

Restaurant

HOSPITALITY



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Cracking the labor code

With a shrinking pool of applicants, restaurants are scrambling to find and keep qualified help. What's the solution?

Becki.Young | Mar 07, 2016

Restaurants live and die on the details, and arguably the most important detail is staffing. That detail appears to be increasingly challenging as the labor market tightens in a slowly improving economy while fewer people apply for industry jobs.

The national unemployment number stands at 5 percent, the lowest level since April 2008. In fact, according to the Bureau of Labor Statistics, more than half of the country's 387 metropolitan areas boast rates below 5 percent.

Paul Paz, a Portland, OR-based waiter and founder of WaitersWorld.com, a website for servers, says that during the Great Recession plenty of people wanted restaurant jobs. "It was reflective of the fact we'd become the industry of last resort rather than of first choice," he says. "Now that economy has improved and the labor pool has dried up, how do we make the industry attractive?"

In Lincoln, NB, Jay Jarvis tries by making it "cool" to work at his three Lazlo's Brewery & Grill locations.

It's been tough, though. The unemployment rate in the so-called "steak capital of the world" was running just 2.1 percent at the end of last year. The Cornhusker State itself was tied with South Dakota for having the second-lowest jobless rate (2.9 percent) in the country.

"It's always been difficult to find people," laments Jarvis, who is also the secretary-treasurer for the state's restaurant association. "We're a government and a university city. So it's a stable economy and a desirable place to live. The number of available workers is low."



The NRA continues to warn its members of a shallow labor pool. Photo: Life-size Images/Digital Vision/Thinkstock

It wouldn't surprise the National Restaurant Association's Hudson Riehle, senior v.p., research and knowledge. "The national workforce participation rate fell to a 38 percent low last year, as many people who lost jobs during the Great Recession aren't returning to the workforce," he says, adding the number of working teens and Baby Boomers is also in decline.

The dwindling numbers likely figure in the drop in 2016 industry employment growth—to 3.0 percent from 3.6 percent last year—the trade group recently projected. Which explains why NRA continues to warn its members of a shallow labor pool.

On the bright side (if you can call it that), the percentage of 20- to 24-year-olds looking for full-time employment is greater than any other age group. Many are already in the industry, Riehle confirms, citing a 3 percent increase (from 21 percent to 24 percent) since 2007. Still, according to the BLS, 9.4 percent of 20- to 24-year-olds were unemployed as of December 2015.

Apply within

How employees view the workplace starts with the job application, says former restaurant operator Len Ghilani, now a Minneapolis-based consultant with Results Thru Strategy. Ghilani shares tips for attracting and retaining employees:

- Treat walk-in applicants like regular customers, making sure a manager talks to them even if you're not hiring. Script: "Thanks for stopping in. Let me get a manager for you."
- Teach workers they have a role beyond food. "They aren't merely making a sandwich or simply satisfying a customer's need for nourishment," Ghilani advises. "Instead, they're helping them escape work or the hustle-bustle of the real world for a half-hour."
- Cross-train employees. A staff of five doing the work of eight can still find job satisfaction if their additional skills mean they can add hours by working a different position. Or even in another restaurant.
- Introduce "family meal." By breaking bread with employees preshift, owners and managers can share expectations, credit achievement and listen to gripes in a relaxed setting. "Employees feel they are a part of something bigger than what they just do at work," Ghilani says.

Can mobile technology save the day?

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IT specialist and restaurant consultant Alex Birnbaum is a proponent of mobile technology, which can help keep labor costs in line. He cites, for instance, scheduling apps allowing managers to communicate with employees—and freelancers looking for work—via smartphones. "The apps work like dating sites: You have a need and I have a need," he says.

One, CVR4Me, was introduced this year by San Francisco chefs Ian De Leoz and James LaLonde. For a \$25 fee, managers can seek immediate help by posting temporary job notices—“we need a line cook for tonight’s shift”—via their smartphones.

It’s still too early to tell whether such apps offer a competitive point of difference in terms of attracting talent. Yet Unifocus c.e.o. Mark Heymann believes mobile technology, which his Carrollton, TX-based company sells, may eventually change the workplace paradigm in favor of employees.

