



ARIZONA
SMALL
BUSINESS
BOOT CAMP &
COLLECTIVE

RESPOND → PLAN → RETURN STRONGER



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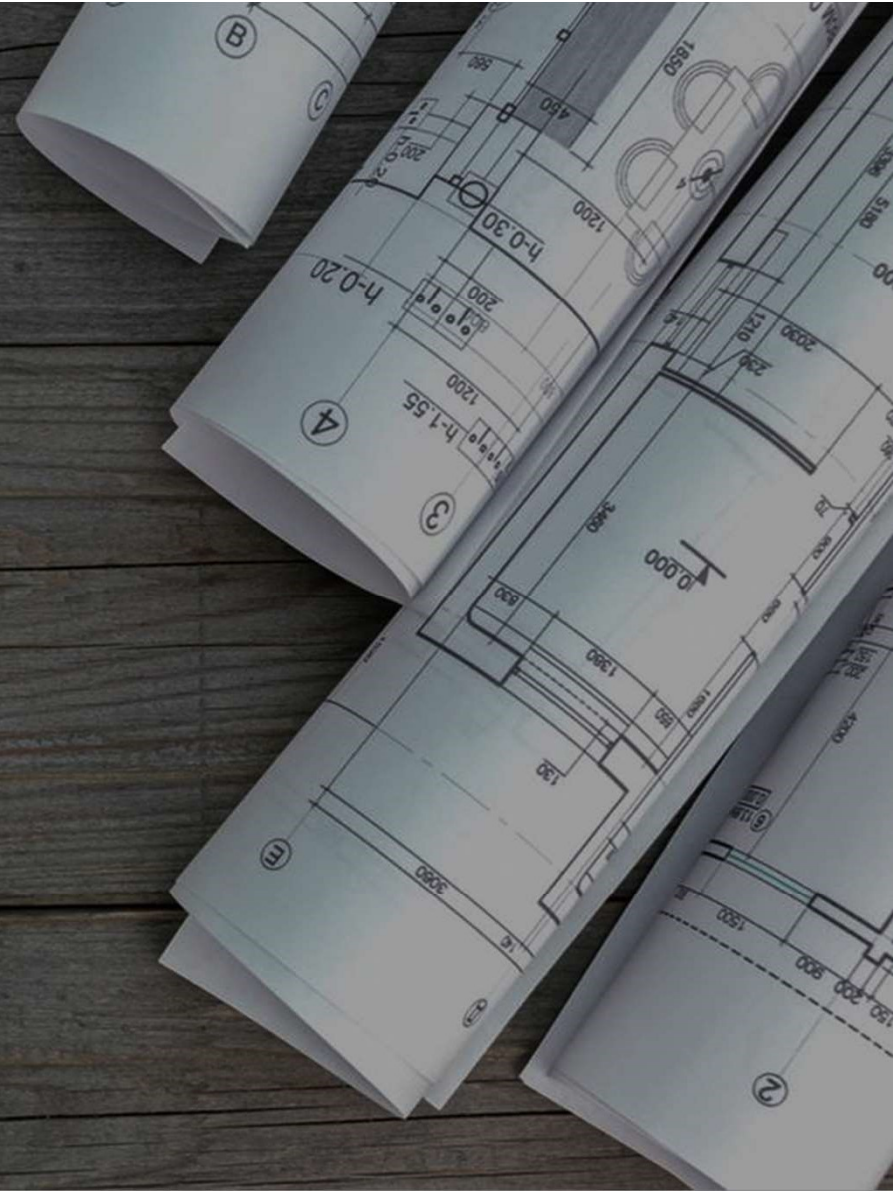
RESTAURANT OPERATIONS IN THE NEW NORMAL

June 18, 2020



AGENDA

- Consumer Insights
- Diffusing Extremes
- Sanitation and Social Distancing
- Operator Financial Health
- PPP Updates
- Resources





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Vice President,
Business Consulting



