Real Talk About How Restaurants Can Survive

Some strategies and inspiring tactics being used by restaurants to keep the lights on and customers fed.

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The hospitality industry is being run into the ground right now. I hate it, you hate it, suppliers hate it and customers hate it. Since restauranteurs aren't wired to sit and watch things happen from the sidelines, here are a few things to help set them up for success when things turn around!

I've spent the past two weeks working with some of the most amazing entrepreneurial minds in the tech world, restaurant space and elsewhere, trying to figure out ways to "beat" this pandemic. The bad news is that for local restaurants built around serving customers between their four walls, there is no "hack" or amazing idea that keeps the doors open long-term. However, the tactics listed below can be acted on immediately to increase the chances of survival, and hopefully, they are helpful to you.

Related: Your Restaurant Needs These 3 Things to Thrive

The restaurant industry is notorious for small margins, which is a large part of why we're having such a hard time dealing with COVID-19. Decent margins might be 10%, but the reality is that many restaurants are running at 1-3% — enough to survive and allow the front and back of the house to make a living for their families — NOT enough to build cash reserves and survive closing the doors for a month or more. The harsh reality is that a local restaurant can survive a week, maybe three with some ingenuity in a situation like this.

The Eater article titled “What Restaurants Need Right Now to Actually Survive” (“Rent abatement, tax deferrals and immediate unemployment benefits are at the top of the list”) is the unfortunate truth. That said, there are additional steps to take for restaurants to enhance relationships with customers and build brands for when things turn around (and when they turn around, they’ll come back aggressively). While there are hundreds of articles and ideas out there right now that are more tactical in nature, these are the three things I believe are most important (and helpful).

1. Short-term sales

Since most dining rooms are closed, the obvious move is to optimize to-go and delivery sales ASAP. Most restaurants have done this by now, and are unfortunately realizing it’s not sustainable. Most sit-down restaurants weren’t set up to be to-go businesses; that’s just the way it is. That said, it’s still important and might be the difference in survival and bankruptcy! Here are a few things that all restaurants should be doing:

- **Email and Social Media:** Communicate with customers and make the ask! Hopefully, restaurants have an email list in place and a social media presence, so use those to get the word out. Remember that all consumers don’t work in the hospitality business, so communicate the current situation and laws with them briefly. Once you’re set up operationally to execute, send email offers every few days explaining how your pick-up/delivery works and include a slight discount, if you can, to show appreciation. This is a great time to sell gift cards for future use and to encourage them to share your message with friends and family. If you’ve treated them well in the past, they’ll help you as best they can. If you need help setting up a website to sell gift cards, contact me (Landon@DoubleLBrands.com) and I’ll guide you

through the process.

- **Community and Media Relations:** Make sure you're reaching out to local media (city magazines, news, etc.) as well as your chambers of commerce and all other entities that are incentivized to help your city thrive. For example, Addison, Texas, a city on the outskirts of Dallas, is doing a great job of maximizing its resources to help local businesses. It has already put up a billboard that drives people to its website, where you can find all the restaurant offers and deals.

- **Delivery Partners:** DoorDash, Uber Eats, GrubHub and all the other players have networks of people looking to order food that your restaurant has probably never been in front of! There are fees involved, and it takes a couple of hours to get your menu on their sites, but it's worth getting out there ASAP for both short-term sales and longer-term brand awareness. A few helpful updates and announcements on that front:

    - GrubHub announced March 13 that it was "waiving delivery fees," but there are major caveats. First, it's worth noting that restaurants must commit to partnering with GrubHub for an additional year. Second, this is a deferral of fees, not to be confused with fees actually being waived. These would take effect after the deferral period has ended, which could be two weeks after the Relief Period, "no later than March 29. At that point, restaurants will begin paying their contracted commissions but will be given a two-week grace period to begin repaying their deferred fees. After those two weeks, restaurants will continue paying their contracted commission rates and will begin repayment of deferred fees, to be broken into four equal installments over four weeks. After those four weeks of repayment,

restaurants will resume payment of their agreed-upon commission fees.

- UberEats announced March 16 that it's waiving delivery fees charged to more than 100,000 independent restaurants across the U.S. and Canada. It is also giving restaurants the option to get paid daily on all orders instead of its typically weekly billing cycle, which is helpful (but only so much if no revenue is coming in at that point).

2. Brand-building

It's tempting to beg for sales and ask people to help you stay afloat, but then what do you do when you actually make it through this (with no money to spare) and then need customers' help to ramp back up? As alluded to above, a huge percentage of local restaurants won't make it without assistance. I'm not saying to "give up," but be honest with yourself! Once you've taken the steps to contribute to congressional bills and Change.org petitions (these are helpful, get involved!), an important next step is communicating as much as possible with customers! Let them know your story, details about the staff and all the things you're doing to make this work – all so you can continue to serve them in the future and ensure your team can provide for their families. Be honest, be grateful and use this as an opportunity to build a relationship that will be extremely beneficial in the future.

Related: Here Is How Much it Costs to Build a Restaurant (Infographic)

For those who can take it a step further, find ways to give back to emergency workers, elderly communities and others in need. This costs money, I get it. If you're *really* set on brand-building and being there when this is done, there's not

a better way to set yourself up for success than helping others when you can! #PeopleHelpingPeople

3. Longer-term/sustainability

The ideas above are helping hundreds of restaurants pay the bills right now, and that's amazing! However, we can't ignore that the single biggest fixed liability is rent. With this sudden lack of income, rental assistance might be the most crucial support restaurant operators can find. Unfortunately, landlords aren't all like Madison Partners in Dallas, putting out a release like this:

- **You have to ask**! Take the time to sit down with your landlord ASAP and work through this. They don't want to have to find another tenant after this when the whole hospitality industry is clawing its way back (and it will). Set the meeting, explain your situation and long-term plan and the odds are good that you'll be able to work something out.
- **Government assistance:** I'm extremely impressed with the speed with which our industry has submitted proposals, bills and recommendations to Washington, D.C. A few of them have been approved, and many more are in the works. Rather than list them all here, I highly recommend you follow Nation's Restaurant News to stay up-to-date. They will provide updates on governmental action, tips on what other restaurants are doing, and ultimately serve as a resource to navigate through these crazy times.

I'm fighting the urge to include cliché quotes about "perseverance" and thoughts around how we'll all get through this together. The restaurant biz survives and thrives partially due to how straightforward and not mushy it is! The

current situation sucks, and it will unfairly rattle hundreds of sound, well-run businesses.

Related: Burger-Flipping Robot Has Its First Day on the Job in California Restaurant

All we can do right now is make the best decisions possible for our businesses given the information at hand, and bust our butts to be the ones that are there – serving our regulars and all the new customers we've found –when this turns around in the coming months! I have surrounded myself with some of the smartest people there are in the restaurant business, so *please* reach out to me with any questions, ideas or to vent if you need to. We'll all get through this together! #PeopleHelpingPeople

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