



RESTAURANTS WILL BE PACKED BY JUNE

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One year ago, I had to sit down with my entire staff and explain to them that we may have to close the restaurant due to this new virus. It was a tough decision, but because of the unknowns, the entire staff at Noble Fin agreed, and we closed for what we thought would be a two-week timespan. Those two weeks lasted eight. It was an emotional roller-coaster that resulted in weeks of no sleep.

During that time being closed, we were fortunate to receive the PPP loans to pay all full-time staff their full average salary. They were grateful. Upon reopening in May 2020, it was clear that there was going to be a sales problem. The local business had disappeared, and the large parties we specialized in could not dine together anymore. All of the business people were working from home, and the business parks were all empty. After four more weeks, we decided to close for good. It was a challenging but right business decision.

Fast forward nine months, and restaurants are getting ready to be packed. Why? People have been pent up for almost one year, and they are ready to go out to dinner. Plus, the new stimulus that has just been approved is setting up most privately held restaurants for some major windfall of grants. While the publicly traded companies cannot take advantage of any grants, the independent restaurants with under 20 locations are set up to receive grants to help them survive. How much? The new stimulus bill's language states that the restaurants can take the difference in revenue from 2019 to 2020 less any PPP money. So if a restaurant's sales were \$4 million in 2019 and only \$2 million in 2020, they would receive the difference of \$2 million to help them with all types of expenses, backdating to February 2020. (Guidance and the application have not been released yet)

This means that restaurants that have continued operations should be able to pay for expenses with government grants and maintain a very positive cash flow. It could lead to additional cash to operate the restaurants or even expansion of restaurants.

The challenge that restaurants are now facing is staffing concerns. The restaurants are all scrambling to increase staffing. The problem is that people are not applying for restaurant jobs. Part of the reason is some employees that departed in 2020 already found jobs in a different field. At the same time, others are on unemployment and getting paid an additional amount of money. This challenges restaurants to either operate short-staffed or work fewer days a week until they have enough staffing.

At **Hungry Hospitality**, we keep our ears to the ground, and we see the restaurant business will bounce back extremely quickly. Restaurants are relentless, and while the industry is complex, people are desperate to get out of their houses and begin dining in a typical restaurant setting.