How do I Make My Restaurant More Profitable?

10 Ways to Make Your Restaurant More Profitable using Reservations and EVEVE’s acclaimed TELOS Reservation System

*Eveve have worked with over 1,500 full service restaurants in the past 10 years, covering a vast array of cuisines, locations and operations. After working with so many restaurants, we analysed the top 10% and what makes them so successful. This blog forms the third in a series of three, looking at the question from three different perspectives. This third blog considers the question of profit from the perspective of taking reservations and deploying restaurant reservation management software.*

10 ways to help make you restaurant more profitable with bookings and a reservation system:

1. **Accept Reservations.** If your restaurant is full service, reservations are a must. Not only are they requisite for the guest experience, but they are highly effective for the operator as well. Walk-ins tend to come in large lumps, around 7pm for example, or Sunday Brunch at 10am, while reservations can be spread more evenly throughout the evening, allowing better service and consistency. If your diners want to book ahead, reservations are money in the bank.
2. **Accept Live Online Reservations:** telephone reservations are great, offering the personal touch. The Achilles heel is that telephone reservations require a skilled telephonist. Most restaurants have a manned reservation line for less than 40 hours per week, leaving 128 hours per week where reservations can not be placed. These fallow periods reduce your restaurant’s revenue and profitability. If you can not place a reservation for your customer, at a time which is convenient for them, they may go somewhere else which can.

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1. **Use an Advanced Grid Based Reservation System:** Eveve’s TELOS reservation system employs a table plan to manage day to day operations, but complements this with a more advanced yield management tool in the form of a grid based availability system. A table plan view is fine for managing what is going on right now, but only a grid can allow you to adequately chart out your entire evening or day. A grid allows your hosts to confidently make decisions about how to accept “one more reservation” or “one more walk in” even when your restaurant is at capacity during certain period of the evening. Without a grid these kind of decisions involve a high degree of guess work, and that means wastage. Eveve’s TELOS provides the tools your staff need to make the correct decisions.
2. **Smooth Guest Loading:** A well planned reservation system is far more effective at smoothing the loading of diners over the whole shift, which improves food and service, consistency, the guest experience and your profit. This is great for the kitchen and the guest experience.
3. **The 70/30 Split:** many of America’s most profitable restaurants employ a 70/30 seating split, whereby they use 70% of their tables for reservations, and attempt to book these multiple times; while leaving 30% of tables (often the bar and patio) for walk-ins. This allows restaurants to get the benefits of reservations: more diners, better spacing and customer experience; while still being able to accept the spontaneous revenue of walk-ins. If the 70% area is not booked out, use it for walk-ins as well.

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1. **Invest in a Lead Host:** In Europe and New York it is not uncommon for the best paid member of staff to be the Maitre’d. And why not? It is the most intellectually vigorous position in the restaurant when done correctly. Yet in many American restaurants, the host team are the least well paid members of staff. It is crucial to have one person beside the door who knows what they are doing. Invest in a well-paid, experienced lead host or reservations manager, who understands the importance of maximising reservations and walk-ins, and is incentivised to manage the floor in a profitable way for your business. In many of the most successful restaurants, the GM or restaurateur takes on this role themselves at the weekends.
2. **End the Habitual Over-Quotation of Wait Times:** Ever walked in to a restaurant and been quoted a wait time which seems unrealistically long? Habitual over-quotation of wait times is very common, and destroys restaurateurs’ profits. Why does it happen? The two core problems are that hosts do not have adequate information to make the correct decisions, and because they are risk averse. The reason for risk aversion, is because if a host underquotes a wait time, and the guests wait 30 minutes more than expected, the host gets grilled; whilst there is no direct penalty to the host for over-quotation (though the restaurant is heavily penalised). What is more, the host usually has no financial incentive to quote tight turn times or “no skin in the game”. Eveve’s TELOS reservation system resolves both these issues, by providing all of the information needed in a quantified and instantaneous way — current parties, waitlist parties, upcoming reservations, turn times, combinations of tables for large parties. Moreover, Eveve ties this information together with the most sophisticated algorithms to estimate the most accurate wait times. This accurate wait time is risk neutral, not risk averse, so quoted wait times are generally lower, which means more guests eating in your restaurant, and more profit.
3. **Accept Reservations From Social Media:** in 2015 Social Media is an essential way to promote your restaurant and your brand, which boost your profit. If you have built an online presence on social media, make sure you capitalise on it by accepting real time reservations through Facebook with Eveve.
4. **Ensure Sufficient Two Top Tables.** The cardinal sin of most architects is completely ignoring economic reality when designing floor layouts. The fact is, the most common party size in fine dining restaurants is two, followed by four tops. Even more important, two tops tend to have a higher spend per head, and a shorter turn time, which means they earn far more per hour. It is incredibly common for restaurants to have banks of large tables and booths, and a relatively small number of two tops, often situated in the least hospitable parts of the restaurants. The result is that most restaurants end up sitting two tops on six person tables, even at times when they are full (running a waitlist), which is a huge waste of resources. To ensure the profitability of your new venture, remember that you will probably get more two tops than any other party size, they will spend more per head, and be in and out relatively quickly, so ensure plenty of two tops, and that some of these are in nice locations, like beside the window.

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1. **Invest in Host Training.** Servers are widely regarded as important by restaurateurs, but in the main, they are dealing with someone who has already made a decision to spend money in your restaurant. Your host is important, because they are crucial in converting non-committed diners who walk over the threshold, and encouraging completed diners to return another time. Even more importantly, when your business is close to capacity, their decisions about placing more diners at shoulder times instead of saying “we are full” will drive your profitability tremendously. Not only does EVEVE provide the tools to help your hosts make educated decisions consistently, and with a focus on profit, we conduct hours of training to make sure your staff and confident in using the system to maximise your profit. With team members in seven states, we offer onsite installation and training in all 50 States, which is essential in making sure TELOS maximises your revenue and profit.

How: 5

Make: 13

Restaurant: 27

Profit(able): 19