not long ago.

---

## MAKE SERVICE EFFICIENT TO REDUCE COSTS

With the rise in minimum wage, restaurant operations will survive by improving productivity first. Not only will hiking prices not be enough, but being seen as having done so will potentially turn off customers, while mobility can address cost changes with the additional benefit of improving the guest experience.

**THE HOW-TO:** A tableside ordering and payment system does away with running back-and-forth, bringing more attention back onto the floor. Eliminate 'dead' time so servers can focus where it's most profitable: on actively serving a larger number of guests with no greater effort.





PATH 3

Shrewd strategists stand a chance to gain higher ground.



**As everyone else panics and goes one way—reducing portion sizes, hiking prices, limiting kitchen staff, slower service—go the other way. Get beyond reactive cutbacks to change the floor entirely, delivering an experience that delights guests and the bottom line.**

---

Higher minimum wages are not a problem. It's an opportunity. Some businesses, unable or unwilling to respond to higher wages with anything less than resistance or by delivering less (food, service, enjoyment) for more, will lose customers. Restaurants left standing will be in a revitalized wild west. We will reinvent how we take and process orders. We'll rethink payment. We'll run a tighter ship, yes—we'll have to—but we'll also put everything we do on the table for innovation.

In this vacuum, doing things differently to deliver even better service and better food in less time won't just be reactive. It'll be revolutionary—and customers will notice.

Set aside the stress attached to higher labor costs. Sound business decisions—let alone bold ones—rarely surface out of stress. Try to see the floor of your operation with fresh eyes.

- How do customers choose what they want and ask for it?
  - How does the kitchen receive their marching orders?
  - When guests are ready to pay, are you quick to receive payment?
- How much dead time is embedded in the back-and-forth movement of your servers? What if that dead time weren't a given?

***In this vacuum, doing things differently to deliver even better service and better food in less time won't just be reactive. It'll be revolutionary—and customers will notice.***



## MAKE SERVICE EFFICIENT TO INCREASE REVENUE

Beyond improving tables per-server, how about improving orders-per-table? With tableside ordering and payment, accommodate more guests, turning tables over more efficiently without making people feel rushed. Fast food or five-star, 'efficient' means different things to different places. But as an operator, the subtle art of turning tables over more quickly is a direct line to volume and revenue for the bottom line with every lunch rush or evening. Even just by one more table per night, one more check.

**S THE HOW-TO:** To amplify the time savings of tableside ordering and payment, integrate table management or a kitchen display into your POS to make the most of every booking or walk-in. Identify logistical hiccups that result in empty tables or line-ups, vastly reducing the guesswork of a full and well-managed room.

*"These minimum wage increases are not a surprise. We don't want to respond as if they are. We're innovating now to meet the challenge head-on, to be better than we were before." —Multi-location restaurant brand, 2,500+ Employees*

---

## ALL PRICE POINTS CAN PERFORM BETTER AND SURVIVE: ON 5-STAR RESILIENCE

In response to the Harvard Business School report, *Survival of the Fittest: The Impact of the Minimum Wage on Firm Exit*, *The Washington Examiner* concluded, "The impact (of minimum wage increases) is concentrated among lower-quality restaurants, which are already closer to the margin of exit."

But in *The LA Times'* *Minimum wage increases can kill businesses—if they already stink*, the report author Michael Luca pushes back on sky-is-falling interpretations of his work and calls for a

more nuanced view on quality, cost, and impact. "(Quality) ratings don't correlate with price—a good burrito truck can rate higher than a lousy steak place."

The *LA Times* also notes the explosion in restaurant competition over the last four years—in 2012, there were 3,600 restaurants in San Francisco. By 2017, there were 7,600: "It's only natural that competition on this scale would make mediocre or poor restaurants much shakier. That explains the title the Lucas gave their paper: 'Survival of the Fittest.'"