Emily George
Senior Director of
Customer Experience



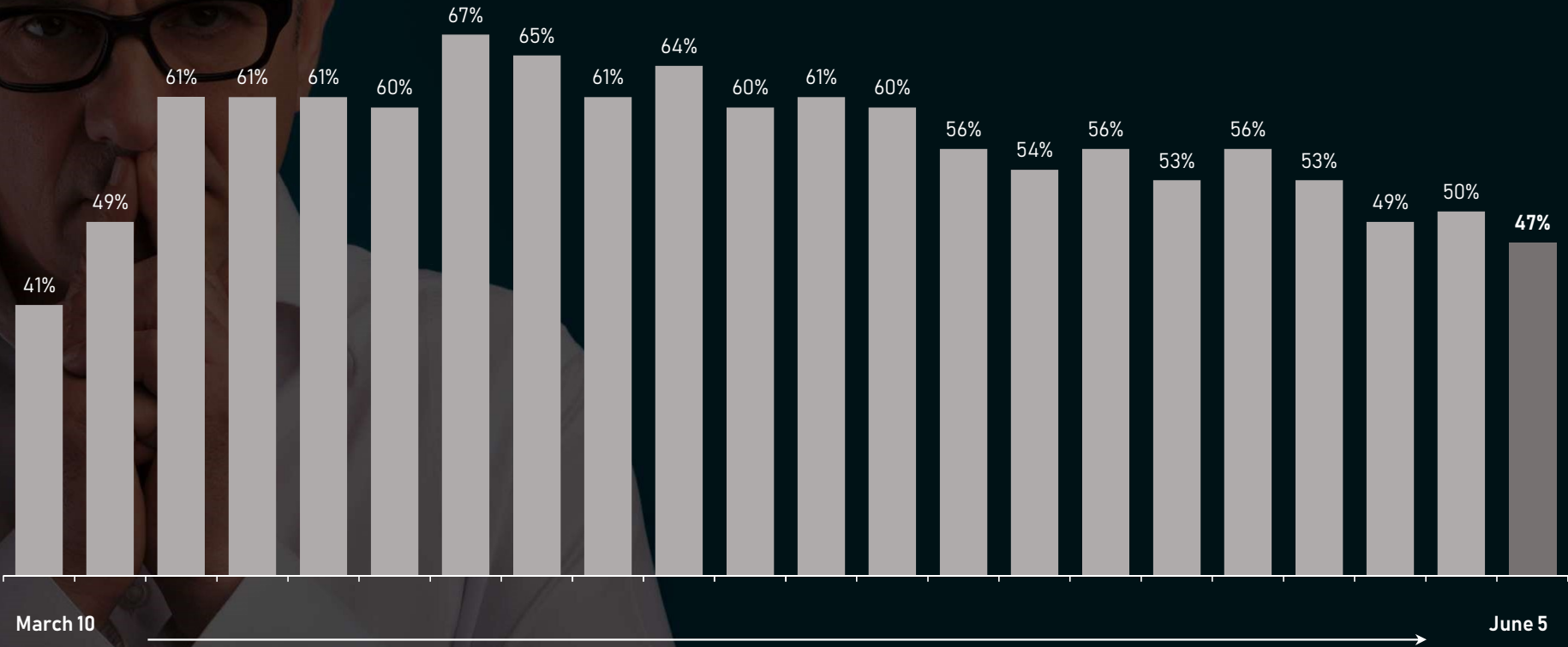
Jim Hargrove
Enterprise Restaurant
Consultant



COSUMER INSIGHTS

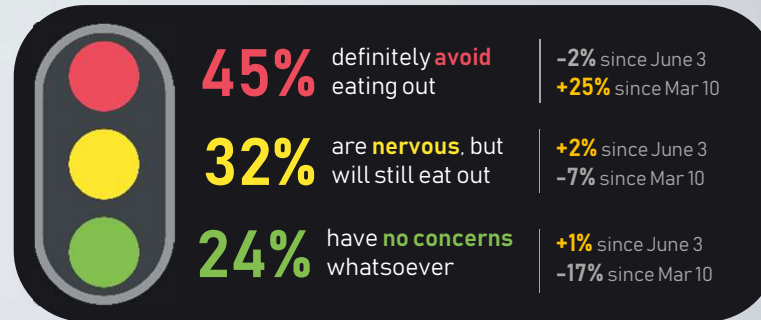


Coronavirus concern remains steady and consistent with early pandemic levels.

