

# STATE OF THE RESTAURANT WORKFORCE

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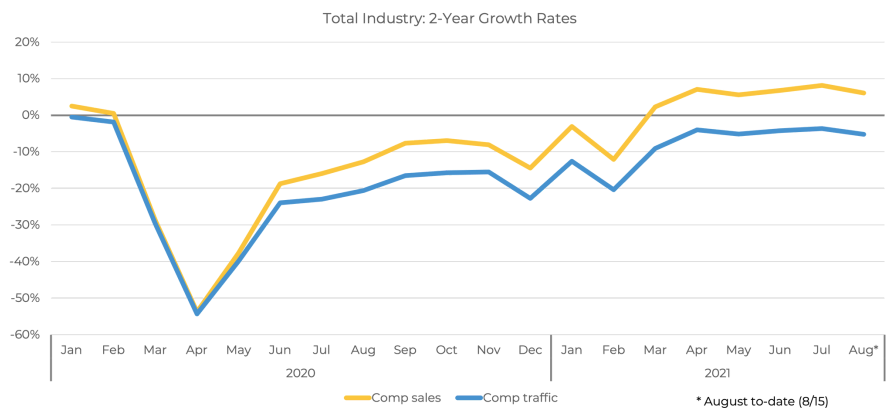
**BLACK BOX**  
INTELLIGENCE



# Industry Overview

- Industry sales fully recovered since mid-March.
- But traffic growth remains negative and has stabilized around -4% to -5% in recent months.
- Average check continues growing at an unusually high rate.
- Sales continue to be lifted by high off-premise sales growth, while dine-in sales have not yet recovered.
- Guests shifting to “new normal”: erosion in cleanliness and beverage sentiment as sales and traffic improved.
- Staffing crisis continues and guests are perceiving its effects. Hourly wage growth accelerating rapidly in response to the crisis.

## SALES RECOVERED, TRAFFIC LAGGING



## FULL SALES RECOVERY FOR MOST IN Q2

SEGMENT		Q2 2021
LIMITED SERVICE +11.3%	Quick Service	+11.9%
	Fast Casual	+10.8%
FULL SERVICE +2.9%	Casual Dining	+5.0%
	Upscale Casual	+5.2%
	Fine Dining	+18.2%
	Family Dining	-4.5%

# Today's Restaurant Workforce

Many restaurants are unable to open fully because they don't have enough staff. Many are trying unique things to get people to show up for work, or even just to come to an interview. Still, we continue to see the staffing shortage as a critical issue for the industry with no improvement.

Expanded unemployment benefits were thought to be a main cause of the staffing shortage. According to Ultimate Kronos Group, "there was no discernable difference in workforce hours in states where the benefits ended versus those where they continued. States that continued those benefits, in fact, had a higher percentage of growth in what it calls 'workforce activity.'"

Black Box Workforce Intelligence data for restaurants in two of the states that ended their benefits earlier than others showed there aren't any differences in staffing levels. The end of these benefits in those states has not brought more people back into the workforce.

Much of the staffing crisis is currently fueled by turnover. Rolling 12 turnover has increased for hourly positions at both full- and limited-service restaurants and is higher in some regions, predominantly in the Southeast. To combat these staffing challenges, companies are implementing more pay incentives to attract new employees. Base pay is higher and more sign-on bonuses are being used.

