

Top 20 Success Factors in the Foodservice Industry

Presentation by Geoff Wilson, fsSTRATEGY

Success in the restaurant business can be elusive. What's more, success means different things to different people. Some operators want to just make a living. Others have loftier goals ... maximization of market share, achievement of targeted return on investment and so on. Regardless of one's definition of success, the basics in the restaurant industry never change.

Here are the top 20 factors that contribute to success in our industry:

1. **Validated concept definition.** Can you clearly state what experience your restaurant offers, what products it serves and what service-style it employs? If not, you're not sure what your restaurant is all about and neither are your customers.
2. **Understanding your restaurant's demand types and sources.** Is your demand destination, generative or impulse? What is your trade area?
3. **Location.** Regardless of your restaurant's types and sources of demand, customers must be able to find and access your restaurant easily.
4. **Differentiated brand imagery.** What makes you stand out from your competition?
5. **Targeted value proposition.** Consumers are more knowledgeable and more demanding than ever. Value means offering the choices, convenience and monetary satisfaction at whatever price point the consumer selects.
6. **Targeted marketing.** Make sure your marketing focuses on your trade area, your customer demographics and their buying behaviours. Find ways to measure the success of each marketing program.
7. **Quality food.** You're only as successful as you last meal.
8. **Quality service.** You're only as good as your last customer interaction. Do you talk about good service or does everyone in your organization understand it and live it?
9. **Flawless execution.** Do all the elements of the experience you expect to provide to your customers come together every hour of every day? How do you know? Do you take action to make sure they do?
10. **Customer data.** Do you really know your customers—their demographic profile, their needs, their preferences?
11. **Customer feedback.** Do you actively encourage customers to provide feedback at the time they are served and do you act on any negative experiences immediately?
12. **Empowered staff.** Do your staff members know how to manage the customer experience and take action when an experience fails to meet the customer's expectations? Do you make sure this happens?

13. **Realistic financial formula.** Does the through-put of your restaurant allow you to generate sufficient revenues to meet fixed costs and profit expectations after all variable costs are covered?
14. **Menus engineered to yield optimum gross margin.** You bank dollars, not percentages. Does your menu steer customers to selecting the menu items that yield the highest gross margin?
15. **Maximum buying leverage.** There is a big difference between “street price” and the price you pay for food and supplies when you maximize your purchasing leverage. Consider one-stop shopping, buying groups and volume management.
16. **Labour balanced to demand.** To open the doors, you require a basic labour complement. This constitutes your fixed labour cost. Profits are often squandered through poor scheduling of variable labour costs representing the additional labour you need to meet anticipated demand. Know your labour requirements by half hour and schedule accordingly.
17. **Effective capitalization.** A restaurant’s life cycle is generally five years. In year one, you build the business; in years two and three, you fine-tune the business; in years four and five, you maximize earnings. After that, you must re-invent the business—create new excitement. Back to that first year—you need a minimum of six months working capital to build the business.
18. **Experience.** It’s relatively easy to get into the restaurant industry. Sign a lease, buy some food, hire some staff. It’s what happens after that that makes the difference between success and failure. What you don’t know WILL hurt you. If you don’t have experience, get it—through school, through working in the business, through a trusted adviser.
19. **Participative management.** You can’t run a restaurant from your office or from your desk at another business. You must be present, involved and leading. Time and again, absentee ownership has failed.
20. **Winning attitude.** No one likes to eat in an empty restaurant. You and your staff must convey a winning attitude. An infectious positive attitude is necessary to “bring ‘em back”.

While no one can guarantee your success in the restaurant industry, if these factors are taken into consideration, you will have made great strides toward success.

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