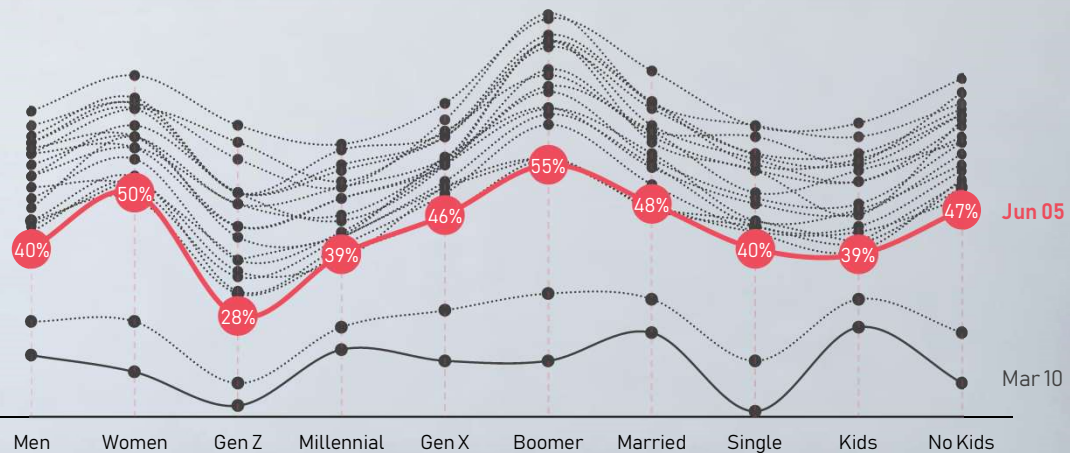




Avoidance of dining is steady but continues to show signs of softening.



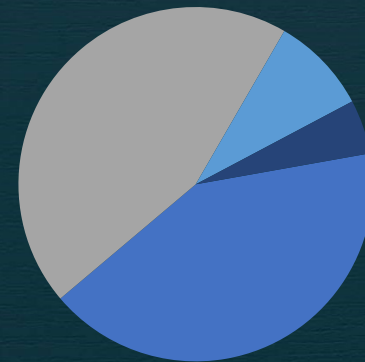
DEFINITELY AVOID EATING OUT



We aren't ready to let our guard down.

which best describes your current response to the risk of COVID-19. Compared to when the pandemic began, I am being...

45%
JUST AS
CAREFUL



9%
SLIGHTLY
LESS
CAREFUL

5%
MUCH LESS
CAREFUL

42%
MORE
CAREFUL

Diners don't expect more than the basics to feel safe.

if you were to order delivery or takeout, what would you want to know the restaurant was doing in order to handle your food safely?

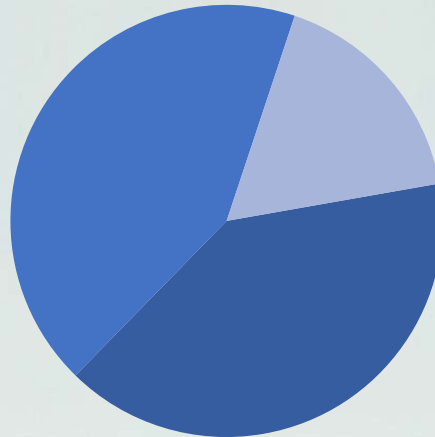
Sending ANY sick staff members home	58%
Requiring cooking staff to wear protective gloves, masks, and hairnets	57%
Requiring delivery / food packers to wear protective gloves, masks, and hairnets	52%
Not handing food directly to me	41%
Tamper-proof seals on food packages	40%
Packing my food in wipeable / cleanable containers	36%
Running kitchens with fewer staff	35%
Telling me about its sanitation / food safety procedures via email / signage	33%
Including disinfectant wipes with each order	29%
Individually-wrapping each part of my order, rather than placing everything in one bag	26%



Americans have little patience for noncompliance.

what should a restaurant do if patrons refuse to practice social distancing while inside?