## No Improvement in Staffing

### REDUCTION IN EMPLOYEES PER RESTAURANT VS. 2019 ANNUAL AVERAGE

#### Limited-Service HOURLY CREW

MAY

**-0.8**

JUNE

**-1.2**

#### Full-Service FOH HOURLY

MAY

**-6.3**

JUNE

**-6.2**

#### Full-Service BOH HOURLY

MAY

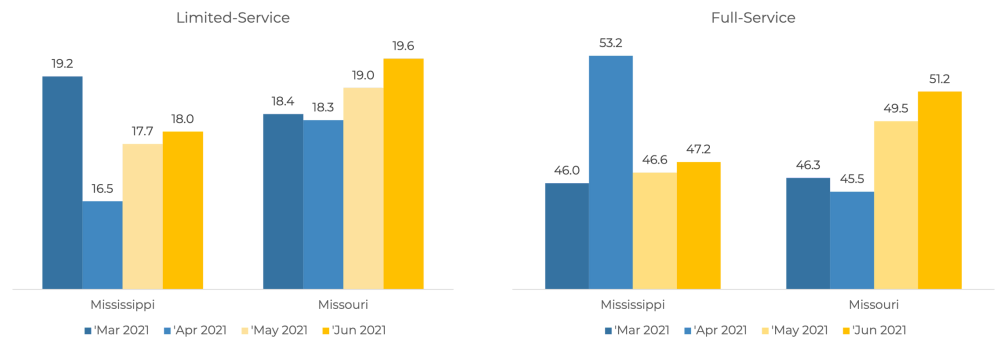
**-2.8**

JUNE

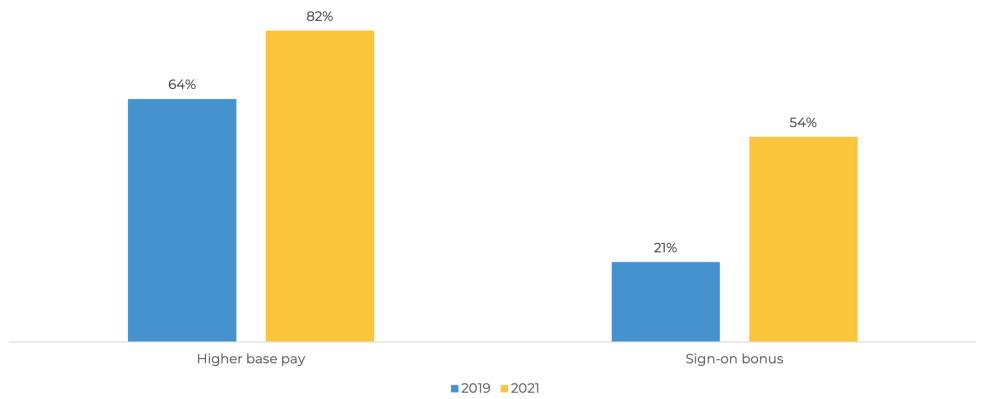
**-2.8**



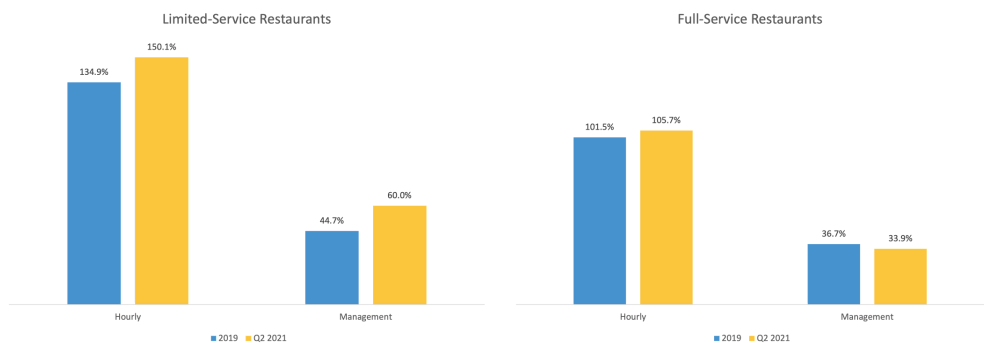
## MS & MO: AVERAGE NUMBER OF HOURLY EMPLOYEES PER RESTAURANT LOCATION



