



The Achilles heel of the restaurant industry: Retention

Chris Morocco ♦ Today's Restaurant Contributor

With the effects of the pandemic subsiding, consumers continue to resume leisure activities, including returning to restaurants. To recover from immense job losses during the pandemic and keep up with the increased demand from consumers, the hospitality industry headlined a rejuvenated job market in 2022, outpacing every other industry to be the fastest growing in the country.

Despite this great hiring, a National

Restaurant Association survey at the end of 2022 found that restaurants were still below pre-pandemic staffing levels. More than half of operators (62%) felt they did not have enough employees, and the restaurant industry had the largest employment deficit in the country.

In 2023, the situation has grown more complicated. Hiring has slowed and owners are now facing employees leaving the industry, rising inflation and

increased food and labor costs.

How can beleaguered operators combat this threefold challenge and retain their restaurant talent? Here are three retention initiatives that restaurant operators should consider.

Professional Training and Development

Training and development are essential for restaurants looking to retrain staff.

Basic training for new employees is a common way to onboard staff. It shouldn't be where training ends. Online training is inexpensive and underutilized by restaurants, and it keeps employees engaged while enhancing their abilities. Cross-training programs are another popular training option to offer employees that don't require much added expense. These types of programs are great for helping employees diversify their skills and learn different roles. This option also presents leadership opportunities by letting employees in each department lead the training.

In addition to internal training, offering external professional development opportunities to employees is a great strategy for reducing turnover.

Restaurant owners who present development opportunities can improve morale and show that they value their teams. There are a number of external certifications restaurant employees can pursue. Certifications are mutually beneficial; employees get to hone their skills and the restaurant gets added credibility and a better dining experience for patrons. By empowering employees to pursue a professional certificate, restaurant owners show their commitment to their teams and a true interest in developing their skills.

Teams that feel valued by their management through development and training are more likely to stick around.

Compensation and Rewards

This year, many restaurant owners are required to raise staff pay, with more than half of U.S. states increasing minimum wages. This could potentially pose a challenge for increasing wages further.

One reason for this is inflation. Food

inflation has slowed as of late, but prices remain significantly higher than last year. Restaurants have countered by raising their prices. However, some customers have responded by cutting back on their restaurant visits, resulting in less revenue for restaurants. This perfect storm likely prevents many restaurants from raising their employee wages.

A fear for many owners at larger restaurants and chains is unionization. Unions have taken the labor market by storm in 2023, and the hospitality sector is at the forefront. High-profile cases, like at Starbucks, have started a movement among restaurant workers. Especially now when inflation may prevent higher compensation, restaurant owners should maintain open dialogue and communication with their employees.

Savvy restaurant owners are looking beyond wages to recognize and reward their staff. Gift cards are a great way to offer a type of monetary bonus to staff. Similarly, some owners are designating a stipend for workers. These can go towards health and fitness, streaming services, or even education purposes. Other owners are focused on scheduling. A common complaint from restaurant workers, offering flexible scheduling options could be the difference between retaining or losing an employee.

There's no one-size-fits-all approach, but owners who recognize and reward their staff are less likely to see turnover.

Benefits Beyond Compensation

Restaurant owners who can't raise wages may need to explore other benefits they may offer their employees. One option is to explore health insurance plans.

One survey found that just 31 percent of restaurants offer health insurance to their staff compared to 70% of private industry. To prevent their staff from seeking employment at other restaurants or industries, owners must enhance their benefits offering for those employees who are currently covered. Owners may have shied away from attempting to enrich their insurance plans in the past because of the high expense

See **RETENTION** page 6

Need New Equipment Now? Why Wait?
CALL (877) 662-6955

ROGUE
FINANCIAL GROUP



Take advantage of buying new equipment now for a new project or existing location!

Lease to Own Your Entire Kitchen:

- ✓ Dishwashers
- ✓ Machines
- ✓ Refrigeration
- ✓ Food Holding / Warming
- ✓ Mixers / Slicers
- ✓ Food Prep
- ✓ Cooking Equipment
- ✓ Ovens



Dealers Welcome!

For More Information Call:
877-662-6955

www.rogueleasing.com

- Easy Approval Process
- Write-off Your Entire Lease
- Save Valuable Cash & Lease to Own

Visit us at the
**Florida Restaurant & Lodging
Pizza Tomorrow Summit**
in booth 314
Seacoast Sales/Carpigiani

LEASE WITH US TODAY & START SAVING MONEY!