43%
ASK THEM TO LEAVE
IF THEY REFUSE TO
COMPLY SEVERAL
TIMES



17%
ASK THEM TO
COMPLY, BUT NOT TO
LEAVE

40%
ASK THEM TO
LEAVE
IMMEDIATELY



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Diffusing the **EXTREMES**





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INTOLERANT OF NON-COMPLIANCE

43% say they should be asked to leave after several requests

40% say they should be asked to leave immediately

Just 17% say the customer should be asked to comply but shouldn't be asked to leave

83% of Americans have no patience with non-compliance in restaurants



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LEERY MINORITY

See non-maskers as a physical threat

Insulted by non-compliance

Verbal about discomfort

Known to record non-compliance





CAVALIER MINORITY

May consider the virus a hoax

Consider wearing a mask unnecessary, bordering on rights-infringement

Known to overtly make physical contact with those that insist on compliance



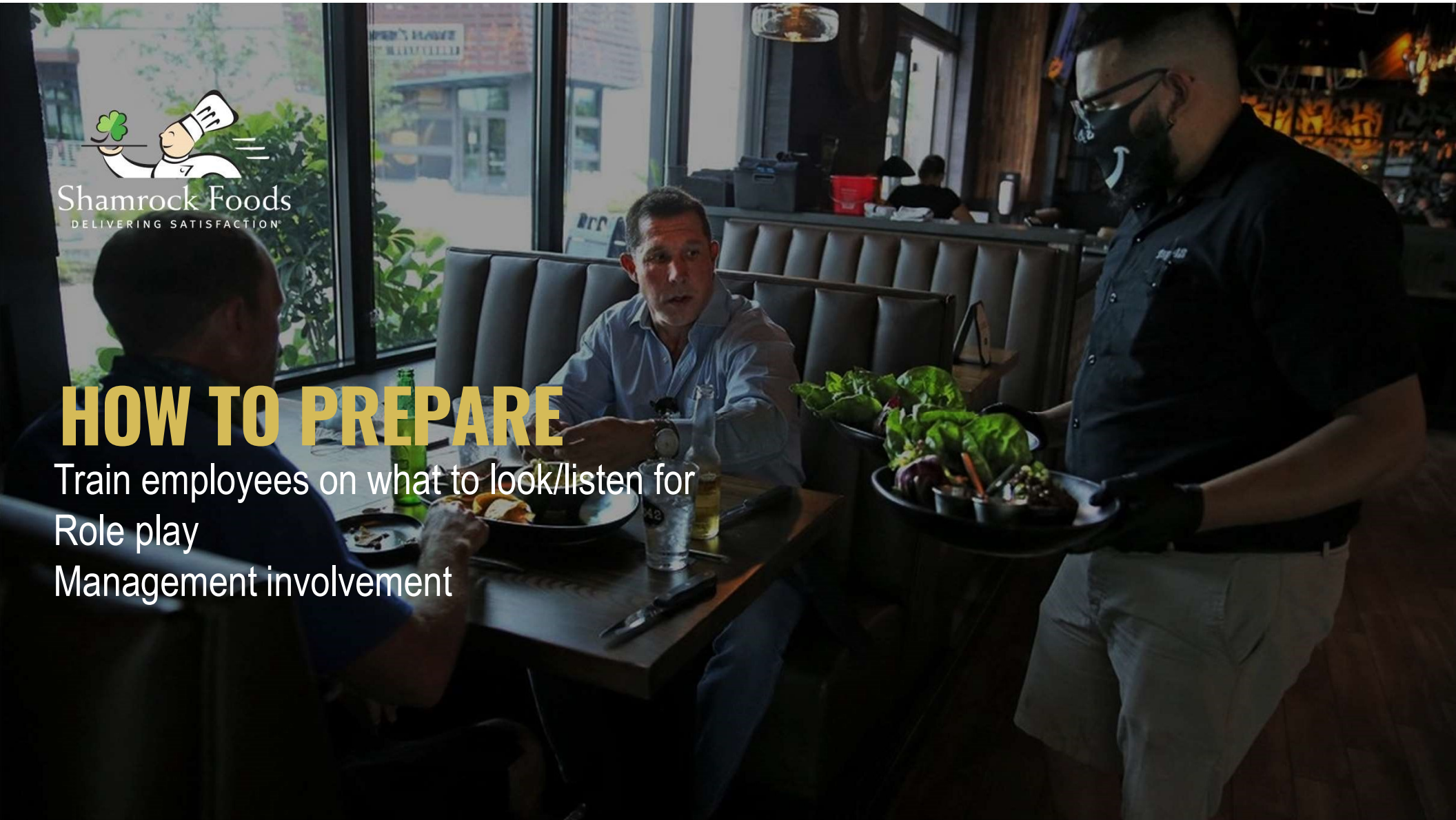
FOCUS ON SAFETY
Be agnostic to either opinion





HOW TO PREPARE

Train employees on what to look/listen for
Role play
Management involvement





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HOW TO DIFFUSE

The 3Ps: Poised, Prepared, Professional
“I” Statements (not “you” statements)



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HOW TO DE-ESCALATE

Offer safe options
Polite ultimatums
Distancing
Time



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HOW TO RESOLVE

Communication

Is it salvageable?

