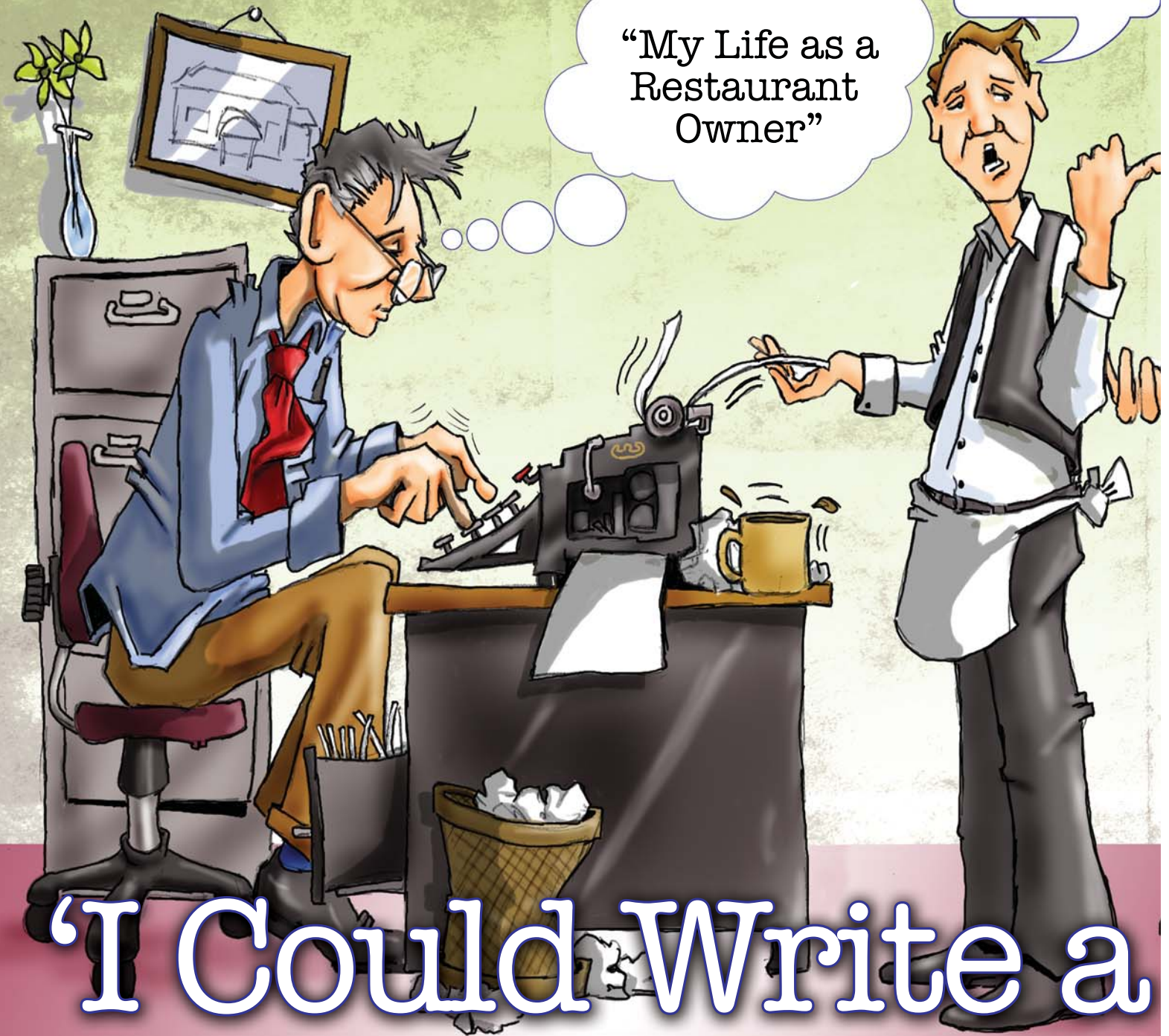


Cover Story



‘I Could Write a

Visit the Web site of any successful restaurant and you’ll see calm perfection. Photos of beautiful interiors show sophisticated guests enjoying themselves and indulging with pleasure in impeccably presented plates of food. Signature menu items are shown off with every element in precise position with nary a drop of sauce out of place. Reviews — sometimes even national ones — grace the Web site, impressing the visitor and extolling the

virtues of this restaurant. It’s clear its owner must have done everything right from the get-go.

Or did he? Get one of these model restaurateurs on the phone and ask him about mistakes he made in the first three months he was open and you are likely to hear a hearty laugh, followed by, “I could write a book!”

Take Jay Porter. That’s exactly what he said when I posed that question. He’s a former software marketer



Book!