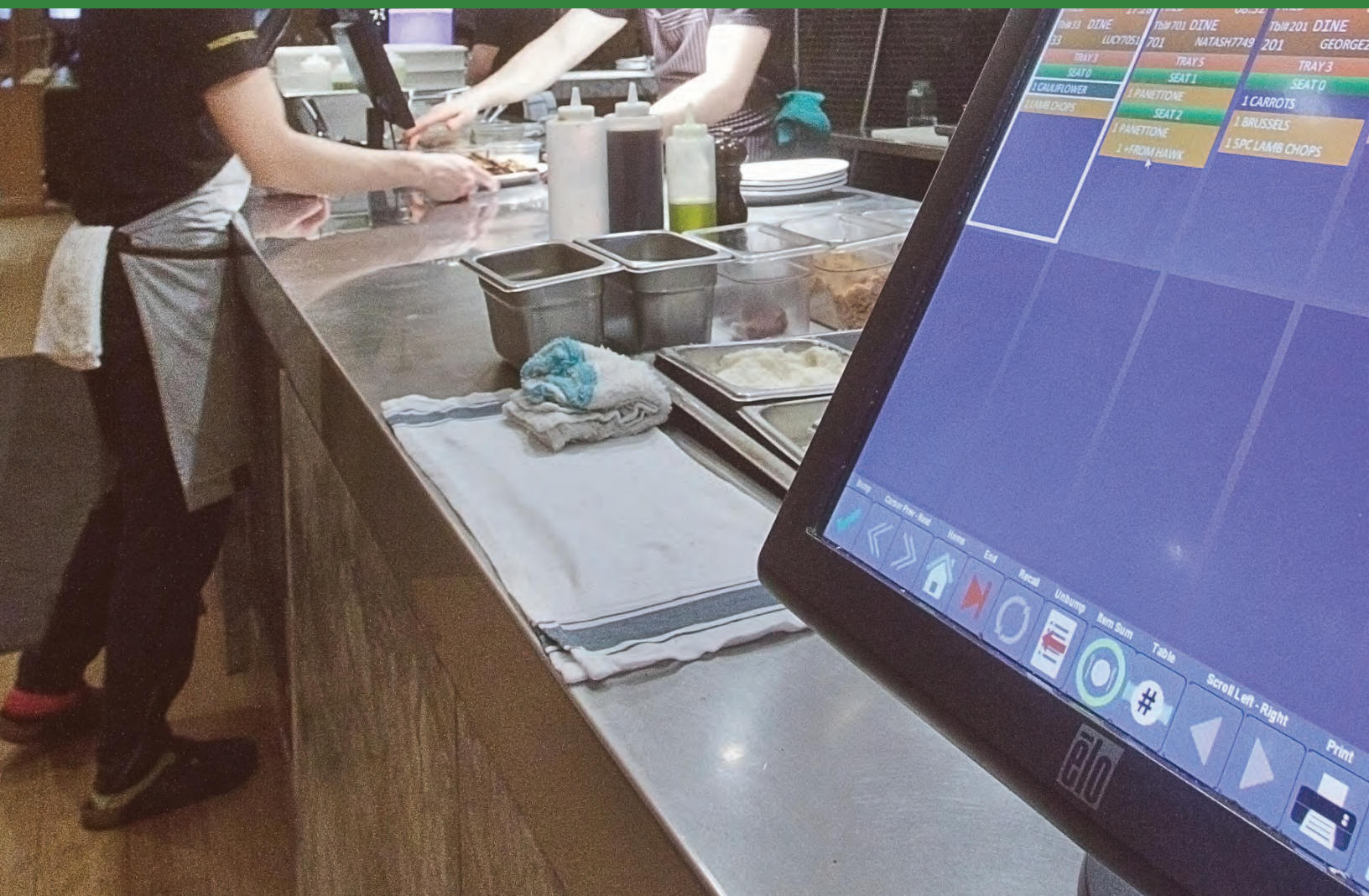
When servers are quicker to respond, guests order more food and drink. Tables turn over faster. This is not just a mandated crunch to 'do more with less', but a capacity boost—while increasing the guests each server can accommodate, we also increase server satisfaction. That's a big distinction. When servers are more dialled-in, more available, and more cost-efficient per-table, they're more incented to do a great job. Everyone, including guests, is happier.

#### **ON THE FLOOR**

Better flow  
Better guest experiences

#### **ON THE BOOKS**

Better work environment  
Better profitability  
Better resilience under pressure





