





By Jay  
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# THE 7 SINS OF UNPROFITABLE STARTUPS

Some of the Ways  
Independent Operators  
Sabotage Their Success

**H**ow many times have you heard a restaurateur say, “Boy, sales are really slow,” “There’s way too much competition,” or “I’m really working hard to build my sales with a number of marketing programs”? We can blame the economy, our employees, or the big, bad chains; however, we must sometimes look in the mirror to really see what is getting in the way of maximizing sales.

For us restaurateurs, our deadly sins include lack of direction, poor communication with management and staff, putting too much effort in the wrong areas, and go from there. The intent of this article is not to make you repent about the obstacles you put in your own path, but to help you search your soul to determine if you are laying the foundation for your sales growth and doing what is necessary to execute a successful sales strategy.

The following deadly sins will keep you from maximizing your restaurant’s potential for success. If any of these seem to describe your actions and mind-set, consider how you might change your evil ways (at least toward your profitability) going forward.

## **Deadly Sin 1: Lack of Focus**

Regardless of the endeavor, to be a success requires a clear and concise definition of what it is you want to accomplish. The restaurant business is not a solitary pursuit, however, and you have to involve your partners and staff in this process. If you lack clarity in what you are trying to build, today is the day to define your business's mission, values and vision so that there will be a tomorrow. Without focus you are prone to becoming a victim of circumstance.

Do not become paralyzed by this undertaking. Not all your goals have to be lofty. When carrying out any change you must take action and create opportunity to enjoy small victories. Let's say that you have a goal to build sales. You can start with trying to increase your per-person check average by \$1. From there you could break down the process for achieving that goal into several parts. The first part may be working with the staff to sell more beverages and that will move the check average up by around 25 cents. Your entire focus for two to three weeks will be on beverage sales and when you do meet your objective of the 25-cent increase it is time to celebrate the victory with the staff. You can buy them a meal, give them time off or have a pizza party. Now you can move on to the second part of the plan and work with them on suggestively selling additional items and upgraded selections. The final part could be an educational series on adult beverages that will help them more effectively sell liquor, beer and wine. With each step you will recognize and celebrate the victories, and move them forward to the next step until you reach your total goal of a \$1 increase, which puts you well on the road toward increased revenue and salvation.

## **Deadly Sin 2: Poor Communication**

Second only to lack of trust, lack of communication kills more relationships than anything else. You need to practice what you preach. Like a parent, you need to demonstrate the attitude and be-

havior you expect from your staff. They will only raise their bar for performance as high as you raise yours.

You need to learn how to clearly and concisely verbally motivate and give direction to your managers and staff. Take every opportunity to practice this skill, especially during lineup. Organize your thoughts beforehand, and use notes if necessary. Give staff an opportunity to ask questions and offer comments and suggestions. People want to know "why" and if they earn their livelihood at your business, they have a right to know the rationale for the things you ask them to do.

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When you take the time and effort to explain why things are done a certain way, why specific policies and procedures are in place and why certain results are important, your staff can understand the bigger picture and you can obtain their "buy in." I instituted what I called the "Two Reason Rule" early on in my management career. The rule simply was that if you asked me why we did something a certain way, if I could not give you at least two good reasons for what we were doing then we would stop doing it that way.

Clear and open two-way communication in the restaurant creates trust, with the benefit that you will learn things you

did not previously know. Some leaders think that it is required and expected of them to know everything. How liberating it is when you finally figure out that it is more important to know the right questions to ask and the right resources for finding answers.

## **Deadly Sin 3: Not Giving Staff the Proper Tools to Do the Job**

It is immensely unfair and self-defeating to expect performance and not provide the tools necessary to get the job done. I have seen restaurants that will run a margarita sales contest and not have enough margarita glasses on hand to make drinks as the orders come in. The staff is quickly frustrated, and they will stop doing what you have asked them to do. If you are trying to increase the per-person check average and you don't have enough glassware for the staff to sell sodas and teas, you will be missing a great sales-building opportunity. Adequate supplies are at the heart of ensuring peak performance.

The same goes for the right equipment that is in good condition to get the job done. Is your equipment suited to produce your menu? What happened when you tried to add pizza to your menu without the right oven? You thought you could do it in the existing salamander and the experiment failed. The equipment must be well-maintained. How many times have you ever been in a kitchen and seen cooks turning on equipment with pliers because the knobs were missing, or seen them lighting the sauté burners with burning paper towels because the pilot lights were not functioning properly. Some people think this is no big deal, but when you are talking about quality products, no compromises, no short cuts and a great work environment you will not be credible at all.

