



## The Ultimate Guide to Managing Your Restaurant or Bar in Times of Interruption

Are you planning on closing your restaurant or bar during a time of interruption? Here's everything you need to know about closing your doors, maintaining a positive cash flow, reopening your business after a brief hiatus and boosting profits long into the future.



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# INTRODUCTION



Navigating interruptions to your business can be difficult, but for most bars or restaurants a temporary shutdown is just one of those things that will probably happen multiple times over the course of the company's lifetime.

There's a wide range of reasons why a restaurant or bar would undergo a temporary closure. Anything from a new construction project, a rebrand, an update to health and safety standards and many other reasons.

A temporary closure isn't a negative thing. It gives your business time to make improvements to every aspect of your restaurant or bar - from your back-of-house processes to your front-of-house customer experiences.

However, since a temporary closure means you are no longer bringing in revenue from guests, it's important you take some steps to protect your business and maintain a positive cash flow until you're able to open again.

If you are planning a temporary closure in the future and want to learn how to prepare for the shutdown of your business as well as its reopening, this ebook will be valuable for you.

We have included shutdown and reopening checklists to make sure both go seamlessly, and we've also provided some tips on how to maintain positive cash flow during your closure and how to drive profits once you reopen.



# HOW TO PREPARE FOR THE TEMPORARY SHUTDOWN OF YOUR BUSINESS

While closing your restaurant or bar is often for a positive reason, that doesn't mean it's not a challenging time. You probably still have inventory left in your kitchen, you have staff that might have to be temporarily laid off and you have finances that are coming to a complete standstill.

This of course is nothing new for restaurant and bar owners who continually face issues in what is a great, but challenging industry.

No matter why you have temporarily closed your restaurant or bar, the measures you need to take to make sure you are properly prepared are the same. Here are some of the most important best practices to keep in mind when preparing for your closure.

## Choose a date

The first step of preparing for a temporary closure is to choose a date that you will close. On some occasions this may be completely out of your hands, but where possible it's always good to set an official date of closing to ensure you have time to properly prepare.

An official closing date will give you time to better plan your communications, sort through your food and liquor inventory and discuss any financial implications with your bank and landlord. A solid date will ensure that you can build a plan that has your budget at the forefront of any decisions.



## Communicate with both your guests and staff members

Once you have an official date. It's now time to make your guests and staff aware of your plans (tell your staff before you make the announcement public). Your restaurant or bar stakeholders need to know when you are closing and the reason why. Be open and honest in your communication, and you'll be able to build trust and more loyal staff members and guests.

You should host an in-person meeting with your staff to tell them before anyone else. Tell them as early as possible and make sure they are aware of the income they are receiving. It's possible that you are in a position to give them full wages while you are temporarily closed, while other companies may have to temporarily lay them off and hire them back once you open again.

For guests, you will have to use your website and social media channels to communicate with them. Make sure they know the exact date that you are closing, the reasons behind your closure and when they can expect to be able to dine or drink in your establishment again.

## Make sure your finances are in order

Staying out of debt and ensuring your business remains ready to reopen is all about effective financial planning. That's why it's important that you take the time to craft a business plan with accurate financial forecasting - taking into account the period of closure where you will not be bringing in new revenue.

Create a budgeting forecast based on information, data and sales projections that are realistic. Make sure not to overestimate projected sales or underestimate your company's expenses. Your plan should ensure that you'll still have strong cash reserves even through your closure.

Want to learn more about preparing for a temporary restaurant or bar closure? Please read our next page for our complete checklist of things to do before you temporarily shut down your business.



# YOUR SHUTDOWN LIST



## General

- ✓ Set a date for your temporary closure.
- ✓ Think about all the small tasks that you are unable to get to during your busy times. Now is the time to take a step back and tackle that list once and for all.
- ✓ Talk to your neighbours and let them know you'll be away for the time being, they can keep an eye on your premises to make sure everything is OK.
- ✓ Cancel your garbage service if you pay for additional collection or other special services.
- ✓ Make a plan for picking up your corporate mail regularly.



## Finances

- ✓ Talk to your lenders on solutions to alleviate any burdens that you may experience during your closure.
- ✓ Contact your landlord to work on rent forgiveness and/or deferment if possible.
- ✓ Proactive business planning - this might be a great time to plan out your promotions for the remainder of the year once you reopen.
- ✓ Talk to your suppliers and put inventory orders on hold. If you're still operating to some capacity you can reduce your ordering.
- ✓ Get in touch with your insurance provider and see if you can reduce coverage or eliminate some aspects of it while you are not operating.