Successful Restaurateurs Look Back on Their Early Mistakes

By Patricia Luebke

who started The Linkery in San Diego nearly four years ago with no restaurant experience. Last May, he moved to a new location to better showcase his eclectic farm-to-table focus and his use of local/regional and sustainable food. Today The Linkery is part of San Diego's independent restaurant renaissance and has received positive press coverage not only in the local media, but in both *Bon Appetit* and *Gourmet*.

"When we opened, the ramp up was so quick — we got buried with guests and the amount of work was so dizzying, that I was tempted to just hire people and throw them on the floor to take care of guests," Porter says. And that's exactly what he did. He just kept hiring people to put out the nightly fires. Looking back, he says, "I hired people without paying attention to my labor costs. It got ridiculous. It was expensive, and we lost a lot of money due to having way too many people."

In addition to the flat-out wages of paying a larger staff, hiring more people in haste has another drawback. These new and hasty hires are typically “thrown on the floor” (in Porter’s words) with little to no training. “Untrained people are a money-losing proposition. When you’re new and growing fast, you have to hire fast, but you also have to train them and be so on top of labor costs,” he says.

Porter isn’t alone. When Monique Hayward opened her Dessert Noir Café & Bar in Beaverton, Oregon, four years ago, overstaffing was her biggest mistake as well. She had three times the staff she needed, based on her unrealistic business projections. “My payroll was absolutely ridiculous and unmanageable, and I burned through a large portion of my ‘cushion’ to make sure these folks got paid,” she says.

Adding to her problems was a general manager who wouldn’t make the tough decision to lay people off to adjust to reality. “It took me basically yelling at her in the office one day, ‘Lay these people off NOW!’ before she got the message.” Hayward offers this hard-earned advice: “Go with as few people in the startup phase as possible because it’s so much easier to ramp up than it is to ramp down. It took a couple of payroll cycles before the savings from cutting the number of employees worked their way through the system.”

Once you have a Goldilocks-inspired formula of “not too many” and “not too few” but your “just right” number of employees sorted out, other labor issues can arise. Spike Owen of Boiling Point Management Group, a Baltimore-based restaurant consultancy, says a mistake he frequently sees is new restaurateurs hiring family and friends for critical positions. The problem with that, Owen says, is that it can be extremely hard to discipline them, “rein them in” or fire them.

Trust Issues

But he doesn’t blame restaurateurs who want to hire these folks. “The No. 1 issue is trust,” Owen says. “You say to yourself, ‘I’ll hire my brother because he’s not going to steal from me,’ or ‘Who can I hire that I can trust?’ and then your cousin or nephew comes along. It’s only later that you find out he surely likes his free drinks or dating your servers. You discover that you never knew your brother had such a bad temper.”

What’s more, Owen says that even the best friendships and family relationships have a problem from time to time, but when you throw that relationship into the pressure cooker of a new restaurant, even the best of them can get strained to the breaking point. “The pressure is tremendous in those opening weeks. More money is flowing out than flowing in and relationship problems evolve from there,” Owen says.

Of course, every rule has an exception. When Heather Love opened her OOLALA Café in Newark, Delaware, she had an old friend work with her for the first six months as a closer and dishwasher. “Without her, I honestly would have given up,” Love says. “She was my sounding board, and she helped me show the staff that I treat everyone with respect.” New hires didn’t know that she was Love’s friend until they got to know her. “It was with her help that I began to act like a manager in-

stead of a fellow employee. I think that it can be a wonderful blessing to have someone who knows you to keep you real and help you grow,” Love says. Her friend still stops by at least twice a month to check in.

If it usually is not a good idea to hire your own family and friends, what about hiring the family and friends of your employees? Aren’t your current employees a great resource for new hires? Not necessarily. It can be rough-sledding when the troubles and traumas of family relationships move to the workplace. “It’s a tightrope and I’d say don’t do it if you don’t have to,” says Trace Hawthorne of Cyclones Sports Bar and Steak House in Renfrew, Ontario.

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Hawthorne says in a town such as Renfrew, the available labor pool is small and the dependable will-show-up-for-work-on-time labor pool is even smaller. She has devised a system of interviewing that is part science, part art, however, so she can rely on her staff to recommend their family and friends. It’s particularly useful on a Saturday night with a scheduled event such as a wedding when she may need 20 extra workers.

But for a brand-new restaurateur, Hawthorne says, “Don’t do it.” She says that you may think it’s the easy way out, but, “It’s not the easy way out — you might as well go find people in the mall; it will cause you fewer problems.”

But back to Heather Love at the OOLALA Café. Even with her friend’s shoulder to lean on, Love got entangled in labor costs. When she first opened, she says, “with rose-colored glasses,” she was paying an assistant manager \$10 an hour and part-time workers \$6.75 an hour. “Within a week, the assistant manager demanded \$12.50 while the other staff was raised to \$7.50 an hour,” she says. But it didn’t stop there. Within a few weeks, the \$7.50-an-hour workers were up to \$8 an hour and carrying additional hours.