## MORE COMPANIES USING PAY INCENTIVES



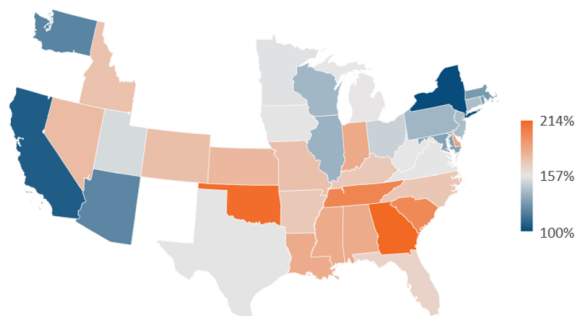
## ROLLING 12-MONTH TURNOVER



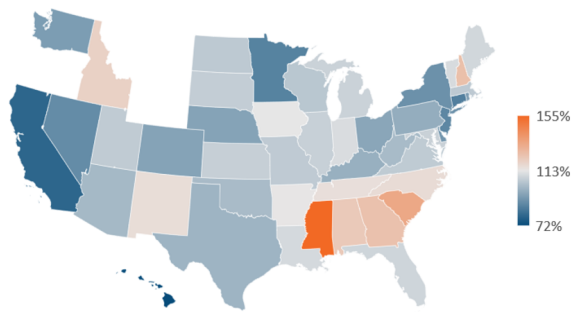
# Turnover Fuels Staffing Crisis

## HOURLY ROLLING 12-MONTH TURNOVER JUNE 2021

Limited-Service



Full-Service



## TOP 3 REASONS FOR HOURLY EMPLOYEE TERMINATION (FOH & BOH)

- Job abandonment (underlying cause unknown)
- Higher compensation at another company
- Personal reasons

## 2021- AVERAGE COST PER TERMINATED EMPLOYEE

GENERAL  
MANAGER

**\$14,689**

MANAGER  
NON-GM

**\$8,119**

HOURLY  
STAFF

**\$1,869**

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# Top Reasons for the Staffing Crisis

## 01 **WAGES AND BENEFITS**

The American hourly worker has the upper hand in compensation conversations. Restaurants are offering higher wages and unique incentives to attract employees

## 02 **CHILDCARE**

Restaurant workers with children often rely on affordable childcare options like daycares, which are limited due to the pandemic.

## 03 **OPPORTUNITIES IN OTHER INDUSTRIES**

When restaurants closed early in the pandemic, 51% of workers cited higher pay or the need for consistent schedules and income as their top reasons for switching industries.

## 04 **CONCERNS ABOUT MENTAL AND PHYSICAL HEALTH**

The nature of restaurants creates an environment ripe for physical transmission of illness and emotionally taxing social interactions - on top of already challenging work.

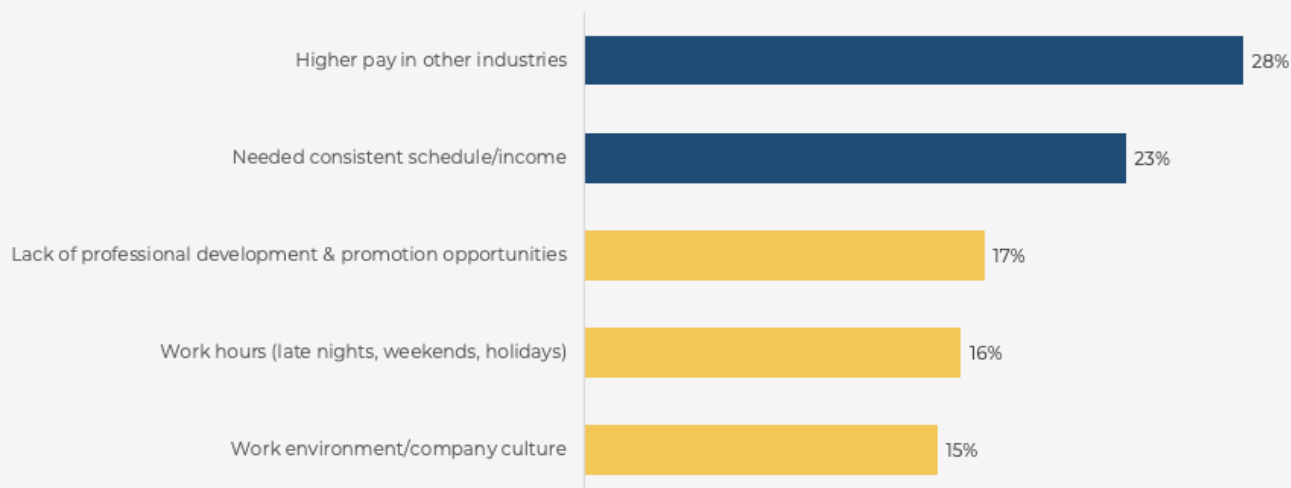


# Employees Seek Other Industries

Most people agree higher pay is the main reason employees are leaving for other industries. Another driver is a need for a more consistent schedule and income. 51% of workers chose to work in restaurants because of flexibility, but beyond that flexibility, employees want some sense of consistency in terms of what their schedule might be and their income as a result.

