

Restaurant Response and Action Plan in Response to Covid 19

This is a guide for restaurateurs to help mitigate the impact of closing your restaurant and/or closing your dining room and converting to delivery/takeout/drive-thru only. Visit our website www.goliathconsulting.com/blog for updates throughout the coming weeks.

Information on Covid 19 and Resources

This is a fluid environment. We get updates on all fronts and update our information in our blog on a daily basis. In addition to the blog you can go to these trusted sites for more info:

National Restaurant Association <https://restaurant.org/Covid19>

Georgia Restaurant Association <https://www.garestaurants.org/news/covid19>

CDC <https://www.cdc.gov/coronavirus/2019-ncov/index.html>

USA Federal website with updates by agency: <https://www.usa.gov/coronavirus>

There are many more links on these sites that will help you. We will highlight the sites we expect you will need in the sections below.

Staff

The best scenario for operators is keeping their staff paid or giving partial pay. We understand that this is not possible in most cases. The next phase is keeping essential management on staff to run operations along with key hourly staff to cover what sales are projected over the next 6-8 weeks. You may have to lay off all staff if you choose to close your restaurant, but this is the last option.

If it comes to laying people off, you should proceed to set up unemployment through your state agency. If you employ your staff through a professional employer organization (PEO), check with your PEO on next steps.

There are a number of programs in addition to unemployment that your staff can engage to help with their expenses, and we've listed the resources below:

For Georgia Employees, visit: <https://www.garestaurants.org/covid-19-resources-for-restaurant-workers> and <https://thegivingkitchen.org/help>

*The updates on Federal Assistance will be posted next week.

To go to the Georgia Unemployment site, start here: <https://dol.georgia.gov/blog/new-information-filing-unemployment-partial-claims-and-reemployment-services>

Finances:

Operators are advised to contact all vendors including your landlord, food and beverage suppliers, utilities, etc. to discuss plans for payment deferment, extensions and other considerations.

This section will cover how you can manage expenses and find sources of capital for cashflow and other needs.

Step 1:

Determine your business model for the next eight weeks. Will you close your restaurant or stay open with partial operations?

Setup a budget using your February P&L. If you're staying open, project your sales. Eliminate all non-essential expenses. This will include just about everything but COG and COL lines.

Step 2:

Call or contact all your vendors. Let them know the status of your business. Ask for them to stop billing you for two months for their services.

Landlord – ask for two months rent forgiveness to start. The second ask, if the request for forgiveness is not successful, is a rent deferment for two months with the deferment amortized over the next two years of the lease starting in 2021.

All your technology vendors should be flexible (including POS, reservations, etc.). Ask for two months' forgiveness.

Suspend services, such as hood service and all other non-essential services including linen.

Go through your P&L line by line and contact all the vendors and ask for relief.

Taxes – your 2019 Federal Tax return deadline has been pushed to July 15, 2020. Check you state revenue page about paying sales tax. Several states have allowed deferring payment.

Business Interruption Insurance – if you have it, make a claim. Viruses are not covered now, but it's a good idea to make the claim in case there's a change.

Notes:

Step 3:

Getting financial support. There is money available for working capital. Here are resources available to you:

SBA. Unsecured loans are available from the SBA for \$25,000 at 3.75%. This is not a traditional SBA loan application and takes less than an hour to apply depending on site traffic. You can apply for more than \$25,000 as well. We recommend starting here.

Get started here: <https://www.sba.gov/funding-programs/disaster-assistance>

Contact your banker and/or current lender. See what is available today even if you've been turned down previously.

PayPal. PayPal charges reasonable interest rates for unsecured loans.

<https://www.paypal.com/us/webapps/mpp/paypal-business-loan>

American Express. American Express has offered very favorable loan rates over the last couple of years as well as terms. <https://www.americanexpress.com/us/business-loans/>

There are several other non-secured loan resources available. Here are some of our connections that can help:

Laurie Morris, ARF Financial, email: lmorris@arffinancial.com

Christy Craig, Heartland Payment Systems, email: Christy.Craig@e-hps.com

FundBox www.fundbox.com

BizLender www.bizlender.com

Step 4:

Setup a revised business plan and budget for when the virus subsides. You'll need to bring back staff, conduct training, add inventory and begin marketing. Think about how much working capital you will need to accomplish this.