It won’t surprise seasoned restaurateurs that none of these employees made the cut once Love figured out what was what. She says it took three months for her self-training to take effect. “I would recommend to everyone that they talk to the current staff before they are hired. Let them know that you will not be giving pay increases until after a 90-day probation period,” Love says.



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Case in Point: Hiring Your Family and Friends: 'It was excruciatingly awkward.'

A restaurant operator named Jen, who otherwise prefers anonymity, learned firsthand the lesson about the danger of hiring friends and family. Luckily, she learned the lesson at her former place of employment, but the memory of it is still painful. In Jen's own words, here's what happened:

After a seven-year relationship with a small regional chain, I decided to make a go as part of a new, independent concept. It was important to me to retain a good relationship with my former employer, so in addition to a four-month notice, I also made sure to recruit and train a GM [general manager] as my replacement. We also needed another salaried FOH (front-of-house employee) to help with the transition and the loss of an hourly supervisor. My roommate at the time was considering leaving his job. For two years, I had known him to be responsible, mature and an overall stand-up guy. So, after a formal interview with my boss, I personally recommended him for the position.

Needless to say, the result was disastrous. He was uncooperative during training, he consistently showed up late and hung over, he began a physical relationship with staff members (plural), and the list goes on. Not only did he lose the job quickly, but I also lost respect for a friend and a good roommate.

I still don't know what prompted his 180-degree personality change, but regardless of the cause he not only jeopardized our personal friendship, but also caused me a great deal of professional embarrassment.

The most disappointing thing was that I thought it would be a godsend to have someone there I knew and could trust while everything else was so hectic, when in actuality he completely took advantage of the fact that he thought I would cover for his antics.

Thankfully, I have a strong relationship with my former boss and it is all water under the bridge. Lesson learned? You never really know someone in a professional capacity until you have worked with him. It is not worth risking your reputation for good judgment on someone who will potentially take advantage of your friendship.

Keep an Eye on Local Wages

It's a situation Spike Owen has seen before. "Pay attention to what other restaurants are actually paying for hourly position employees and keep to that pay scale," he says. That's sometimes tricky. For example, in his home base of Baltimore, he says that a line cook may make \$12 an hour at an independent restaurant, but make \$15 working in the tourist area of Baltimore's Inner Harbor in the summer. Chains may pay a higher rate than independents, and, Owens says, "[A chain] may have the means to pay \$15 an hour for a line cook but you don't."

Another reason new restaurateurs pay more than they should, according to Owen, is that new owners get enamored with an individual's personality or with their resume. "Remember that a resume can be a great work of fiction," he says. Desperation to fill a position can also make a new owner pay more than they should.

To make matters worse, many restaurateurs won't share their hourly pay scale with other owners. "A rookie owner can call up other restaurants, but few competitive restaurants will give you an hourly pay scale. You need someone as an adviser who has been in the business for a while to tell you that \$18 an hour for a prep cook is outrageous, even if he is a great person who shows up every day," Owen says.

And maybe the hardest part of being a rookie owner, as Owen calls it, is to learn that you're the boss, not a friend, and not a co-worker. It's a lesson Love learned the hard way at OOLALA Café, especially at first. "The employees would talk about me to customers, complain, steal money, backbite, etc., etc., etc. They thought that I could not run the Café without them, and so did I."

Now older and wiser, Love says, "Next time, I would be forceful from the beginning and let the employees know that these are the rules and I made them. Once I realized that I didn't have to take it because I am the boss, life got a lot easier."

Have a Marketing Plan and Stick to It

Marketing is another problem area for new restaurateurs not used to separating the wheat from the chaff when it comes to dealing with media reps or managing effective marketing programs. Justin Levy joined a longtime friend a year ago as his partner in Caminito Argentinean Steakhouse in Northampton, Massachusetts. The expertise of Joe Gionfriddo, the founding partner, lay in cooking, not in business. "A lot of people are in Joe's position; they open a restaurant because they love to cook," Levy says.

As it turns out, Gionfriddo had allocated 85 percent of the marketing budget for advertising in one newspaper. "The rep wooed him and hooked him with a big presentation, and it's not even a major newspaper, just a local town paper," Levy says. "When I came on as partner, I saw we'd spent all this money. I ran the numbers and said, 'Oh my gosh.'"

But it gets worse. No one was tracking the results of the ads, and Levy put an immediate stop to them. Lesson learned? "Don't put all your marketing eggs in one basket," Levy says. Today Levy allocates their marketing dollars carefully. "We're

not in a position to spend a lot of money. We're willing to test, but we keep detailed track of everything that we do so that I know what our return on investment is."

