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# 12

## Common HR Challenges for Restaurants



Food industry entrepreneurs are often fueled by a passion for delivering incredible food with an excellent customer experience. But regardless of how passionate a person may be, opening a restaurant is a huge undertaking and owners typically end up having to take on multiple roles, working non-stop to keep the dream alive. Unfortunately that sometimes means putting creativity and hospitality skills aside in order to manage an overwhelming amount of behind-the-scenes challenges such as accounting and payroll, training and coaching employees, scheduling, wage and tip requirements and more.

When restaurant owners are spread too thin, they aren't able to properly address these issues, putting them and their business at a higher risk of failure. Knowing what the most pressing challenges are can help restaurant owners better understand which issues need the most attention so they can address them in a more strategic way. In this guide, we'll explore 12 of the most common HR challenges for restaurants.

## 1. HIGH TURNOVER



Turnover is a concern for any employer, but more so for those in the restaurant industry. According to the National Restaurant Association, it has one of the highest turnover percentages in comparison to other industries. In 2016 - for the second year in a row - the restaurant industry's turnover rate exceeded 70%.

Retaining good employees can be extremely difficult in an industry where profit margins are often tight and downtime is hard to come by. Having skilled workers that can handle the fast-paced environment of food service while still delivering a great customer experience is crucial in keeping a restaurant thriving, and much of that skill comes from strong onboarding and training processes - two more challenges for restaurant owners to overcome.

Restaurant jobs also don't typically include many benefits for employees, but when they do, workers are more likely to stick around. In a super competitive industry such as this one, offering a strong benefits package can help restaurant owners attract and retain quality servers, chefs, managers and other staff members. Benefits do come at a cost, but the outcome often includes reduced turnover, increased loyalty and healthier, happier and more productive employees - results that outweigh the initial investment.

## 2. BENEFITS OFFERINGS



## 3. ONBOARDING



A strong onboarding process is an essential part of ensuring employees feel supported and ready to do their job. Focusing on getting new hires get up to speed as quickly and accurately as possible can help reduce stress caused by understaffing and an efficient electronic onboarding system can help keep the entire process consistent and eliminate potentially costly paperwork errors.

## 4. TRAINING



Training in the restaurant industry sometimes falls short in favor of getting more bodies into open positions as quickly as possible. Many restaurant owners prefer to hire workers who have “restaurant experience” in order to reduce the amount of training needed, but it can be difficult to verify their level of experience and previous training before putting them out on the floor. Every restaurant functions a little differently so it should be a priority to ensure every single employee receives training that is relevant to their current workplace regardless of how much experience they have in the industry. Tools such as training manuals and checklists, employee handbooks and training software can help improve efficiency, effectiveness and consistency in the training process.

In such a customer-centric industry, employee performance is a major influencer on a restaurant’s success. Performance management is ongoing and should include both positive and negative conversations, the latter of which should be documented and kept in the employee’s records. Addressing poor employee performance in writing is necessary in the event the employee has to be let go and decides to file a wrongful termination claim against the former employer.

## 5. PERFORMANCE MANAGEMENT



## 6. DISCRIMINATION



Laws and rules surrounding discrimination issues in the workplace are becoming more complex with more severe repercussions for businesses - whether it comes from the employer themselves or another employee. Restaurant owners have to take care to avoid both overt and subtle discrimination against a number of protected classes, including women, members of the LGBTQ community, senior citizens, minority groups and others. Employers are tasked with creating a safe workplace and promoting equal access to job opportunities and advancement for all types of workers.

## 7. WORKPLACE HARASSMENT



As the #MeToo movement continues to be a hot topic in both the workplace and everyday life, workplace harassment issues have become more of a priority for legislators and of course for employers. Sexual harassment is especially common in the restaurant industry, and new laws have put even more responsibility on employers to properly train employees and to address harassment claims thoroughly and consistently.

The Fair Labor Standards Act (FLSA) is a complex set of labor laws that sets the policies for minimum wage, overtime pay, recordkeeping and other employment standards that affect employees in the private sector as well as in Federal, State, and local government. Restaurants are especially at risk of violating FLSA regulations because of the different wage options for restaurant workers. Non-compliance can result in costly penalties, back wages, back taxes and legal fees for the employer.

## 8. FAIR LABOR STANDARDS ACT COMPLIANCE



## 9. COMPLEX PAYROLL AND REPORTING



Wage and hour requirements combined with multiple types of employee classifications make restaurant payroll complicated. On top of that, employers have to factor in tips as well. Restaurant workers are often paid in varying forms of wages, each with different tax and overtime requirements. One minor error can mean costly FLSA penalties for an employer.

## 10. TIME AND ATTENDANCE



Employee time tracking is an important element in helping keep payroll reporting as accurate as possible. However, a common time and attendance issue in restaurants is time theft. A popular type of time theft is buddy punching - when an employee punches a co-worker in and/or out while that worker isn't present. Another common behavior is when a tardy employee "forgets" to punch in to avoid being penalized and later has their time manually entered into the system based on their scheduled start time. Inaccurate time tracking can lead to payroll violations and overpayments and forces managerial staff to spend more time than necessary on administrative work.

Restaurant workers face a myriad of workplace hazards every single day. Knives, boiling hot liquids, trays full of glassware and spills on the floor are just part of a restaurant employee's daily life, but a safety mishap involving an employee - or worse, a customer - can be costly for a restaurant owner. Because of this, restaurant owners have to actively manage safety issues on a daily basis, ensuring all employees are following protocol, using safety equipment and exercising caution in every task.

## 11. RISK MANAGEMENT AND SAFETY



## 12. I-9 COMPLIANCE



The restaurant industry often hires foreign-born workers at a higher rate than other industries. While this practice does help combat the high turnover rate, it also leaves employers at risk of making errors in the Form I-9 filing process. Because of this, restaurant owners are more likely to be targeted for I-9 audits, and any mistakes in the filing or recordkeeping of these forms can bring about costly penalties.

The HR challenges that are unique to this industry that can make restaurant ownership not only difficult, but also risky in terms of compliance issues and liabilities. It can be incredibly overwhelming to manage all of these different risks while trying to run a successful restaurant. HR outsourcing is a great tool for restaurant owners to help handle complicated HR risks and compliance issues so you can get back to what you love the most: serving great food and a great experience to your customers.

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