Enabling High-Performing General Managers
A (Very) Brief History on 4IR

The 1st Revolution
Mechanisation, steam power, 1784 first mechanical weaving loom

The 2nd Revolution
Mass production, assembly line, electrical energy. 1870 first production line - Cincinnati slaughterhouses.

The 3rd Revolution
Automation, computers and electronics. 1969 first programmable logic controller - Modicon 084

The 4th Revolution
Cyber-physical systems, IoT, networks.

The Fourth Industrial Revolution is the fourth major industrial era since the initial Industrial Revolution of the 18th century. Marked by emerging tech breakthroughs: IoT, Robotics, AI, Machine Learning, 5G,
## The Most Labor Intensive Industry

### Average Sales Per Employee

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Sales Per Employee</th>
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Trends Impacting Margins
## 2019 Food Costs

### 3% Rise

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
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<tbody>
<tr>
<td>Bakery</td>
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<td>Vegetables</td>
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CPI Research
Food Waste

A single restaurant can produce 75,000 lbs of food waste per year.

33 pounds of waste per $1,000 of revenue.

Due to improper:
- Purchasing
- Product handling
- Preparation
- Storage
A study conducted by the National Restaurant Association in 2004, found that theft represented 4% of all food costs.

Most common forms of theft:
- Grazing on the shift
- Giving away food and drinks to friends and family
- Not comping dishes/drinks made in error
- Employees walking away with inventory
Labor Costs Continue to Rise
Rising Minimum Wage + Shallow Talent Pool = High Costs

- Labor costs over next 5 years: 50% (Technomic)
- States increasing min wage in 2019: 18 (Bureau of Labor)
- States proposed eliminate tipped min wage: 12 (Restaurant Opp Center United)
- Cities and States have passed Predictive Scheduling: 9 (Align Public Strategies)

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Workforce Challenges
October 2008

Worst Economic Crisis since Great Depression

- Wall Street Collapse
- 2.8 Million Jobs Lost
- 8 Million Underemployed

under-use of a worker due to a job that does not use the worker's skills, or is part time, or leaves the worker idle.
March 2009

Uber was Born
Over 6 million working gigs today

Source: Intuit and Emergent Search
Increased Competition
Restaurant Location Growth

Restaurant Bubble?
6.8% location growth since 2011

Per Year Growth
60,000 Net New
50,000 Close

© Statista 2018
# Food Trucks: 23,872
2014-'19 Annual Growth Rate: 6.8%
Food Halls in The US: 250
2015-’19 Avg Annual Growth Rate: 41%
Groceraunts on the Rise

Improvement on 2% Margins
Turnover
Turnover Crisis

Cost of turnover per hourly worker = $2003

Full Service

37%
Management Turnover

Limited Service

44%
Management Turnover

Source: TDn2K
Staffing Problems Severe at Management Level

Percentage of restaurant companies that reported they are typically understaffed for:

- 52% Managers (non-GM)
- 19% General Managers

Source: TDn2K
Why They Leave
Work-Life Balance
Fewer Managers Per Restaurant

Quick Service
- 2007: 3.5
- 2017: 2.9

Fast Casual/Family Dining
- 2007: 3.1
- 2017: 2.8

Upscale Casual/Fine Dining
- 2007: 4.7
- 2017: 4.1

Casual
- 2007: 8
- 2017: 6

Source: TDn2K
Higher Compensation

Employee Expense as % - Total Revenue

Restaurant management expense

- Salaries and bonuses: 7.1% (2007), 7.6% (2017)
- Benefits and taxes: 2.3% (2007), 1.8% (2017)
- Total employee cost: 9.4% (2007), 9.4% (2017)

Restaurant hourly expense

- Salaries and bonuses: 13.2% (2007), 19.9% (2017)
- Benefits and taxes: 2.6% (2007), 3.7% (2017)
- Total employee cost: 15.9% (2007), 23.4% (2017)

Source: TDn2K
Immediate Promotion

58,230 General Manager Jobs on Indeed

58% of Managers said they didn’t receive Management Training

CareerBuilder.com Study
6 Tips to Enable a High Performing General Manager
Design Your Day in the Life
DAY IN THE LIFE

