

RESTAURANTS AND BARS **REOPENING** PLAN



ALTO CIBUM
FOOD & PLACES

SUMMARY

This plan seeks to provide restaurant and bar operators with relevant information for consideration in order to maximise a successful re-opening, post COVID 19 pandemic.

The plan has the following key drivers:

- Plan
- Cash Flow
- Prepare
- Marketing and Changing Consumer Behaviour
- Innovate

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1 PLAN

The first three months of the re-opening period will be critical to the ongoing success of most hospitality businesses in Australia, unlike other countries, labour rates for hospitality workers are high, which result in slim profit margins and increased operating risk.

Companies must plan services and menus to grow in line with demand and need to consider multiple potential scenarios that may occur. In short, we do not know when Government restrictions will be lifted, however we can expect a change in consumer sentiment and behaviours.

The timing of re-opening businesses will be crucial to preserve cash and manage returns. Re-opening times should be aligned to consumer demand and based on when the Government is lifting restrictions. Daily cost control will be vital; a business must have a clear understanding of key costs daily.

2 CASH FLOW

Operators should develop detailed forecasts for their businesses and review profitability, in line with various business levels. Labour must be rostered also, and reviewed daily, in line with business levels. Menus must be costed in line with current supplier pricing and sales prices should be set to deliver value and profitability.

This is not the time to review monthly results. Halfway through the next month, operators need to have a clear understanding of daily profitability. Strategies for capital raising and cost reduction should also be established before re-opening.

3 PREPARE

Some operational aspects of our Restaurants and Bars will need to evolve in line with new guidelines to ensure staff and customers are safe.

New floor plans that offer ample spacing between customers will need to be developed in line with additional pick-up and delivery services.

Table service and systems need to be designed to minimise contact, and additional sanitation procedures will ensure a new level of venue cleanliness.





4 **MARKETING & CHANGING CONSUMER BEHAVIOUR**

It is imperative that customers be informed about your outlet and what you have done to address COVID 19 safety concerns. Seek to ensure your customers gain confidence in your processes and practices via transparent and concise communication tools.

Excite customers and re-engage them with appealing products and services that they have not enjoyed for some time.

Embrace local markets and recognise the new intimacy they will have with your business going forward.

5 **INNOVATE**

To deliver sustainable growth, business operators will need to consider alternative styles of operations and be prepared to push the limits of innovation. With so many changes in such a short time, customers will re-approach daily life with an open mind. New technology and changing consumer habits will support innovation, and a new process must be put in place to support and track outcomes.

1. PLAN

No one knows how quick or how strong the recovery process will be. After looking at media reports and past smaller pandemics around the world, there seems to be a common consensus for three possible scenarios.

A | QUICK RECOVERY

A period of 3 – 4 months underpinned by customer demand keen to resume life as usual. This scenario may only be possible with the support of an early vaccine or available treatments that will underpin the confidence of the general public. Proactive application of new social distancing measures will also encourage traditional user markets to resume dining activities. Risks of a re-emergence of the virus once distancing restrictions are relaxed may impact on the re-opening timelines.

B | SLOW AND STEADY

A cautious and slow, lifting of restriction to manage infection rates. A staged opening of restaurants and bars over a long period with strict trading conditions. This conservative approach will allow time for assessment and action, if required. Under this scenario, business levels will slowly return over an 18 – 24 month period.

C | SLOW AND LOW

In this scenario, a combination of conservative restrictions and a change in consumer behaviour will result in prolonged growth over an extended period. This scenario will see a very different future both domestically and internationally, with the potential of a "new normal" being the outcome. This is the least desirable outcome.

WHAT ARE THE INDICATORS FOR CHANGE?

There are many aspects to consider, in order to understand the sentiment and potential timeline for re-opening of your venue.

- Changes in Government restrictions
- Change in neighbourhood and dependant international markets
- Infection rates
- Virus treatments
- Virus vaccinations



WHEN WILL I REOPEN?

While the lifting of Government restrictions will be required so businesses can re-open, the decision on when to re-open is yours, and you must time your opening correctly to give yourself the best chance of ongoing success.