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## ✓ Checklist

### The Restaurateur in the Mirror

Post These 7 Sins in Your Office as a Reality Check on Your Daily Practices

- ✓ **Lack of focus.** If you lack clarity in what you are trying to build, today is the day to define your business's mission, values and vision. Not all your goals have to be lofty. When carrying out change you must take action and create opportunity to enjoy small victories.
- ✓ **Poor communication.** You need to learn how to clearly and concisely verbally motivate and give direction to your managers and staff. Take every opportunity to practice this skill, especially during lineup. When you take the time and effort to explain why things are done a certain way, why specific policies and procedures are in place and why certain results are important, your staff can understand the bigger picture and you can obtain "buy in."
- ✓ **Not giving staff the proper tools to do the job.** It is immensely unfair and self-defeating to expect performance and not provide the tools necessary to get the job done. Adequate supplies are at the heart of ensuring peak performance.
- ✓ **Absentee ownership.** Ownership and management should be actively engaged in the business, especially during operating hours. That doesn't mean that you should work "in" the business, but you should be on hand to view the big picture.
- ✓ **Lack of prioritization.** If you have 20 points of service that you want to ensure at every table, but only five of those points truly make a difference to your core guests you would be wasting precious time and energy attempting to deliver all 20. By knowing what your guests value you can focus on the five points that matter.
- ✓ **Not anticipating and having solutions to problems before they arise.** A top-line sales mentality says "we should find the problems before a guest does."
- ✓ **Underutilization of seating and menu.** Seating design will also affect your ability to grow sales. If most of your business comes in parties of two and the majority of your tables are for parties of four you are wasting precious seats. Your menu offers opportunities to build business. Understanding the 80/20 rule that about 80 percent of your sales come from 20 percent of your menu items, it is worth the time to discover what those items are and to make them the absolute best that they can be.

screens are well-designed and set up properly your staff can quickly and accurately order products. If it is a cumbersome task or difficult to order certain items the chances are that they will not be sold.

### Deadly Sin 4: Absentee Ownership

Ownership and management should be actively engaged in the business, especially during operating hours. That doesn't mean that you should work "in" the business, but you should be on hand to view the big picture. Be on the floor directing, supporting and interacting with staff and guests, which is the fun part of owning a restaurant. When you are on the floor you create results and when you are in the office you tabulate results. Understanding this should keep you motivated to be out on the floor and involved in the business. Your presence in the operations is invaluable and time well spent. By creating a place where guests want to come, employees want to work and vendors want to support, you are freed up to concentrate on building the business.

### Deadly Sin 5: Lack of Prioritization

If everything is important then nothing is important. Think about that for a minute. There is no practical way to do everything all of the time, so it becomes necessary to identify the few things that really make a significant difference. Understanding that each restaurant has its own culture, concept, points of differentiation and so on, there is no one-size-fits-all answer to what makes that difference. It is up to you to define this for your business. For example, if you have 20 points of service that you want to ensure at every table, but only five of those points truly make a difference to your core guests you would be wasting precious time and energy attempting to deliver all 20. By knowing what your guests value you can focus on the five points that matter. If you deliver on the five most critical points you will be far more successful than if you deliver on 17 and miss three that are critical.

Keep things simple and focus on your fundamentals. You remove any confusion and create confidence for your staff and your guests by clearly establishing what is most important in executing your operations. By knowing and sharing the five things that *really* work you will continue to grow your business. La Pampa Argentinean Steakhouse in Brownsville and McAllen, Texas, actually posts a list in their operations for all to see that outlines their operating imperatives and it has helped them retain staff as well as build sales.

A sense of focus is also manifested in being true to your brand and concept. Have you ever gone to a restaurant and been bombarded by marketing efforts? It might look like this: Enter your business card for a free drawing, try our new lime chicken, two-for-one Tuesdays, all-you-can-eat Wednesdays, half-price dinners on Sundays, \$9.99 complete meal deals, kids eat free on Monday nights, Monday night football \$1 drafts, etc. How are you supposed to remember all of that? How is the staff

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supposed to remember and sell all of that? It is much more productive to develop a promotion that meets your strategic objectives and then pour all your efforts into executing that promotion. All posters, table tents, promotional buttons and printed materials support that marketing effort. This makes it much easier for the guests, the staff and creates better results.