8:00AM
PRE-OPENING:
- Building check
- Review people plan
- Food prep
- 100% sparkling clean
- Floor plan
- Pre-meal/Pit Stop Prep
- Orders

9:30-10:30
100% LINE CHECK ADHERENCE

10:30-11:00
FINAL PRE-SHIFT:
- Fresh rolls
- Clean/organized
- Pre-meal
- Pit Stop w/ each TM
- Aces in Places

11:00-2:00PM
MANAGER IN POSITION
- Follow HOH/FOH positioning
- Picture Perfect food
- Steps of Service
- Sense of urgency
- Clean as you go
- Table visits/Guest recovery
- Lobby efficiency
- Hot food hot! Cold food cold!
- Phase Team Members w/ BD

2:00-3:00
RECOVER & RESET:
- 100% ready for night shift
- Dinner floor plan
- Clean/organized
- Check out every Team Member at the end of each shift

3:00-4:00
100% LINE CHECK ADHERENCE

4:00-5:00
FINAL PRE-SHIFT READINESS:
- Manager Log
- People plan
- Aces in places
- Pre-meal & Pit Stops

5:00-9:00
MANAGER IN POSITION:
- Follow HOH/FOH positioning
- Picture Perfect food
- Steps of Service
- Sense of urgency
- Clean as you go
- Table visits/Guest recovery
- Lobby efficiency
- Hot food hot! Cold food cold!
- Phase Team Members w/ BD

9:00-DEPART
RECOVER & RESET:
- Weekly cleaning focus
- Nightly paperwork
- Close to Open
- Sparkling clean
- Check out every Team Member at the end of each shift
Create Ideal Job Description
Ideal General Manager Job Description

You will be responsible for:

- **Planning + prioritizing**: Creating your calendar and effectively managing your time
- **Staffing + Scheduling**: Interviewing and hiring team members, writing schedules, and managing labor
- **Teaching + training**: Overseeing new hire and Special Ops training, as well as new recipe training
- **Food + inventory management**: Ordering, inventory, waste, prep, and storage organization
- **Operational standards**: cash management, ensuring compliance and safety, and completing monthly restaurant assessments
- **Communicating effectively**: Leading team meetings and holding one-on-ones
- **Coaching + development**: Providing ongoing feedback and recognition, leading performance reviews, and developing your Guest Experience Manager and Culinary Leads
- **Critical thinking**: Analyzing your restaurant scorecard and creating action plans

You are expected to:

- **Develop Yourself & Others**: Focus on self-improvement while supporting the success of others
- **Put the Customer First**: Consistently create CAVA fanatics by finding ways to say ‘yes’ to every guest
- **Achieve Results**: Take ownership of every shift and take pride in your job
- **Foster Collaboration**: Work with others to find success as a group
- **Adapt to Change**: Solve problems through an open-minded and all-inclusive approach
Create a Development Path
From Managing to Leading

Shift Leadership Package
- Your First 2 Weeks as a Manager
- Management Resilience: Thriving Amidst Chaos
- How to Set Effective Goals
- Improving Performance Through Feedback
- Networking and Best Practices
- Influence on Profit and Loss

Leadership Package
- Diversity in the Workplace
- Communication: Effective Listening
- Developing Leadership Skills

Staff Development Package
- Coaching: Invest in Improvement
- Delegation: Groom Your Next Superstar
- Cross-Training: Increase Your Total Talent

Supervisor Package
- Your Impact on the Business
- From Follower to Leader
- Balanced Leader
- Controlling Emotion
- Relationship Builder
4

Provide Tools to Plan
5% Variance in accuracy can result in 1% of additional spend in labor
Effective Planning

Focus: orienting the team toward the most relevant set of outcomes

MACHINE GENERATED
- History
- Holidays
- Economy
- Seasonality

MANAGER INPUT
- Catering
- Sports
- Construction
- Competition

PRECISION PLANNING
- Optimal Labor
- Predictive Ordering
- Prep & Production
Labor Planning
Labor Planning
Provide Tools to Engage & Connect
Modern Messaging: Team Engagement

- Better organization for all P2P messaging with quick access to favorites, custom and system groups
- Auto-created Smart Groups pull together the right people at the right time
- Connect with your entire organization, not just those in your restaurant
- Rich content with file sharing and emoji access
Give Employees a Voice

**Employees Ratings**

How was your shift?