## Staff

- ✓ Let your employees know that you plan to temporarily close, what date it will happen and why it's happening. It's important to be open and honest.
- ✓ Work with a lawyer to make sure you aren't breaking any employee contract regulations.
- ✓ Reassure your employees that they will have their position back when you reopen your restaurant or bar, or let those that won't go.
- ✓ Create a staff Facebook group or WhatsApp chat to keep them regularly informed while you are absent.



## Food

- ✓ Freeze any items that you can, but make sure to not re-freeze anything.
- ✓ Ensure meats and other items are properly prepped for freezing to reduce any freezer burn/spoilage.
- ✓ Donate any perishable items to local food banks.
- ✓ Ensure that the pilot lights on all the gas appliances remain lit.
- ✓ Cancel any standing orders with vendors.
- ✓ Get started with menu engineering and planning for re-open.



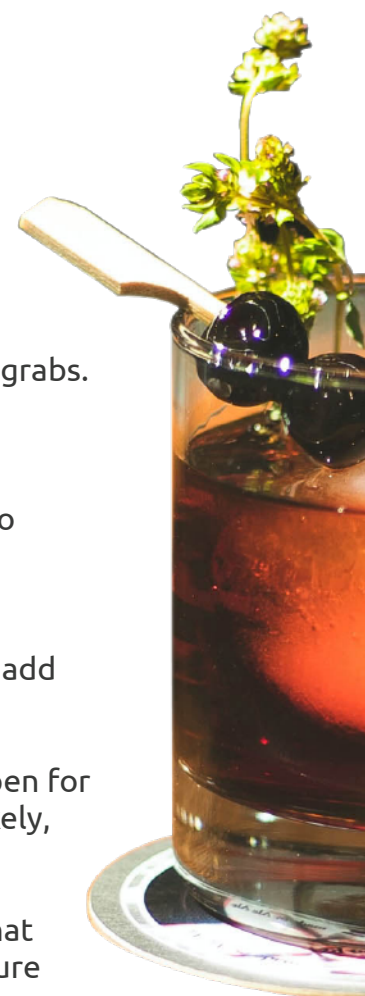
## Liquor

- ✓ Remove all visible liquor from the bar area to avoid any possible smash and grabs.
- ✓ Cancel any standing orders with vendors.
- ✓ In some locations, you are able to return sealed items back to state stores to reduce on-hand inventory just sitting on the shelves.
- ✓ If you are able to do food delivery services, don't forget beverages, you can create a menu of creative "mocktails" to send out for delivery - patrons can add the alcohol at home.
- ✓ Remove/dispose of open wine products or use it in the kitchen if you are open for take-out. The shelf life for most open wines is less than two weeks. Most likely, none of it will survive a temporary closure.
- ✓ Keep bottled beer at the same temperature. If it has been chilled, keep it that way. If it has been stored at room temperature, it should be fine. Temperature changes could cause the product to spoil at a much faster rate.
- ✓ Look after draft beer by turning off the gas system, unhooking all kegs, flushing the beer lines and cleaning/sealing your faucets.



## Health and safety

- ✓ Empty, clean and sanitize all refrigerators, kitchen spaces and appliances.
- ✓ Deep clean all areas of your facility to avoid attracting unwanted insects and rodents.
- ✓ Remove any garbage before you close.
- ✓ Ensure all fire and security alarms are working effectively before vacating the building.







## Marketing and communications

- ✓ Take this time to do a complete database clean-up of your customer and prospects.
- ✓ Update your hours of operation online to “temporarily closed”.
- ✓ Update your website to ensure guests know you're closed and understand why.
- ✓ Temporary stop your online adverts and start to prepare a new campaign for when you reopen.
- ✓ Respond to guest questions on review websites.





# WAYS TO MAINTAIN A POSITIVE CASH FLOW WHILE YOUR RESTAURANT/BAR IS SHUT



Without sound financial management, every business is doomed to failure. This is even more prominent when it comes to the temporary closure of a bar or restaurant, since you'll no longer have consistent revenue streams coming into your business.

It's crucial that you prepare properly for your temporary closure, ensuring you have enough cash flow to see you through the next few weeks or even months.

Thankfully, there are plenty of methods that you can take to save money and even earn revenue that tides you over until you open again. Here are some of the most effective measures you can take to maintain a positive cash flow while your restaurant or bar is temporarily closed.



## Sell Your Deadstock

Did you know that nearly every hospitality venue is overstocked? In fact, 80 percent of restaurant and bar sales are estimated to come from just 20 percent of their product range.