Don't try to be something you are not. When creating a promotion or marketing certain products, you can think outside the box, play to your strengths and stay within your brand all at the same time. A great example of this are the Truluck's restaurants. Truluck's is an upscale seafood, steak and crab restaurant with multiple locations nationally. Conventional wisdom states that an upscale restaurant would never run an all-you-can-eat promotion. However, they decided to do an all-you-can-eat crab night early in the week and charge around \$45 per person, and that has become a wildly successful night. Crab is a premium

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product, it is a part of the brand's identity and they received a premium price for the promotion. It is an absolute "win-win" scenario. The moral of this story is, "Don't be afraid to be creative *within* the brand."

## Deadly Sin 6: Not Anticipating and Having Solutions to Problems Before They Arise

A top-line sales mentality says, "we should find the problems before a guest does." How do we do that?

**Line checks.** By checking the line for quality, quantity, taste, texture and temperature of every product at the beginning of every shift you will ensure that you are prepared to deliver a great product in an efficient manner. You eliminate surprises and create a productive work environment.

**Ordering and receiving practices.** With well-defined par levels and proper planning you will always have what you need to meet guest demands. How many trips have you made to the grocery store or a competitor to buy or borrow products to get through a shift? Don't do it again.

**Prep procedures.** Ensure that effective prep practices and procedures are in place so that there is adequate supply of freshly prepared product for each shift.

**Guest communications.** When guests have well-established open avenues of communications with an operation you will receive invaluable information regarding your operations and your business. By actively listening and taking appropriate action you take care of issues that could get in the way of your goals and objectives.

**Guest complaint resolution.** This is a critical component to building sales and an opportunity to create guests for life. We all recognize that not everyone with a problem will complain. Some just leave and never come back. When a guest does complain they are doing us a huge favor and we should go way out of our way to do whatever it takes to make that person happy. We want them to leave our establishment smiling and

singing our praises. When they do, you will have created an apostle for your restaurant and they will be some of your best, most effective advertising. Studies have shown that it costs 10 times more to recruit a new guest than to keep an existing one. Spend your time, effort and money doing what you can to retain your current guest.

About 99 percent of complaints are legitimate. Why anger 99 percent for the 1 percent trying to get something for nothing. Treat *all* complaints as if they are legitimate and ensure that all guests leave smiling. Write off the few who take advantage of the situation as a "marketing expense."

**Employee empowerment.** As a corollary to guest complaint resolution, it is much quicker and sometimes more impressive when a frontline employee is able to immediately resolve a guest issue. Don't create so many rules that you can't satisfy a guest. Train your staff, trust them and enable them to wow your guests when a problem occurs.

## Deadly Sin 7: Underutilization of Seating and Menu

It drives me and most likely every one of your guests crazy to see empty tables during a wait. Years ago I worked with a Steak and Ale Restaurant in Amarillo, Texas, that believed they had maximized their volume and wanted to expand the building. After evaluating the situation it was determined that although the restaurant used a waiting list, during most meal periods there were always four to six open tables throughout the shift. Some people left because the wait was too long. By working with the hostesses to accurately quote waiting times, calling parties into a cueing line so that when tables were ready they were seated immediately, and management actively involved driving the process, sales increased by more than 15 percent. Then we decided to expand the restaurant and the sales rose another 15 percent. There are opportunities to build your business even while using a waiting list.

Seating design will also affect your ability to grow sales. If most of your business comes in parties of two and the majority of your tables are for parties of four, you are wasting precious seats. Evaluate your party sizes and work to create flexibility in your seating arrangements to achieve maximum usage of seats during busy periods.

Your menu offers opportunities to build business. Understanding the 80/20 rule that about 80 percent of your sales come from 20 percent of your menu items, it is worth the time to discover what those items are and to make them the absolute best that they can be. You obviously need to have other items to round out the menu and offer some choice, but be very selective when doing so. Menu engineering is an indispensable exercise and should be done regularly. It gives you the chance to cleanse and update your menu methodically, unemotionally, periodically and intelligently.

## We're All Sinners

It is important to "assess and refresh" your actions, goals and mindset from time to time to maintain your edge or stay ahead of competition in the market. We're all works in progress, and we can't be expected to perfect ourselves overnight.

The process is life-long. In the process you should also try to be true to what you want to accomplish as a human being. As you explore your goals, stay true to your own moral compass, and imbue your business culture with a sense of ethics (assuming you are an ethical person). It is important to you that you do things the right way, and that everyone in your organization knows what doing the right thing is. Business success means nothing when it forces you to compromise your integrity.

Hopefully, by recognizing some of the things we all do to sabotage our success, we can prevent being our own worst enemies. That will be a big step toward building sales while others simply complain.

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