Restaurant employees have endured a lot, according to results from *The Post Pandemic Employee: Who Wants to Work and Why* by Black Box Intelligence and Snagajob. 62% of employees surveyed said they received emotional abuse or disrespect from customers. 49% reported experiencing emotional abuse from managers. Addressing these issues will be key to solving the staffing crisis.

## Top reasons workers have left the restaurant industry



**77% OF WORKERS SAID THEY WOULD RETURN TO THE RESTAURANT INDUSTRY (IF THE RIGHT CONDITIONS WERE MET)**



# Actions You Can Take

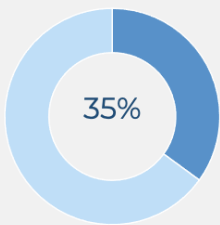
## ADVERTISE INCENTIVES

The most attractive incentives for people applying to restaurant jobs:

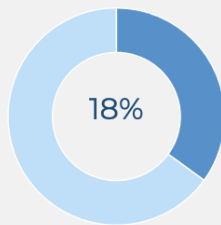
- Cash bonus if hired
- Cash bonus for interviewing
- Retention bonus

## HIGHLIGHT FLEXIBILITY

Childcare a concern for many



of hourly employees and job seekers are parents



of unemployed hourly workers had to leave their job to take care of family or children

## PROVIDE SUPPORT & CREATE OPEN DIALOGUE

% of restaurant hourly employees who said they've suffered

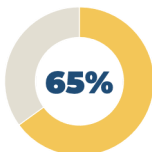
**62%**

Emotional abuse/disrespect from customers

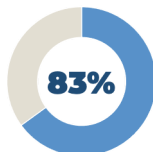
**49%**

Emotional abuse from managers

% of hourly employees worried about COVID



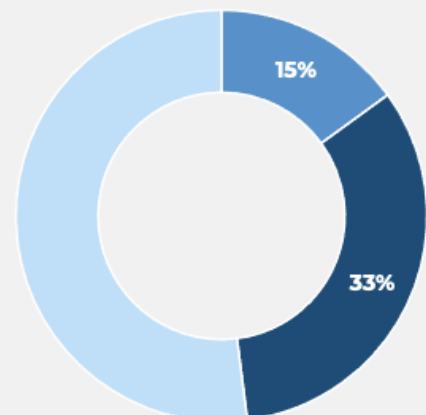
Want businesses to keep mask mandates for customers



Plan to wear a mask while working regardless of business/state requirements

## FOCUS ON RETENTION & CULTURE

% of surveyed hourly workers changing industries



- Changed industries in last year
- Want to change industries
- Not changed/changing industries