![Emojis: Happy, Neutral, Disappointed, Unhappy, Meh]

What was the main reason?

- Guests
- Kitchen
- Manager
- Teammates
- Personal

Provide anonymous results of team shift ratings so employees know where they stack amongst peers

**Manager Reports**

Give managers reports that show how happy their staff is

**Trends**

Find trends that possibly create the negative shift experience so managers can hold on to employees longer and improve the guest experience
Sharpen Characteristics that Inspire High Performing Teams
# Leadership Characteristics

## 33 Characteristics of Super Expiring Leaders

### Developing Inner Resources:
How you lead or handle yourself
- Stress Tolerance
- Emotional Self-Awareness
- Self-regard
- Self-actualization
- Independence
- Optimism
- Flexibility
- Emotional Expression

### Connecting with others:
How you connect one to one
- Vitality
- Development
- Humility
- Listening
- Commonality
- Assertiveness
- Empathy

### Setting the Tone:
How you handle yourself
- Worldview
- Openness
- Follow Through
- Unselfishness
- Responsibility
- Shared Ambition
- Recognition
- Balance

### Leading the Team:
Your formal leadership
- Sponsorship
- Servanthood
- Harmony
- Co-creation
- Direction
- Focus
- Vision
- Empowerment

---

Bain & Company
Thank You
HotSchedules Booth 5665

- Forecasting
- Labor Management
- Inventory Management
- Task Management
- Talent Development
Develop Leadership Characteristics that inspire team members
Developing Inner Resources: how you handle yourself

- **Stress Tolerance** (handling stress in a positive and constructive manner)
- **Emotional Self-Awareness** (understanding emotion, causes and their impact on others)
- **Self-regard** (holding a confident yet realistic assessment of your capabilities)
- **Self-actualization** (improving yourself and engaging in meaningful pursuits)
- **Independence** (maintaining conviction to follow your own course of action)
- **Optimism** (remaining resilient and positive despite challenges)
- **Flexibility** (adapting your responses to dynamic circumstances)
- **Emotional Expression** (voicing your feelings openly)
Connecting with others: how you connect one to one

- Vitality
- Development
- Humility
- Listening
- Commonality
- Assertiveness
- Empathy
Connecting with others: how you connect one to one

- Vitality (showing passion for work and giving energy to others)
- Development (assisting others in advancing their skills)
- Humility (maintaining a balanced ego)
- Listening (paying true attention to others feelings, comments and ideas)
- Commonality (sharing mutual interests and activities)
- Assertiveness (advocating your view in an open, honest and direct way)
- Empathy (understanding and appreciating others needs and feelings)
Setting the Tone: how you handle yourself

- Worldview
- Openness
- Follow Through
- Unselfishness
- Responsibility
- Shared Ambition
- Recognition
- Balance
Setting the Tone: how you handle yourself

- **Worldview** (seeking to understand and incorporate diverse perspectives)
- **Openness** (demonstrating curiosity, creativity and receptivity to input)
- **Follow Through** (showing integrity and consistency in word and action)
- **Unselfishness** (putting team needs above short-term personal benefits)
- **Responsibility** (taking proactive ownership, giving credit for success and being accountable for mistakes)
- **Shared Ambition** (Living the organizations mission and operating principles)
- **Recognition** (showing appreciation for efforts and results of others)
- **Balance** (respecting boundaries of others relationship and commitments outside of work)
Leading the Team: your formal leadership

- **Sponsorship** (helping others to achieve broad career aspirations)
- **Servanthood** (investing on behalf of others and finding joy in their success)
- **Harmony** (fostering alignment and resolving conflicts)
- **Co-creation** (trusting that collaboration can yield better results)
- **Direction** (setting the appropriate group and individual expectations)
- **Focus** (orienting the team toward the most relevant set of outcomes)
- **Vision** (creating a compelling objective that builds confidence and encourages sign up)
- **Empowerment** (allowing and encouraging the freedom to stretch)
Leading the Team: your formal leadership