Take a Cautious Approach

Growth is likely to be slow, with several factors impacting on businesses returning to normal levels. Prepare to operate at low levels and adjust your operations accordingly. Time your opening to align with customer demand.

When is the right time to open?

You will not be the only business re-opening the door to a customer base that has been closed for some time. While the re-opening will allow you to rebirth your product, you must have a positive impact on customers in the new operating environment. Once you are cleared to open, consider the following to decide your opening day:

- Are the businesses around you opening?
- Have you altered your floor plan to address distancing?
- Do you have your "A team" back on board and ready?
- Have you implemented your new sanitising processes?
- Are all your supporting services and suppliers back online?
- Do you have enough cash flow to support three months of slow business?
- Have you created a communications and media plan to advise people of your opening?



CHANGE YOUR FLOOR PLAN FOR DISTANCING

Redo your floor plan to ensure minimal spacing requirements are met throughout the venue. Expect capacities to reduce by up to 50%. Ensure that you use this new capacity to redo your forward budgets and consider the impact on revenue.

Consider your customers flow through the venue and ensure that distances are maintained through the venue journey. Ensure waiting areas are planned appropriately.

GROW CASH RESERVES

It is crucial to grow cash reserves to deal with any re-emergence of the virus or in the case of a cash draining slow growth rate.

- Explore new sources for capital
- Retain any profits
- Enact tight labour controls
- Place more approvals and restrictions on expenses
- Cross-train and multi-skilled staff to increase productivity
- Re-focus menu range to the high selling and high-profit items
- Increase and improve communications to customers

HUMAN RESOURCES

Zero Based Manning

Understand what will be the minimal amount of staff needed to open the doors. Use this to maximise productivity in the business.

The "A" Team

Consider all the individuals in your team and ensure you have a good understanding of their strengths and weakness. Look at the value and attitudes of individual staff members to select the best people to support your business in these unprecedented times. You will need team members that are prepared to do any job types to get the job done.

Job Keeper Program

Ensure that your team is enrolled in the job keeper program, if available. The program will be a support to the business for the re-opening period.

Grow in line with business levels

Ensure that you discard all the previous trends and expectations regarding business levels. Assume low levels and staff the business accordingly, grow the roster and length of shifts in line with increasing business demand.



2. CASH FLOW

Cash is King. You need to ensure that your business has enough money to support potential slow growth in business demand. There are some stimulus packages available to support you at this time.

FEDERAL GOVERNMENT'S ECONOMIC STIMULUS PACKAGE

The Federal Government has released many support packages to help businesses, such as:

- Job Seeker Payment.
- Early release of superannuation.
- The Government is providing up to \$100,000 to eligible small and medium-sized businesses and not-for-profit organisations that employ people, with a minimum payment of \$20,000.
- The Government will establish the Coronavirus SME Guarantee Scheme to support small and medium enterprises (SMEs) to get access to working capital.
- A temporary increase to the threshold at which a creditor can issue a statutory demand on a company and the time such companies have to respond to statutory demands they receive.
- Temporary relief for directors from any personal liability for trading while insolvent.
- Businesses with an aggregated turnover of less than \$500 million will benefit from two tax concessions announced by the Morrison Government:
- Assets costing up to \$150,000 purchased between:
 - 12 March 2020 and 30 June 2020 will attract an immediate tax write off.
 - 1 July 2020 and 30 June 2021 will attract a 50% tax write off, with the balance depreciated over the effective life of the asset.
- Assets costing more than \$150,000, purchased between now and 30 June 2021 will attract a 50% tax write off with the balance depreciated over the effective life of the asset.

For more information, please refer to:
treasury.gov.au/coronavirus

Additionally, State Governments have provided various other stimulus programs that can be found on each State Government website.

OTHER FUNDING SOURCES

Banks

If you have an ongoing relationship with a Bank, this is an excellent place to start. However, they too will be less risk-averse than before the pandemic.

Equity Investors

Typically Equity Investors provide funds in return for a stake in the business.

Direct Fundraising

Some organisations facilitate fundraising programs by offering gift cards in exchange for a stake in the restaurant group. For example, that may provide a \$200.00 gift card for a \$150.00 stake in the restaurant. The detail and reporting requirements behind this method may be demanding on the operator.

Private Investors

Private Investors mostly loan money for an enhanced return.

