

Dealing with Current Times

Juan Martinez, PhD, PE
Principal, Profitability Miami
Foodservice Equipment and Supplies (www.fesmag.com) , 8/1/2008

Economic metrics point to a restaurant industry slowdown, resulting in lower sales, new unit growth and equipment purchases. Along with increases in food, labor and other investment-related factors, foodservice operators feel significant profit pressures. While all these facts are unequivocal, and present a challenge to operators, suppliers and consultants alike, they also present an opportunity for all. It will be up to each of us to be the ones reaping the benefits, instead of just sitting on the sidelines, hoping the tough time will pass soon. Although it will indeed pass, nobody knows when.



Juan Martinez, PhD, PE
Principal, Profitability
Miami
juan@profitability.com

A different and more positive spin on the situation is the old adage that “all market conditions favor someone.” This is true of the financial markets, as it is of many other situations. If you don’t believe it, ask McDonald’s and Burger King, who are thriving, while many others are not. We, operators, suppliers and consultants, can either see the glass half-empty, or half-full. Everything starts with a vision. So, I want to suggest we take the half-full approach, and use the current conditions to be the ones who benefit from it. It is during tough times that the leading organizations thrive and leave the competition in the dust.

Operators should use this time to re-invent themselves and stay relevant to consumer needs from the dual perspective of brand offering and operating platform. Operators need to continue to present customers with a “differentiating proposition,” to entice them to visit.

Operators need to improve the efficiency of their existing unit base to maintain an edge. They can accomplish this by investing in equipment, technologies and robust operating platform designs that simplify the employee’s functional requirements and facilitate the delivery of customer service and hospitality. Addressing the existing base of units first provides a great baseline for a new prototype facility design and can drive impact very quickly. Leading operators already re-trench and re-invent themselves to maintain a competitive advantage in the present, as they create the path and foundation for the future, including evolutions in innovation in service system and hospitality, menu, equipment, process, layout and labor management. Many are procuring outside help, to complement their internal organizations’ expertise and provide additional perspectives.

Equipment and technology suppliers must get closer to the operators. Get in the restaurants, and objectively quantify the needs of the operators and the “true” benefits of your product. Operators look for suppliers to become partners to help improve the delivery of quality, service and customer hospitality, which ultimately drives sales, profit and brand growth. Suppliers must understand the operators’ needs and challenges. How can your equipment and technology help the units improve delivery of operational superiority?

Suppliers must understand what the employees have to do to deliver the brand promise. It is not easy and I guarantee that at a minimum, making observations at the unit level will provide you a different perspective; sort of a reality check that will allow you to present how your product impacts operational improvements in a clearer way. Simplify the employees’ life. Make it easier for them to execute the brand promise and the results will follow. A happy employee drives customer satisfaction and hospitality, which in turn impact sales and profits, to fuel brand growth.

As a supplier, always ask yourself what business are you in? Are you in the business of selling equipment and technology, or the business of selling solutions that improve operational execution of the brand promise and address strategic operator issues? I would submit the latter.

Consultants need to provide guidance to support the holistic and optimum integration of resources, personnel, equipment and organizations. They need to facilitate the creative development of “employee centric” operating platforms that remove the bottlenecks and barriers that inhibit the delivery of better customer hospitality. By the nature of their experience and approach, consultants provide a significant breath of knowledge to first address the quandary that often exists when deciding what the design should address, including the design targets, and then to support the integration and alignment of the needs of the operators and their customers, with the potential solutions. Consultants need to be “innovation catalysts,” working with the operators and the equipment suppliers together to carefully analyze and quantify the opportunities and possible initiatives, always objectively presenting the options, and specifically quantifying the cost and benefit trade-offs.

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Consultants and suppliers need to become extensions of the operator’s organizations and help them create “smart and efficient designs” that deliver customer hospitality, sales capacity and profits.

Operators need to continue to stay ahead of the “Brand Life-Cycle” and invest, while insisting on return-on-investment, for this is your fiduciary responsibility to the shareholders. To those brands that have not yet started this journey, I recommend getting on the boat soon, or it is going to sail without

you. In the short term, it may not make a difference, but in the long term, it usually does. Although the initial reaction to the current times is to curtail investing on re-invention and innovation, there is no better time than now to maintain the competitive edge and be ready to sprint out of the starting block when the economic conditions improve.

Suppliers should engage the operators more closely than before. Get in the restaurants to see first-hand what is going on and bring forth truly innovative solutions that drive ROI and specifically apply to the concept at hand. I would submit to you that no two concepts are the same, despite the fact that they get similarly categorized by their service mode and menu. Therefore, a boiler-plate or cookie-cutter solution usually does not optimize the needs of the operations.

Consultants need to support the prior two groups with services that provide synergistic and holistic integration of the human, equipment and capital resources during the innovation process. They must provide design leadership to develop “employee centric” and ergonomically appropriate operating platforms that facilitate delivery of the brand promise to drive customer hospitality, sales, profits and brand growth.

When designing new operating platforms, operators constantly ask me to maximize the proven technology and equipment solutions that will help address the labor, service and quality challenges they face. These challenges have been around for as long as I can remember, but they are just getting bigger nowadays, due to the capital and operating cost increases facing the industry.

Operators are willing to “invest” in equipment and technology to address strategic business issues. The key word is “invest,” not just buy or spend. Investment in equipment and new operating platform designs have to provide a return on the capital invested (ROIC). Either in sales increases, by providing better customer service and hospitality; in operating cost reductions; in quality enhancements; or in a combination of all of these. It is all about delivering bottom-line profit increases, but not at the expense of customer hospitality. Suppliers and consultants must work alongside the operators to embrace and support the goal of driving “profitable hospitality.”

Operators, suppliers and consultants alike should not just watch the parade go by, but rather pick up an instrument and join in the procession.