- Sponsorship
- Servanthood
- Harmony
- Co-creation
- Direction
- Focus
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- Empowerment
Key Characteristics of High Performing GM’s
Centeredness
Engaging all parts of the mind to become fully present

DEVELOPING INNER RESOURCES
- Stress Tolerance: Dealing with stress in a positive and constructive manner
- Emotional Self-awareness: Understanding your emotions, their causes, and their impact on others
  - Self-regard: Holding a confident yet realistic assessment of your capabilities
  - Self-actualization: Improving yourself and engaging in personally meaningful pursuits
- Independence: Maintaining the conviction to follow your own course of action
- Optimism: Remaining resilient and positive despite challenges

CONNECTING WITH OTHERS
- Vitality: Showing passion for your work and giving energy to others
- Development: Assisting others in advancing their skill
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LEADING THE TEAM
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- Harmony: Fostering alignment and resolving conflicts
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- Servanthood: Investing on behalf of others and finding joy in their success
- Co-creation: Trusting that collaboration can yield better results
- Sponsorship: Engaging to help others achieve their broad career aspirations

By: @larrykim
33 Characteristics of
“To take the extra couple of minutes out of our day to create less noise for managers might be the difference in creating a negative or positive guest experience at any given moment”

- Courtney Flynn
Tools to Plan
What Technology is Most Important for Connected Teams?
Great Place to Work Examples

Lazy Dog Restaurants - 92 percent of Lazy Dog Restaurant & Bar employees say it is a great workplace - Great Place To Work Certification & List Production

Shake Shack – Rethinking the work week to four days for managers
1H 2019: Engagement - Mobile Rostering

**Highlights**

- Manage House Shifts including times, schedules and assigning from the new mobile roster
- Reassign shifts to another employee or house it altogether
- Tie in to Predictive Scheduling features by requiring reasons for edits
- Mobile rostering helps reduce time spent in the back office for intraday/week schedule changes allowing good managers to become great managers

*Report layout may change during development*
Cover Your *Assets*

Built trust in your teams with complete *transparency* and *documentation*.

- **Team collaboration on:**
  - Attest to required meals or breaks to drive overall legal compliance
  - Attest to key company policy questions to drive standard operating procedures are being met

Welcome!

Hi! Before you can clock out, please attest to the following:

- I took all required breaks
- I took all required meals
- I was treated professionally and with respect

Submit  Exit
Restaurants’ #1 Key Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Sales Forecast Variance (Forecast vs Actual)</td>
<td>50%</td>
</tr>
<tr>
<td>Labor Variance to Budget (SPLH, GPLH, LH/100)</td>
<td>16%</td>
</tr>
<tr>
<td>Food Variance (Actual vs Theoretical)</td>
<td>16%</td>
</tr>
<tr>
<td>Employee Turnover</td>
<td>6%</td>
</tr>
<tr>
<td>CSAT Scores</td>
<td>6%</td>
</tr>
<tr>
<td>Voids</td>
<td>3%</td>
</tr>
<tr>
<td>Comps</td>
<td>2%</td>
</tr>
<tr>
<td>Waste</td>
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</table>
Key Competencies to Manage Tools

How are you holding regional managers accountable for product adoption

- Planning + Prioritizing
- Effective Communication
- Coaching + Development
- Critical Thinking
kpi’s

1. Planning (forecast accuracy by day to ensure staffing levels, prep, etc)
2. Employee happiness
3. Customer Loyalty
APPENDIX
How do you adapt your organization to attract talent that will drive your growth and innovation?

Align Your Organization
Provide Flexibility
Provide Instant Pay
Modern Messaging: Unified Communication

"Picking up a Friday morning! Let me know before releasing. 555-1212"

"Sunday night for a morning? Anybody want to work night instead of morning??"