Once you have decided to close your restaurant or bar, you are going to have a huge amount of stock that's sitting on your shelves unused. In fact, if you are undergoing a rebrand or menu change during this transition period it's likely that some of this stock won't even be used when you reopen your doors (assuming it's not expired by then).

This represents a huge opportunity. That stock that's sitting unused in your refrigerators, freezers and storerooms is liquid cash. When you open again, you need a proper inventory management solution to rectify this issue - but for now, you should sell that deadstock and turn it into a revenue stream while your business is temporarily closed.



## Do You have the Facilities to Continue or Start Serving takeout?

Just because your physical restaurant or bar is closed, doesn't mean guests don't want to eat your dishes. Regular diners still need their favourite restaurant's fix, and new diners can still find your restaurant online and want to eat your food.

That's why, even during a temporary closure, you should consider offering a takeout service. Take out will help you reach both existing diners and new customers, but most importantly will ensure you still have revenue streams coming into your business even if your physical space is closed.



## Manage Good Debt vs Bad Debt

The financing that you raise from a bank or traditional lender to build your business is good debt. This will have a reasonable interest rate, regular payments, and an amortization period. Payments to this loan should be regular, and even if you can pay it off sooner, it's not necessarily a priority to get it paid off any quicker than you're required.

On the other hand, bad debt, which includes credit cards, equipment financing, unsecured lines of credit and personal loans, should be paid off as soon as possible. Any extra profits that you have above and beyond your obligations should be allocated toward these liabilities.

It's pretty normal for restaurants and bars to go into "good debt" when they are temporarily closing, especially if they need to borrow some money from the bank for a large construction project or a huge rebrand. It's also normal to use bad debt from time to time, but just make sure you aren't holding balances on multiple credit cards and other loans that have high interest rates during your closure - this could cripple your business down the line.



# HOW TO REOPEN YOUR RESTAURANT/BAR AFTER A SHUTDOWN

You're now all set up to officially close your restaurant or bar doors. This is a great time to review all areas of your business. Take a step back and look at the measures you can change to improve the processes that directly impact your profitability.

This is the time to come up with a solid plan on how you will manage operating costs, purchase costs, improve the efficiency of your processes, implement new systems for automation, drive revenue through marketing and review staff performance.

This is a great opportunity for you to take some time to relax. Spend some time with your family, go on vacation or learn a new skill. Do something you've always wanted to do but never had time for - we know just how hectic the hospitality industry can be.

At the same time, it's certainly not a time for you to rest on your laurels either. While you'll have some more downtime to do the things you love outside of running your restaurant or bar, the time that you are closed is the time that you need to start preparing for your business to reopen.

To help get you ready for your reopening day, here are some basic tips that can help you improve your profitability and the success of your business when you reopen.



## Forecast your finances properly

It's important to think about reopening in a controlled and realistic manner. You can use your sales figures before you temporarily closed your business, and then estimate what they will be moving forward.

Did you increase your capacity while you were closed or make any other changes (such as menu pricing) that might impact what your revenues will look like moving forward? Taking the time to work through your numbers will give you a reasonable estimate of what your new revenues might look like. This will ensure you don't spend too much.

## Implement an inventory management strategy

This doesn't help fill seats, but we can't stress the importance of this point enough. Whether it is from "taking care of the customer", inadvertently overpouring or including too much product in a dish, it is important to monitor and control your inventory.

Inventory control means more control over your money and increased profits. Need more help? Contact Sculpture Hospitality. By utilizing Sculpture Hospitality's consultants, systems and software, you will be able to account for every last drop of alcohol and ounce of food - ensuring that your business is profitable when you reopen.

## Build a new menu

Reopening is an opportunity to create a new menu optimized around dishes that will make the most profit. Remember it's all about welcoming your customers back, so lean into them, talk to them and understand who they are and what they would like to see on the menu.

Don't forget to keep some old classics though. Your loyal diners will likely have their favourite dishes from before you closed, so, unless you are undergoing a complete rebrand and that's why you closed, it's a good idea to find a balance between new and old dishes.

## Create a marketing strategy to bring in new, and old, guests

When planning your restaurant or bar reopening, you need to build a marketing strategy that attracts both old and new guests. Once your costs are in line, you need to focus on getting new customers. Nothing will cure the money blues faster than a brand-new influx of guests who are spending money.

Plan new promotions and market yourself like crazy. This will help achieve two main goals: First it will help increase income, second, it will ensure you feel confident and excited about the future of your restaurant or bar.