SAFE STAFF | **ServSafe**
National Restaurant Association

**ONLINE
FOOD
HANDLER
PROGRAM**

Through a partnership with **SafeStaff**, your Florida employees can now receive food handler certificates online through ServSafe.
Learn more at ServSafe.com.

New bill provides opportunity to help address restaurant workforce challenges

Essential workers for economic advancement act would create employment pathways for difficult-to-fill positions

Washington, D.C. – From the drive-through we stop at before practice, to the sit-down restaurant where we celebrate life's successes, the restaurant industry runs on hospitality. However, 79% of restaurant operators say they currently have job openings that are tough to fill. The Essential Workers for Economic Advancement (EWEA) program would help address some of these challenges.

The program, created by the bipartisan Essential Workers for Economic Advancement Act (HR 3734) introduced by Reps. Lloyd Smucker (R-PA) and Henry Cuellar (D-TX), creates a pathway for workers to come to the U.S. on market-driven, non-immigrant, three-year visas. The program is intended for small businesses in industries with comparatively low sales per employee and would be available

for non-agricultural jobs with lower education thresholds that have been unfilled for extended periods of time.

The foodservice industry is the nation's second-largest private sector employer, with a workforce of more than 15 million people...

fighting to fill positions. This program is a win-win for employers in desperate need of employees and individuals seeking training and opportunity."

The EWEA will initially be available for up to 65,000 new workers, and after the first year, the number of additional workers could go down to 45,000 or up to 85,000, based on market need.

The foodservice industry is the nation's second-largest private sector employer, with a workforce of more than 15 million people in nearly one million eating and drinking establishments. The recruitment challenge is not new for the industry. In 2019, more than a third of operators rated recruitment and retention of employees as their top challenge. Today it's closer to 2 in 5 operators. **TR**

"There is no silver bullet to solving the industry's recruitment challenge, but this program would be a significant step forward," said Sean Kennedy, executive vice president of Public Affairs for the National Restaurant Association. "The restaurant industry is growing its workforce at a faster pace than the rest of the economy. We expect to add another 500,000 jobs by the end of the year, but with one job seeker for every two open jobs, operators are

About the National Restaurant Association: Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry, which comprises nearly 1 million restaurant and foodservice outlets and a workforce of 15 million employees. Together with 52 State Associations, we are a network of professional organizations dedicated to serving every restaurant through advocacy, education, and food safety.

Retention from page 4

they would undertake. However, there are alternative health insurance options available that can generate savings for the company while also making their plans more attractive to their employees.

For example, Frisch's Restaurants, a popular Midwest franchise, re-evaluated its employee benefits after being hit hard by the pandemic. The company decided to switch its health insurance to a reference-based pricing (RBP) model. As a non-traditional model, RBP eliminates hidden fees and enables its members to pay for the true cost of healthcare. This change saved Frisch's \$1 million in year one, which meant employees paid significantly less too. Instead, employees saw no premium increases,

giving them more financial flexibility. Frisch's credits this change as a key reason for its strong retention rate.

Restaurants have been driving the labor market for more than a year. Restaurant owners who prioritize retention can ensure this isn't just a passing phase but rather can serve as the foundation for a successful future. Employees are the backbone and face of restaurants, and it's now on restaurant owners to demonstrate to them that they are valued. **TR**

About Chris Morocco: Chris leads business development efforts for Imagine360's enterprise division. He has 20+ years of experience in franchising and launching food & beverage brands as a consumer brand builder and growth-stage CEO. Imagine360 works with restaurant owners who are self-funded to offer affordable, high-quality healthcare to their employees.



ATTENTION:
Pizza Shops ★ Restaurants ★ Bakeries
 Did you know that 8 of 10 delivery drivers confessed to eating food they are delivering?
SOLUTION: The Bunn Knot
 The Bunn Knot has been securing packages for over 100 years.

Visit us in booth 932 at the
Florida Restaurant & Lodging / Pizza Tomorrow Summit





Contact Us Today: **800-222-BUNN (2866)**
info@bunntyco.com ★ www.bunntyco.com



The Nationwide One Stop Shop

■ Warehouse Locations in Boynton Beach, Florida and Brooklyn, New York ■



**WE SELL TO BAKERIES
 COMMERCIAL KITCHENS
 AND FOOD TRUCKS!**

We Carry a Large Variety of Tables, Sinks, Shelves, Cooking Appliances, Fridges & More!

Shipping Available Nationwide ■ Financing Available for Large Orders

Call or email us with your inquiries: **877-558-2253** ■ **ExpressKitchQuip@gmail.com**