"I would like to pick up a shift on Tuesday the 18th, one days notice would be great if I could get it. 555-1313"

"Can someone please pick up my bar one shift tonight he’ll only be there till nine or 930 to make lots of money help a girl out"

60% of all P2P messaging between team members involves shift transactions
Modern Messaging: Manager Engagement

*Designs are prototype and will change*
How Do You Establish Trust and Purpose to Attract the Best Talent?
Biggest Challenges
GM’s face today
Theft and Error

A study conducted by the National Restaurant Association in 2004, found that theft represented 4% of all food costs.

Most common forms of theft:

- Grazing on the shift
- Giving away food and drinks to friends
- Employees walking away with inventory
- Not comping dishes/drinks made in error
More Demanding Customer
Figure 1

**M&A activity reached $392 billion in 2017, down 16% from 2016**

**Consumer and retail M&A activity**

($ billion)

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<tbody>
<tr>
<td><strong>M&amp;A deal volume</strong></td>
<td>+7%</td>
<td>-3%</td>
<td>-22%</td>
<td>+11%</td>
<td>-1%</td>
<td>-6%</td>
<td>-9%</td>
<td>-2%</td>
<td>-12%</td>
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<td>-6%</td>
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<tr>
<td><strong>M&amp;A deal value</strong></td>
<td>+57%</td>
<td>-18%</td>
<td>-55%</td>
<td>+50%</td>
<td>+2%</td>
<td>-10%</td>
<td>+50%</td>
<td>-8%</td>
<td>0%</td>
<td>+14%</td>
<td>-2%</td>
</tr>
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Sources: Dealogic; A.T. Kearney analysis

Fast Casual
- Jollibee (85% stake)
- MTY Food Group ($2.75m)
- Butterfly (ND)
- Millstone Capital (ND)
- Accor ($319m, 50% stake)
- High Bluff Capital Partners (ND)
- Cava Group ($300m)
- L3 Hospitality (ND)

Full Service
- Rhone Capital ($560m)
- Spice PE ($100m)
- Golden Tree Rest (ND)
- Elysium Mgmt (ND)
- Fresh Hospitality (ND)
- TriSpan Rising Stars (ND)
- Del Frisco’s ($325m)
- R. Earl ($20m)
- Arc Group (ND)
- Gen3 Hospitality (ND)

QSR
- High Bluff Capital Partners (ND)
- Inspire Brands ($2.3b)
- WKS Rest Group (ND)
- Polar Star (ND)

Franchisees
- *3BM1 ($8m+liabilities)
- ARC Group ($12.3m)
- Romano’s Macaroni Grill ($32m)
- Elite Restaurant Group (ND)
- Hargett Hunter & TriSpan (ND)
- S.L. Craig ($4m)
- J. Andres (ND)

Delivery, Meal Kits & Tech
- UberEats (ND)
- Hello Fresh (ND)
- Kroger ($700m)
- Landcadia ($308m)
- Grubhub ($390m)
- True Food Innovations (ND)

Coffee, Beverages & Snacks
- MTY Food Group (ND)*
- SJB Brands (ND)
- *JAB Holdings ($2b)
- Nestlé ($7.2b)
- Krispy Kreme (ND)
- Focus Brands ($200m)
- Sinelli (ND)
- La Boulangerie (ND)
- MTY Food Group ($35m)

Source: Aaron Allen & Associates, public sources
*Notes: Selected announced deals as of Q3 2018. Timothy’s World Coffee majority of units located in Canada. Starbucks retail products. Pret based in the UK. Garces is a multi-concept, mostly casual dining.
Engagement

How does HotSchedules help?

- Send and receive private and company-wide messages to managers or coworkers.
- Consolidate and track shift to shift communications to ensure procedural standards for a great guest experience - every time.
- One click to approve or deny shifts, post schedules and view messages.
### Percentage of Companies are Understaffed

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<td>98%</td>
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<td>Shift Leaders</td>
<td>57%</td>
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Chuy’s CEO, Steve Hislop said they’re having to go on false waits in some stores because they don’t have enough staff to serve tables.
Predicting Forecasts
Predicting Forecasts
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Predicting Forecasts
Real Estate Woes
Credit Suisse estimates that 20% to 25% of malls would shutter over the next five years, largely because of store closures.
“When it comes to kiosks, it’s absolutely one of our goals to decrease the payroll over time, and the number of people that we need.”