Crowd Funding /Sourcing

These services are provided through third-party platforms and gather funds from a network of donors. There are a variety of agreements that can be done through this form of fundraising.

DEFERRING EXPENSES

Loans

Any loans from financial institutions should be considered and deferred to preserve cash flow and extend your re-opening runway.

Rent

It is in the best interest of your landlord for your business to succeed. Ensure you have established regular and transparent communication with your landlord. Seek to agree on terms that recognises the needs of both parties.

Payroll Tax

Many States Governments have provided payroll tax relief. Research the current conditions around payroll tax in your state,



3. PREPARE

Make the changes and put in place the process for your new operating model and get ready to open.

SOCIAL DISTANCING FLOOR PLANS

For the time being, customers will be expecting social distancing guidelines to be followed at restaurants and bars for physical safety and mental comfort:

- Ensure 1.5 metres of space in between tables.
- Consider customer flows through the outlet.
- Remove bar stool to provide distancing measure.
- Introduce physical barriers in place of distance, if needed.
- Place hand sanitising stations throughout the venue.

TAKEAWAY

The need to facilitate Pick-up and Delivery will need to be a priority for many businesses. Consider the following changes:

- Identify separate areas for pick up. Ideally, there is a window area that allows the delivery staff to wait outside the venue.
- Design and signpost the driver's waiting area so they can wait in comfort with clear direction.
- Outline sanitation procedures on the website.
- Provide sealed takeaway packaging.
- Advise pick up times to drivers.
- Provide wipes and sanitiser with takeaway orders.

SERVICE STANDARDS

In contrast to traditional service expectations, service standards will need to be reviewed to reduce physical interaction with the customer and the dining environment:

- Simplify and streamline service steps to minimise table visits.
- Consider mobile ordering technology
- Maintain a cash-free environment with prepay options and mobile pay stations.
- Review plate delivery systems, can carts and trays reduce handling.
- Only offer e-receipts withdraw self-service options.
- Cover plates prior to serving to tables.
- Consider single-use menus.

MENU ENGINEERING

You must ensure that your opening menu provides you with the best chance of profitability for the crucial opening period. Consider minimising kitchen labour, and wastage, maximising profitable dishes and traditional reliable sellers. Remember, during the opening period customers will more than likely be cost-conscious, so providing value also needs to be considered.



CUSTOMER AND STAFF SAFETY

Daily Staff Testing

Ensure a process of regular temperature testing for each staff member before commencing work is carried out. This information can be incorporated into sign-on processes and recorded in logbooks.

Sick Leave Guidelines

New guidelines around sick leave need to be established. Staff feeling unwell should stay at home, and if showing any COVID19 symptoms, staff should provide medical clearance before returning to work.

Staff Uniforms

Consider reviewing the style and material of staff uniforms to add additional barriers between the staff and customers. Service gloves may provide a sense of comfort to customers. Facemasks may be a standard going forward, consider how you can use this to your advantage by applying branding or messaging.

Staff Sanitation Training

A more comprehensive and regular sanitising program needs to be established with hourly record keeping. We recommend creating plans that include frequent sanitising of high traffic points such as:

- Toilets
- Toilet doors and entry points
- Sinks and dispensers
- Receiving areas and staff entries
- Storage areas
- Entry doors
- POS stations
- Chairs
- Table and Bar surfaces
- Salt and Peppers shakers
- Napkin holders
- Cutlery holders
- Menus

4. MARKETING AND CHANGING CONSUMER BEHAVIOUR

Tailor your marketing and communications to address the new world.

ACCESSIBLE INFORMATION

Ensure your customers are aware of the efforts you are making to provide a safe dining and entertainment experience but ensure all actions are clearly outlined on multiple touchpoints such as; Websites, Entrance Area and Menus.

Establish detail guidelines for larger groups and ensure they are communicated.

ALLOW THE CUSTOMER TO CHOOSE HOW TO ENGAGE

Customer will expect change and will need guidance to help make decisions. Your relaunched operations may encourage customers to interact with your venue in many different ways such as, but not limited to;

- Take Away Delivery
- Take Away Pick Up
- Private Dining Rooms
- Dining Room
- Bar Side Meals

Customers will want to understand entry points, waiting times, estimated meal time, etc. so they are prepared for the visit.

