Two Schools of Thought in Managing Restaurants

June 25, 2003 / *By Richard D. Williams*

When it comes to restaurant operations, there are two schools of thought in restaurant management: one watches dollars go down the drain, while the other watches dollars come in the front door. Managers who follow the first school of thought tend to spend their time doing hands-on tasks usually assigned to hourly employees, with the goal of creating higher bonuses for the managers. Managers who follow the second school of thought tend to spend their time building sales and managing the hourly employees; this group works toward an end result of higher wages for the employees — although this is sometimes at the expense of a lower monthly bonus for the managers. During my time as a manager/broiler-cook/prep-cook/expediter at a major restaurant chain, it was debatable whether I was actually a manager or an over-paid key employee. My time was so equally divided between cooking and cleaning that managing the restaurant only happened after the doors were locked. The bonus structure of the restaurant was such that bonuses were paid even if sales goals for the month were not met, providing that the Income-Before-Occupancy (Net Operating Income) percentage met the budget. Consequently, every general manager believed that, in order to secure their monthly bonuses, it was advisable to "send the most expensive hourly employees home first" if there was any hint that the restaurant was having an "off" month. There are three problems with this approach to management. First, a restaurant's most expensive hourly employees are usually the most valuable (or at least they should be!). Second, once the manager sends the hourly employee home and takes over the employee's station, he or she has now become the highest-paid hourly employee working a particular station. Third, hourly employees often rely on working 40-plus hours a week to make ends meet. Nothing is more frustrating to an employee than having a manager's self-interest impinge on his or her own livelihood. Two of the most disconcerting days in my management-training period were spent washing dishes for ten hours each day. I couldn't fathom why the restaurant owner believed that it made economic sense to have the dishes washed by me — an exempt employee paid a $26,000-per-year base salary — rather than by the usual non-exempt employee paid minimum wage of $4.75 per hour. At my hourly rate, it was costing the restaurant an additional $7.75 per hour to have the dishes washed. In addition, the usual dishwasher had an unexpected two extra days off that week. It is a given that a restaurant manager must know how the restaurant's product should look and taste, as well as how to prepare the product in order to help out during "crunch" times. Nevertheless, a manager needs to ask himself who is running the restaurant if he is in the kitchen. If a manager is spending all of his time in the kitchen covering an hourly paid position, then no one is out front making sure that the customer is being properly served. It is my contention that managers should be on the floor building sales, not in the kitchen making sandwiches. The simple fact is that restaurant managers are hired to lead and motivate employees, increase guest retention, and solve problems. Managers need to ask themselves, "Am I being pro-active or reactive?" The manager who is on the floor using his or her personality by conversing with guests and maintaining a visible profile is the manager who is working for the long-term. This manager is more aware of the happenings in the restaurant and more apt to remedy customer complaints. It is a fact that people are dining out more than ever before, and that they expect to be entertained as well as fed. Managers who are on the floor creating an upbeat, inviting, positive working environment create an atmosphere that guests will enjoy, guaranteeing their return. These managers are being pro-active. The manager who is sending employees home early at the end of the month to make budget is being reactive to his own financial needs, and not the needs or expectations of the guests. The down side to this approach is exponential. Employee morale runs low at the end of every month because an employee is not working the hours needed to meet his or her own personal monthly budget. This low morale typically results in a higher employee turnover rate since employees are likely to seek jobs where they have a greater likelihood of attaining pay for 40 hours per week, whether it is the first or last week of the month. Higher turnover equals more training; more training equals fewer dollars to reward good employees; losing good employees results in lower guest retention because many

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people like to go to a restaurant where they see the same employees time after time; as a result, if a favorite employee leaves, some guests may follow. Higher sales always equal happier employees. The wages of servers and bartenders are directly linked to higher sales; the wages of non-tipped employees will also benefit from higher sales since the restaurant will be able to increase wages as a result of the higher sales. Which school of thought does your management style fall into? If you are in the first school, I urge you to think twice about sending hourly employees home early to increase your bonus. If you are in the second school, keep up the good work; you are likely to have both happy employees and satisfied customers, which is a goal that is common to all restaurants.