Shake Shack CEO, Randy Garutti

“As we see the rising costs of labor, it just makes sense to consider adding new automated technology.”

Jack in the Box CEO, Leonard Comma
Consumer Trends
Consumer Preferences are Changing
Uncertain food costs due to consumer, political and environmental factors

- 3%: 2019 Estimated Rise in Food Costs (CPI Research)
- 66%: Consumers likely to visit restaurants with locally sourced food (NRA)
- 13: Multi-state food safety incidents as of July ‘18 (CDC)
- 36%: Commodities increase due to climate change (HSBC)
Increased Competition
Margin Pressures
Increased Labor
Rising Food Costs
Food Waste

A single restaurant can produce 75,000 lbs of food waste per year.

33 pounds of waste per $1,000 of revenue.

Due to improper:

- Purchasing
- Product handling
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## 2019 Food Price Forecasts

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Restaurant Location Growth

6.8% location growth since 2011

Per Year Growth
60,000 Net New
50,000 Close

Restaurant Bubble?
Same Stores Sales & Traffic

Q3 2018 was the first quarter since Q4 2015 in which all months had positive SSS; however, negative guest traffic trends have not turned around and remain a crucial industry-wide problem.
86% of consumers are using off-premise services at least monthly.

Technomic
US Restaurant Delivery Revenues

Offline versus Digital from 2016 to 2022 in Billions

US delivery sales rise an avg of 12% a year to $76 billion in 2022, up 77% from $43 billion currently, according

NPD Group / Cowen & Co
Amazon Pays $15/hour

"We listened to our critics, thought hard about what we wanted to do, and decided we want to lead. We're excited about this change and encourage our competitors and other large employers to join us."

Jeff Bezos, CEO of Amazon
# The Most Labor Intensive Industry

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"With government driving up the cost of labor, it's driving down the number of jobs. You're going to see automation not just in airports and grocery stores, but in restaurants."

Carl's Jr. and Hardee's former CEO, Andy Puzder
What all Top Performing brands have in common

The Key Metric To Winning

* 2016 TDN2K Restaurant Study
Get Aligned:
What’s the skill set needed to successfully manage as a GM?

**Phase 1 | How do Employers of Choice Attract talent?**
- Alignment (Cava highlight - People focused)

**Phase 2 | What tools do Employers of Choice provide their teams?**
- Tools to plan - As the saying goes, if you fail to plan, plan to fail.

**Phase 3 | Implement & Ongoing Support**
- Competencies to manage and properly use the tools.
  - *Lack of adoption we see*
CAVA | Putting Our People First

From mindful sourcing to craveable recipes, revolutionary tech to authentic customer moments, we’re building a team that’s passionate about creating meaningful experiences and sharing good food.

Think you’re the one for the job? Then join us.

- Clear careerpathing: “Grow with CAVA”
- Teaching empathy as a skill
- Reduction in manager turnover
- Increase in internal promotions
Slide on CAVA’s recent successes

- 79 locations, **26 added in 2018**
- In 2018, Cava Group acquired Zoë’s Kitchen (more than 250 locations) in a $300 million deal
- Starting employee wage of $13 per hour
- Provides employees with paid sick leave, paternal and maternal leave and healthcare, all in an effort to reduce employee turnover
Define Key KPI’s

Do your KPI’s reflect your Company Values?
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Forecast Variance (Forecast vs Actual)</td>
<td>50%</td>
</tr>
<tr>
<td>Labor Variance to Budget (SPLH, GPLH, LH/100, %)</td>
<td>16%</td>
</tr>
<tr>
<td>Food Variance (Actual vs Theoretical)</td>
<td>16%</td>
</tr>
<tr>
<td>Employee Turnover</td>
<td>6%</td>
</tr>
<tr>
<td>CSAT Scores</td>
<td>6%</td>
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<tr>
<td>Voids</td>
<td>3%</td>
</tr>
<tr>
<td>Comps</td>
<td>2%</td>
</tr>
<tr>
<td>Waste</td>
<td>2%</td>
</tr>
</tbody>
</table>