Notes:

Operations:

Most restaurants have had their dining rooms closed. Even if you have closed, there are several things you can do in this down time to be ready to re-open with a stronger operational plan.

Step 1:

Evaluate your menu. If you are offering carryout, add family meals for 2/4/8 people. This may require bundling apps/entrees/beverages/desserts. Look at what your competitors are doing and model their offers to your menu.

Cut your current menu to items that require less staff and lower execution time that are among you top 20 to 50% sellers. Limit your menu size to half the size or less as it makes sense for your cuisine. Put reheating instructions in with each to-go meal.

See what you can sell. Some cities including Atlanta now allow restaurants to sell packaged beer and wine. If you have access to other retail items such as toilet paper and packaged foods/beverages add those to your offerings. Whatever you have access to that people need, add it to your menu.

Step 2:

Put in place recommended sanitation practices to prevent the spread of viruses.

This is a staff document that can be posted to help with understanding what needs to be done in English and Spanish:

https://foodsafetyfocus.com/FoodSafetyFocus/media/Library/pdfs/Coronavirus_2019-nCoV_Info_TipsforRestaurants.pdf

This page has additional resources on safe practices: <https://restaurant.org/Covid19>

Step 3:

Align operational procedures and equipment to the business setup.

- Update the POS.
- Realign equipment when possible to make preparing and holding food more efficient.
- Stage food and orders where there is minimal contact, maximizing social distancing as possible.
- Put signage in place so guests know how the new operational setup works.
- Setup training on new procedures in pre-shift meetings. Continue these sessions daily.

If you are forced to close or have perishable items that you can't use, first offer these to staff to take home. Second, prepare these food items and offer to restaurant workers and others out of work to pick up during a two- or three-hour window. Local food banks may also use some of these items, so check with them before throwing anything away.

Step 4:

Spring cleaning is early this year. Now is a great time to deep clean your business and focus on improving the efficiency of your restaurant by reorganization stock and storage. Rearranging equipment and furniture may help optimize the workspace.

Step 5:

This is an opportunity to make operational updates to your menu, training systems and other operating systems. It's also a good time for minor repairs and a cosmetic remodel. A fresh coat of paint on high contact areas or fixing tile floors in the kitchen. Now is the time to tackle these projects if you have the money and people to do the work.

Online ordering and Delivery

There are several resources for food delivery and online ordering. Signup for all the services you can that are available in your market. When possible, use a platform to aggregate these orders like Chowly.com and Olo.com and integrate with your POS. Contact your POS provider for best practices and integrated services.

Heartland Payment systems is offering a free platform for 90 days. Email Christy Craig, Heartland Payment Systems here: Christy.Craig@e-hps.com

Gift Cards

If you have gift cards available, let everyone know through your marketing efforts and on your menus. Vendors are also buying gift cards to support their restaurant customers. Depending on the response, buy more gift cards so that you don't run out. Some restaurants are promoting gift cards sales with 100% of proceeds going to be pay staff.

Notes:

Marketing:

Social media usage has skyrocketed. Facebook is very active, followed by Instagram and Twitter. Get your message out frequently.

If you haven't done so already, start with a message to let people know that you are putting place recommendations from your local health department, the CDC and national restaurant association to keep staff and guests safe.

If you have an email list use it to update your services and menu. The usual rules don't apply for sending out emails. Send out emails daily if needed.

Look for sites that are posting which restaurants are open. Eater, local papers, local bloggers and other industry related sites are now posting restaurant information to let people know where to go.

Update your website, Google and other sites as you have time with your hours of operation and menu.

Begin creating "back to normal" plans to drive traffic back to your business. Use your marketing and business consultants to draft effective plans to promote special offers, use segmentation data to reach customers that have not returned and create a cadence of messaging to ensure your business breaks through the advertising clutter to reach your customers.

Notes:

Have a question or need location specific advice?

Send us an email to getresults@goliathconsulting.com or through our website www.goliathconsulting.com/contact. One of our team will get back to you the same day.

Goliath Consulting Group is a restaurant consulting firm based in Norcross, GA and works with independent, chain and franchised restaurants. We are members of the Georgia Restaurant Association and Foodservice Consultants Society International.