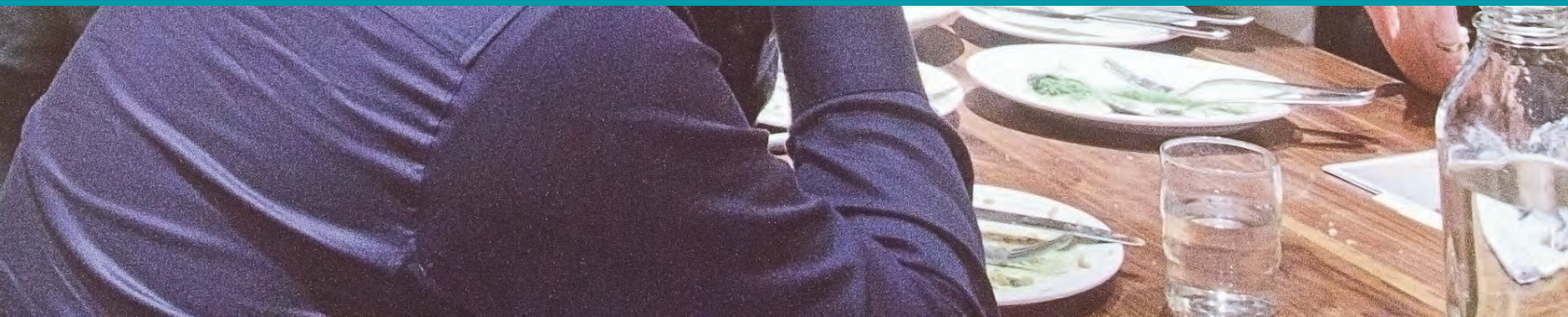
## GUEST SATISFACTION: THE GOLDEN GOOSE

When a guest is mulling over the idea of dessert or another glass of wine, it's a limited-time open window—miss it, and the window closes. With a paper-based order and payment flow, busy servers can be hard to come by. Often, guests give up and simply call it a night. No matter how attentive servers try to be, even the best professional can be run off his feet by an out-of-touch system. Though the to-and-fro looks 'busy', it's a wasted energy that doesn't add value to the bottom line. When servers respond right away to those open-window moments, guests feel well-tended and check totals are higher.

**S THE HOW-TO:** An integrated, digital POS system can be assembled to fit any operation, from a charming, chef-run hole in the wall to a stadium of thousands. No matter what kind of guest experience you deliver—convenient speed or Michelin stars—tableside ordering and payment gives your staff an economy of movement that keeps them on the floor and delivering great experiences.

**"Our guests love the tableside ordering and the iPads, but it's not just the novelty—they get their food faster, our staff doesn't have to work as hard, and everything just runs more smoothly. What a difference mobile makes."**

**—20+ location chain restaurant executive**





## SERVER SATISFACTION: RETAINING THE BEST

There's no question the landscape of food and hospitality jobs will change in the next couple of years. Some operations will trim staff numbers, either to offset higher labor costs or as part of a push for efficiency. In operations that opt for mobile technology, however, remaining staff won't be ground to work harder. Only smarter. A redesigned flow of orders and payments lets them do more with less, without stress.

From the server's perspective: **Not only is my hourly wage going up, but I'm able to take on and turn over more tables in my section, which means higher checks and more tips...** The most personable, energetic, and reliable talent will gravitate toward restaurants that enable them to make the most of their time at work.

**S THE HOW-TO:** An automated ordering and payment system—especially one connected to a kitchen display—puts a 360-degree view of the kitchen and its guests into the hands of every server. No more running—delivering orders, confirming what's holding up the grill, correcting sold-out dishes, taking credit cards from the table to the terminal and back again. Mobile service shortens the path to satisfaction for all, fortifying your restaurant to weather more economic storms.









# Stage innovation with Squirrel.

At Squirrel, we've led food and hospitality enterprises to work smarter since the very infancy of the digital age. We understand the impact of rising labor costs on your long-term business viability. We understand the market pressures on all kinds of operations, from high-volume to nationwide. And we know how to navigate through it all to a better way.

Imagine no more staff tethered to terminals. Imagine no more running back and forth to tables with handfuls of paper. Imagine a real-time view of the kitchen. With a smooth digital flow for servers and guests, protect the resilience of your business—and not only to survive the difficult times. On the floor, deliver better experiences to self-generate the best of times.

With Squirrel, get it done.

---

## **TALK TO AN EXPERT**

With 30+ years of experience with operations like yours, our team can help you build your unique on-the-floor solution to make the most of your staff and delight guests. Call 1-800-388-6824 to learn more.

## **REQUEST A DEMO**

Let's envision your efficient ordering and payment flow together. We'd be happy to give you a live online demo so you can see how we can get it done.  
[www.squirrelsystems.com](http://www.squirrelsystems.com).



**Squirrel Systems** is proud to be celebrating over 30 years as a technology provider to the global hospitality industry. In 1984, Squirrel revolutionized the industry with the first touchscreen restaurant POS system and continues to introduce market leading innovations to help shape the industry. With a proven platform, extensive domain expertise, and industry leading service and support, Squirrel helps food and beverage operators enable amazing guest experiences.