INFORMATION SIGNAGE

A new appreciation for communication and overt signage will help change habits and communicate with customers. Consider the following tools to get your outlet ready;

- Floor Stencils
- Dining Guidelines
- Sanitation signs
- Sanitation Programs
- Area Closed

PROMOTIONS

Establish a detailed calendar of promotions and events for the next six months. Ensure your calendar is promoted online to allow your customers to plan ahead. Quiz nights, Wine Dinners, Speciality Cuisine Nights, Family Nights and lunch specials can entice your customers to engage.

SOCIAL SUPPORT

Promote and highlight any social and sustainable initiatives that you have been involved with or support. Your customers will value this.

VIDEOS

Using social media platforms, brief instructional videos are a great tool to demonstrate new guidelines and promote business practices.

CUSTOMER QUESTIONNAIRE

The introduction of a simple Customer questionnaire can provide useful insight into customer satisfaction and will provide indicators for business refinement.

LOCAL FOCUS

Ensure that you have placed enough focus on your local customers. Most likely, these customers will be first to re-enter your venue and provide the most significant lifetime value. Providing discount and incentives for people who live in the area is a great way to recognise this valuable market.

5. INNOVATE

Test the new market with new services and offerings.

CURB SIDE PICK-UP

The curb side pick-up is a very economical way to encourage takeaway sales. There is no additional cost for delivery and food is provided to the customers at the desired temperature with less food safety risks. The appeal of curb side pick-ups for the customer is mainly that one less party touches the food.

DELIVERY

Consumer markets are now conditioned to seek more and more culinary excitement in the home. While the Uber Eat and delivery room platforms have encouraged this trend, it is highly unlikely that most Australian Restaurants and Bars can support a 30% plus fee for these services in a sustainable business model.

Consider offering delivery via a direct to store ordering platform, and if possible self-delivery, this should provide a more sustainable delivery business. In areas where there are clusters of restaurants, you may establish a co-op of delivery drivers for that cluster only, hence sharing the cost.

VIRTUAL KITCHENS

If you have a strong brand and customer base, you may wish to consider setting a virtual kitchen up with your brand in a non-competing location. This concept will work if the outlet brand has a strong profile, opening up to new sites and markets could provide strong sales with low preparation costs.





ALCOHOL SALES

Some States have relaxed laws to allow off-premise sales for restaurants. Review your local laws and look to offer Alcohol sales with takeaway orders. This incremental spend may have a significant impact on profitability.

PRIVATE DINING

Look to create several private dining areas and rooms within your venue. With the reduction in patron capacity, ample room should be made available to consider creating temporary Private dining rooms, with moveable screens and the like. Remember to review previous policy on the minimum spend for such spaces for the build-up period.

SUPPLIER PARTNERSHIPS

Look for suppliers with similar values to your business and work to develop new marketing campaigns which support both products, for instance, an Italian Grocer may choose to promote pizza bases made in the local woodfired pizzeria restaurant. Such a relationship is a win for all parties.

WE CAN HELP

Customer expectations have skyrocketed when it comes to hospitality and environmental experience. We are dealing with increased competition and demanding customers who are spoilt for choice. This is where smart strategy and planning comes in.

Alto Cibus is a handpicked collective of industry experts who know what it takes to build a successful and memorable hospitality business. From concept development through to brands and places, we plan, analyse and create; transforming ideas into tangible solutions.

With a wealth of knowledge and an obsession for food and places, we deliver powerful integrated strategies that create unique and magnetic environments for your customers.

Alto Cibus provides the following services:



RESEARCH & ANALYSIS

We analyse key areas such as internal ops and patron satisfaction.



STRATEGY & PLANNING

Stay ahead of the game with business strategy and F&B Food and Beverage master planning.



KITCHEN & INTERIOR DESIGN

Expert advice and planning for concept design, kitchen layout and interior decor.



MARKETING & BRANDING

From brand strategy and identity design to roll out and campaign work.



BROKERAGE & DEVELOPMENT

Including project leasing, tenant coordination and feasibility studies.



FOOD & BEVERAGE CONSULTING

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