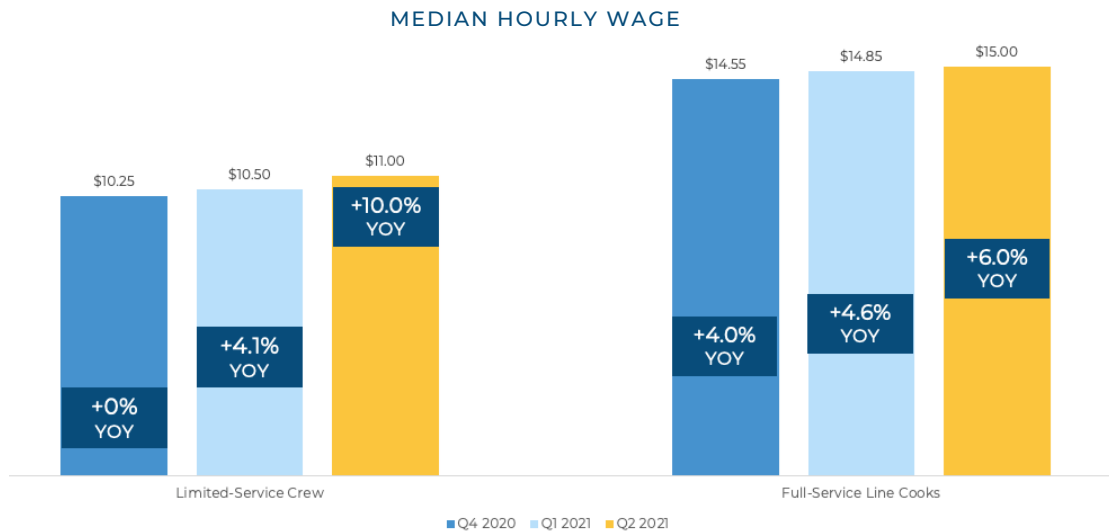
## 5 Most Important Things Restaurant Workers Look For in a New Job

- Starting hourly wage
- Promotion Opportunities
- Flexible Schedules
- Health Benefits & Paid Time Off
- Company Culture/ Work Environment



# The Hourly Employee

## WAGE INCREASES ACCELERATING RAPIDLY



## HOURLY EMPLOYEES: Top 3 variable pay offerings

% OF COMPANIES OFFERING THEM

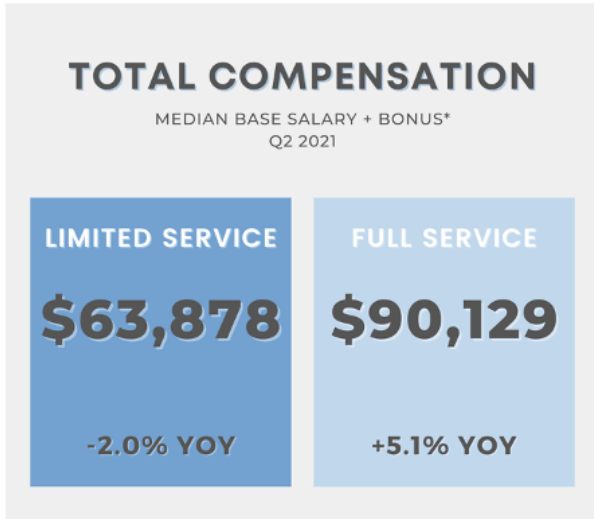
Referral Bonuses ————— **88%**  
(up 17% vs 2019)

Spot Awards/ Bonuses ————— **52%**  
(up 29% vs 2019)

Service/ Tenure Awards ————— **42%**  
(up 14% vs 2019)