“A server may only want to work a two-hour shift at peak,” he explains. “But labor laws say a shift is four hours. If they can be a prep cook for a few hours at another restaurant because they also have that skill, why wouldn’t they do that if they got a text saying they were needed?”



New apps are available to help you stay in touch with workers and connect with would-be future employees. Photo: LDPro/Thinkstock

Looking abroad

Legally hiring foreign nationals is a staffing option—sort of—acknowledges Washington DC-based attorney Becki Young, an immigration specialist whose clients include restaurants and hotels.

She offers the example of a tapas restaurant whose owner desires to hire a Spanish manager. He or she could teach the staff about Spanish culture while lending an air of authenticity to the place. The unemployment rate on the Iberian Peninsula, incidentally, is 20 percent.

But be aware that snagging a coveted H-1B visa—required to bring only skilled professionals—can be difficult. Last year, some 250,000 people applied for the 65,000 H-1Bs available. Also keep in mind the visa allows the worker to stay in the country for only one year. Says Young: Most restaurants after training people for a few months don't want the person to leave so soon.”

Still, she adds, a New York-based restaurant company client applied for five H-1Bs in 2015 and received one in the lottery the immigration service holds in April.

Managing Millennials

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It's not surprising that operators have strong opinions about Millennials. A report from the Young Invincibles, an advocacy group, shows the most popular job for young Millennials (18 to 24) is in restaurants in all but 16 states. And yet, while Millennials apparently make up the biggest generation in the U.S. (some 75 million in all), they account for barely 30 percent of employed Americans.

Many restaurant managers have complained about the difficulty of managing Millennials, who strike older adults as self-centered, entitled and preoccupied with mobile technology. A Google search for “managing Millennials” turned up 390,000 hits. In one of them, a foodservice distributor's website warned Millennials are

“walking contradictions” and advised explaining “in detail, why a cell phone can’t be used or set rules on when one can be used.” Good luck with that.

On the other hand, veteran waiter Paz, who oversees front-of-the-house training at Oswego Grill, in Portland, embraces Millennials, especially liberal arts grads. “They are bright, smart and learn procedures really quick,” he says. He thinks problems managing Millennials stem from the clash between two cultures: headstrong Baby Boomer owners and entitled Millennials. “We have two similar cultures bumping heads,” he argues.

“Today, it’s a different environment than when we were growing up,” declares Laszlo’s Baby Boomer Jarvis, referring to Millennials in his employ. “These kids want to work, but they also want to be treated well and respected.”

There is evidence to show that respect may be hard to come by in a restaurant environment, in fact. Last year, a web-based research firm called getdining.com conducted focus groups with 126 restaurant employees representing 300-plus (mostly independent) restaurants. Among the findings, the report noted that “100 percent of focus group attendees . . . reported observing disrespect or even bullying in the workplace.”

Tipping point

The topic of tipping — or rather, not tipping — heated up last fall after Union Square Hospitality Group founder and c.e.o. Danny Meyer declared he was doing away with tipping in his New York City restaurants and adopting what he dubbed a “Hospitality Included” model.

The move in New York was likely partly pushed forward by this year’s 50 percent raise in minimum wage, from \$5 an hour to \$7.50 an hour for tipped workers (and to \$9 an hour for non-tipped workers), as much as it was for achieving wage parity among front- and back-of-the-house workers. Several NYC restaurants have already adopted a no-tipping model and reported that it worked.

NRA has railed against it. In an October 21, 2015, letter to the New York Times, c.e.o. Dawn Sweeney defended the practice against charges of paying a subminimum wage. “Americans overwhelmingly support a system that rewards good service,” she wrote. “We should be celebrating a restaurateur’s right to do what’s best for his or her individual business and employees, not using this as an opportunity to demonize the industry.”

Ryan Gromfin, a former operator and now a restaurant consultant in Southern California, probably speaks for many independents, calling the no-tip model impractical. “Until the vast majority of restaurants adopt this model,” he says, “the early adopters will suffer trying to explain why their burger is \$16 instead of the \$13 their competition charges.”

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