# YOUR REOPEN LIST



## General

- ✓ Set a date when your business will reopen to the public.
- ✓ Prepare all your equipment for day-to-day operations, including cleaning all your appliances and making sure they are working.
- ✓ Make sure all technologies, such as your inventory management systems and point-of-sale system, are running smoothly.
- ✓ Take an inventory of all glassware and cutlery, making sure you have enough and none has been lost while you were closed.
- ✓ Reactivate any utilities, garbage services and insurance coverage if you were able to pause them.



## Finances

- ✓ Forecast your finances so you don't spend too much before you know you'll make a profit. You can always open up at a reduced capacity and build yourself up over the next couple of months if needed.
- ✓ Re-evaluate food costs and profit and loss (P&L) statements if you've introduced a new menu.
- ✓ Review and adjust your budgets and projections for the next six, 12 months and 18 months.



## Staff

- ✓ Communicate with your staff once you have a reopening date. If you laid them off during your closure let them know if you are bringing them back or not.
- ✓ Review your staffing needs, hire new employees where you need to. Some of your old staff may have found new jobs (which is understandable), so you may have some open positions.
- ✓ Train staff for any new processes you want to implement (for example, tighter inventory management and ordering).



## Food and Liquor

- ✓ Reach out to your vendors - do you have any new order requirements or new inventory needs? Place order for your food and beverage stock.
- ✓ Check that any stock left on your premises is still good to be consumed.
- ✓ Clean and re-engage your draft beer systems before use. Make sure they are all working seamlessly.

- ✓ Develop a core range of products that you will sell moving forward. Use those products to tighten your ordering process up and avoid accumulating too much deadstock.
- ✓ Print new menus if applicable.



## Health and safety

- ✓ Ensure your restaurant is fully prepared for any health, fire or liquor control inspections before opening your doors.
- ✓ Clean your entire bar and restaurant, and make sure to wipe down dust buildup on bottles etc.
- ✓ Even though you did it when you closed, deep clean all areas of your restaurant/bar again before reopening.



## Marketing and communications

- ✓ Make sure your phone, website and social media is all working properly so that customers can get in touch with you if they need to.
- ✓ Use social media to promote the reopening of your restaurant or bar.
- ✓ Create marketing campaigns for new menu and bar specials.
- ✓ Send an email to your contacts announcing your reopening date.
- ✓ Update your website to announce your reopening, as well as any new changes that guests can look forward to.





# INNOVATIVE WAYS TO DRIVE PROFITS AFTER YOU HAVE REOPENED YOUR DOORS



A temporary closure and the reopening of your restaurant or bar is a great time to take a step back and look at how you can improve the profitability of your business - but it doesn't end there.

The hospitality industry is incredibly competitive. New restaurants and bars pop up faster than old ones disappear. Finding ways to consistently increase profits and introducing new initiatives that help you to stand out above the competition are the key to running a successful restaurant or bar.

Here are some methods you can implement into your business to ensure you are continually working towards improving your bottom line.



## Continue to hire top talent and train them to upsell

Bars and restaurants have a notoriously high turnover rate, but that doesn't mean that you can't attract and retain top talent who will become a selling point for your establishment.

You can hire the top talent in your area by creating a fantastic company culture, offering your employees good pay and benefits, and building a team that everyone enjoys being a part of. Training these employees to upsell will boost your profits even further.



## Improve your ordering through just-in time inventory data

Modern bar operators have an unprecedented amount of information at their fingertips. Through their point-of-sale systems, purchasing analytics and liquor inventory tools, they have the ability to calculate exactly what and how much they are selling down to the last drop.

You can take advantage of this data and significantly improve how you order new inventory for your restaurant or bar. By building a just-time inventory strategy where you can determine the optimal liquor and food orders, you'll significantly cut down on the amount of stock you waste. Less wasted inventory, means higher profits.



## Incentivize your managers with a bonus plan

Spending money to earn money may sound counterintuitive, but it's actually a fantastic way to improve your company's profitability. Think about introducing a manager bonus plan that makes your bar and restaurant managers focus on the most valuable, controllable and profit-enhancing elements of your business.

By giving a manager a certain percentage of the money they save through inventory management controls, you'll be rewarding employees for good work and saving money that can be added to your bottom line at the same time.



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# CONTACT SCULPTURE HOSPITALITY

Through a mutual passion for the hospitality industry, Sculpture Hospitality was founded in 1987 as the pioneering company to develop inventory management solutions. Sculpture's innovative solutions have revolutionized inventory processes, helping bars and restaurants across the hospitality sector to become more efficient and profitable.

Since it was first founded, Sculpture Hospitality has expanded worldwide with more than 370 successful franchisees who love providing expert inventory management solutions to the hospitality sector.

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