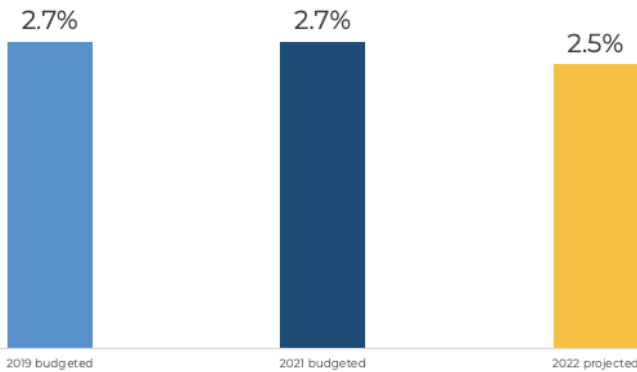
# The General Manager

## GM PAY ACCELERATING IN FULL-SERVICE



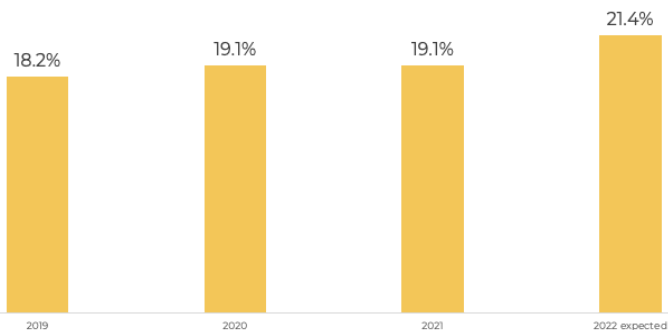
## GM SALARY INCREASES BACK TO NORM

AVERAGE MERIT INCREASE FOR BASE PAY



## GM TARGET BONUS INCREASING

BONUS AS % OF BASE SALARY

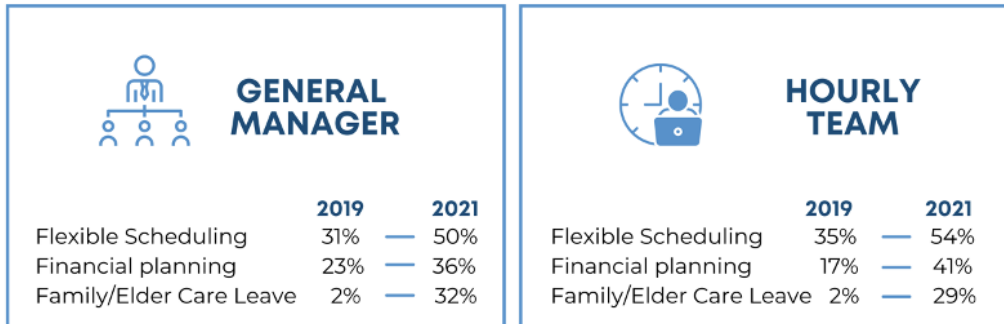


AVERAGE BONUS EARNED IN 2020 WAS 20.5% OF BASE SALARY

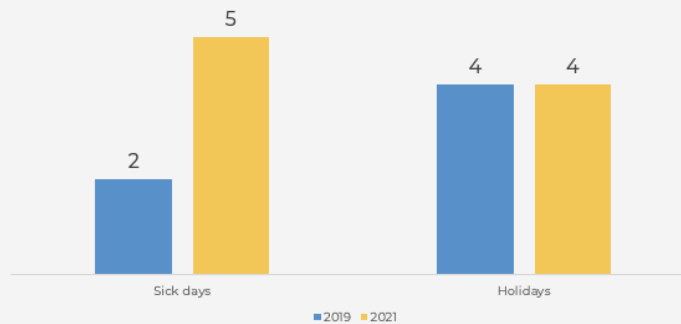


# Benefits on the Rise

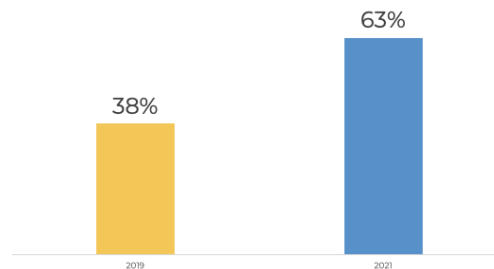
## % OF COMPANIES OFFERING BENEFITS



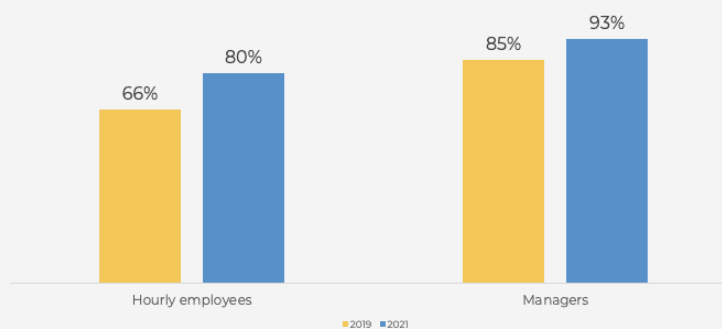
## SICK DAYS INCREASED 2.5X FOR HOURLY AVERAGE NUMBER OF DAYS PAID PER YEAR



## WELLNESS PROGRAMS ALSO INCREASED % OF COMPANIES OFFERING



## 401K OFFERINGS ALSO RISING % OF COMPANIES OFFERING





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