If it's not putting all your eggs in one basket, it's also easy to spread your marketing dollars way too thin by trying to be represented in every magazine, directory, coupon merchandiser, Web site and newspaper within 50 miles of your new restaurant. No doubt, as soon as the word gets out that a new restaurant is opening, every media rep within 50 miles will hear the call and try to visit with you. In addition to being time-consuming — consider if you gave every rep just 15 minutes — and you know that's not going to happen, your very important preopening time could get eaten up with just rep calls.

RestaurantOwner.com's Joe Erickson says, "All of these reps will claim great distribution or returns, or 'you must act now because it's going to print,' or 'there's limited space available.' Don't fall for it. You need to create your own marketing plan, or enlist a marketing consultant before deciding on the various vehicles by which you'll market your restaurant."

The best course of action is to have a plan, and stick to it — at least for a few months. Don't make the rookie marketing mistake of not giving an ad or other marketing program a chance to perform. Don't expect miracles with early marketing programs. Remember the marketing adage that good marketing is a smoke that envelops your prospective customers so these folks need to learn about you from different sources and they need to hear about you more than once.

Grandma's Special Liver and Onions

The menus that looked so perfect in the planning stages are finally given the chance when you throw open the doors for the first time to see how they perform in real life when real-live cooks are preparing your menu items for real-live customers. Spike Owen says a common mistake he's seen in menu development is to create a menu with all the operator's favorite foods or family recipes. "Just because you like liver and onions doesn't mean that your clientele will," Owen says. He strongly advises that before you finalize your menu that you research food trends and demands in your market.

Many operators fall prey to creating a large menu with so many items that you don't have a chance to produce everything well. "Keep it simple. Keep your menu small and master producing every single item consistently and well," Owen says.

But not too simple. Joe Dunbar, a restaurant consultant who specializes in cost control, relates the story of an operator who had a foodservice background when she opened her new pizza establishment. The bad news, though, is that her background was in food vending machines and so she was quite used to offering limited choices.

This new owner had a drive-through "hut" in a suburb with a small and sparsely equipped building with a long drive-through lane leading to the service window (no seats, no parking and no front door). Her vending machine business background led to an overly simplistic menu. The menu had

five items for sale: cheese and pepperoni pizza served with three soft drink choices. Patrons had no options for salads, appetizers or desserts.

"She developed a menu that made it easy to source ingredients and to store them at her tiny location," Dunbar says. "Pre-cooked pizza shells, canned sauce, shredded cheese and sliced pepperoni and soda in half-gallon bottles accounted for all her food and beverage ingredients." However, the simple menu did not allow guests to find a complete meal in one stop. Her competitors had already figured out how to deliver pizzas quickly to well-stocked home kitchens.

And then there's what Owen calls "the curse of all businesses large and small in any industry" — and that's the mistake of not budgeting enough money for daily operations once you open your doors. How much is enough? Talk to any experienced restaurateur and there's almost a universal answer: Whatever money you think is enough, you need more.

In fact, Fern Esposito, author of "The Door Whore: Confessions of a Restaurant Diva," is willing to put a number on it. "No matter how much you budget in your mind or on paper, budget \$100,000 more," she says. Esposito learned the hard way that restaurants are voracious eaters of money.

Repeat: 'I May Be Wrong'

And, finally, there's another mistake that has nothing to do with menus, capital, hiring, firing or any of the dozens of other areas where new restaurateurs can take a misstep. You've poured over your spreadsheets so that you know every cell on the sheet. But guess what? You may have been wrong. It's a mistake to not be able to admit you made a mistake. Spike Owen says, "You are going to be wrong a lot, and the restaurateurs who are successful know when to concede and learn from their mistakes and move on and try not to make that mistake again."

Of course all mistakes aren't tragedies of money down the drain or opportunities lost. Some mistakes are those that you can look back and laugh about in ... oh, maybe in just a few months' time. They are rookie mistakes that once your procedures are in place will be easy to avoid in the future. That's the case with Jeff Miceli, owner of Mici Handcrafted Italian in Denver.

The mistake? Miceli forgot to turn the oven on one day during the restaurant's first week. "We were running around trying to remember everything that needed to get done off the tops of our heads. We did not have any kind of opening routine or checklist in use, which is Restaurant Management 101," he says. The forgotten oven took up to an hour to heat up. "The crowds started to come in for lunch, and when we put that first calzone in the oven, we realized it wasn't on," Miceli says.

By Definition, the First Three Months Won't Last Forever

Before you know it, the first three months will be over and with any luck you'll come out on top. Soon enough, you will be able to look back on your first year, contemplating your own early mistakes, both big and small, and make plans having earned the right to say, "I could write a book!"

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