Invitation back or 86'd?

Debrief with involved employees



SANITATION & SOCIAL DISTANCING **PART OF YOUR BRAND**



IT IS NO LONGER ENOUGH to just have good food, service and atmosphere

The sense of well being on the back end of the dining experience must now be made up front
Dining decisions are made online

- Photos
- Menu
- Online reviews
- And now: Sanitation policies



Execution of sanitation in the restaurant **IS FOREVER CHANGED**

Thoroughly trained employees with intelligent, knowledgeable talking points

Employee culture

Sanitation Mission Statement

Sanitation Values Statement

Visible evidence of best-in-class sanitation

Sanitation and safety marketing on website and social media



THIS REASSURANCE CAN effect many audiences

- Existing customers leery about safety
- Potential new customers seeking safer alternatives
- Employees needing to get back to work



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HOW TO IMPLEMENT

Culture

On-boarding

Marketing

Branding

Continuing Education of Staff

Training



TOUCHLESS PAYMENT

Card dipping or EMV chips

Near Field Communication technology (NFC) allows e-wallet apps to function

- 88% of POS systems have NFS technology – but needs to be activated
- If POS doesn't offer touchless, ask credit card processor



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Streamline ordering process with **TABLE TENTS**

Description of order taking process
QR code for menu access





Thank you
for practicing
social
distancing



Please
keep
6
feet
apart



WAYFINDING

Signage and tools that guide the patron through the entire experience
Identify key points of safe interaction and safe navigation
Choose language and graphics that are clear and on-brand



Train employees on **TALKING POINTS**

What we are doing at our restaurant and why

Touchless/low touch efforts

The difference between clean, sanitized and sterilized

How to handle questions that could become larger issues (e.g. personal opinions, health history of employees or previous customers). You never know who you are answering.






OPERATOR FINANCIAL HEALTH





BREAKEVEN CALCULATOR

Defining business goals



KITCHENINTELLIGENCE
FROM SHAMROCK FOODS®

Sales & Labor	
Seats	80
Price/PPA(Per Person Average)	\$18.00
Capacity Utilization (seats)	50%
Labor Target %	30%
Days of Operation/Week	7
Weeks of Operation/Year	52
Breakfast Turns	0.00
Lunch Turns	1.00
Dinner Turns	2.00
Take Out/3rd Party/Delivery Revenue	\$1,000
Total Dining - Daily Sales \$	\$2,160
Total Dining + Takeout - Daily Sales	\$3,160

Position (Front of House)	# of People	Wage \$/Hr	AM (Hours)	PM (Hours)	\$\$\$
Manager	0	\$20.00	8	6	\$0
Server	2	\$9.00	4	4	\$144
Carhiser	0	\$12.00	0	0	\$0
Host	2	\$12.00	4	4	\$192
Bar	0	\$11.50	4	4	\$0
Run/Expn	2	\$11.50	4	4	\$184
Total FOH	6		24	22	\$520

Position (Back of House)	# of People	Wage \$/Hr	AM (Hours)	PM (Hours)	\$\$\$
Grill	2	\$15.00	4	4	\$240
Sauté	2	\$12.00	4	4	\$192
Pantry	0	\$15.00	0	0	\$0
Wash	0	\$5.00	0	0	\$0
Total BOH	4		8	8	\$432
Total Labor	10		32	30	\$952

Expense Analysis		
Cart Description	Fixed Costs (\$)	Variable Costs (%)
Food Cart		30.0%
Labor		30.1%
Merchant Fees		3.0%
Paper/Disposable		3.0%
Marketing		2.0%
Total Variable Costs		68.1%

Labor % **30.1%**
 Variance to Budget **-0.1%**
 BOH % **13.7%**
 FOH % **16.5%**

Enter controllable costs as a percentage of sales - percentages should be an average from at least 30 days (use a % of old Pre COVID)

Monthly Overhead Costs	
TOTAL G&A (if break out Not Available)	
Supplier (FOH & BOH)	\$2,500
Repairs & maintenance	\$1,000
Miscellaneous expenses (everything else)	\$3,000
Insurance	\$6,000
Other Employee costs	\$2,000
Utilities	\$4,000
Rent (occupancy costs)	\$10,000
Total Overhead Costs	\$30,500

Enter non-controllable expenses (overhead) as a monthly estimated expense


Break Even Analysis	
Annual Breakeven Sales level =	\$1,149,239
Weekly Breakeven Sales Level =	\$22,101
Daily Breakeven Sales Level =	\$3,157

Daily sales required to cover all estimated expenses with zero

Fill in all Grey Boxes, Changes to Sales, Labor and Cost assumptions will adjust Profit / Loss number. Reducing Labor and Increasing To Go/Takeout will offset reductions in seating. Please remember bed number in, bed number out.

Breakeven model developed by Shamrock Foods Company 2020

Yearly P&L	
Days of operation per year	264
Sales	\$1,150,240
Labor	\$346,528
Food	\$345,072
Fixed	\$364,000
Misc.	\$92,019
Total	\$621



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PRICING MODELS

- Determine pricing strategy
- Food cost will help inform threshold
- Competitor analysis
- Understand demographic





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SURCHARGES

Negative optics

Positive opportunities

- Higher Value Drinks or Desserts
- Novelty High Priced Items
- No \$ Listed

Server: Luke
201/1
Guests: 4

06/18/2017
12:04 PM
10008

Cappuccino
Iced Coffee
Redneck Board
Melon And Ham
Tomato/ Burrata
Crab Louie
Pancakes
Esquites
Latte

5.00
5.00
21.00
15.00
17.00
16.00
15.00
9.00
5.00

Subtotal
Tax

108.00
9.45

117.45

117.45



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TIP POLICIES

Check state rules and regulations

Tip Credits

FOH or BOH separation

% tip outs / Pools & Points / Hours Worked (Pooling Percentages)

Automatic gratuity additions (keep in mind negative optics)



PROMOTIONS, COUPONS, DISCOUNTED MENUS

Needs to be profitable and drive traffic

Offer limited time items

Bring back Happy Hour coupled with safety messaging

Opportunity to test new items and categories





PAYCHECK PROTECTION PROGRAM UPDATE





HR 7010 PPP FLEXIBILITY ACT





APPLICATION DEADLINE

Will not accept applications after June 30, 2020

As of June 6, approximately \$150 billion in funds were committed



EXTENSION OF FORGIVENESS PERIOD

Forgiveness period extended to 24 weeks
Not to extend beyond December 31, 2020



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REDUCTION OF PAYROLL MINIMUM TO 60%

Minimum payroll requirement reduced from 75% to 60%

If less than 60%, borrower is eligible for partial loan forgiveness



LOAN FORGIVENESS EXTENSION

Safe harbor period extended from June 30, 2020 to December 31, 2020

Forgiveness amount will not be reduced due to a decline in the FTE employee count if:

- A. (1) Inability to rehire individuals who were employees on 2/15/20 and (2) Inability to hire similarly qualified employees for unfilled positions before 12/31/20 - - OR - -
- B. Inability to return to the same level of business activity from 2/15/20 due to government compliance



EXTENSION OF PAYMENT DEFFERAL

Borrowers that fail to apply for forgiveness within 10 months after the last day of the 24-week forgiveness period must begin making principal and interest payments on the date that is 10 months after the ending date of the forgiveness period



EXTENSION TO MATURITY

Extends maturity date to at least a minimum of 5 years for loans disbursed on or after the date of enactment of the Act.

If disbursed prior, permits borrowers and lenders to mutually modify existing maturity terms to conform to new 5 year extension



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TAKING STOCK OF OUR COMPREHENSIVE RESOURCES

Menus

Breakeven and Profitability

Staffing

The CARES Act

Social Media and Promotion

Optimize Operations

Online Ordering



QUESTIONS OR COMMENTS?

Email kitchentelligence@shamrockfoods.com



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