

Operations Standards Manual (Restaurant case)

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Japan External Trade Organization (JETRO)
LOS ANGELES

ABC Restaurant Operations Standards Manual

Table of Contents

I	Introduction	4
II	Food Safety	5
III	Cleanliness	11
IV	Customer Service	17
V	Quality	23
VI	Safety	27
VII	Equipment	31
VIII	Product	38
IX	Marketing	41
X	Human Resources	49
XI	Key Considerations for New Franchisees	59

I. Introduction

Welcome!

This Operations Standards Manual or OSM is written for the employees of ABC Restaurant Company, primarily for those employees involved in the day to day operations of our restaurants. It is also written for the franchisees of ABC Restaurant Company, the “franchisees of record,” who own and operate ABC Restaurants under a franchise agreement, and their respective employees.

This document is designed to serve multiple purposes. It is a source of information, a reference, a guide and training “tool,” in the effective and successful operation of an ABC Restaurant Company restaurant.

This Manual contains vital information as it relates to the standards, procedures, processes, product, business methods and some key areas of operational support needed for the daily operation ABC restaurants to ensure we meet or exceed the expectations of our customers.

This OSM is predominantly focused on restaurant operations and the support functions to restaurant operations in Marketing and Human Resources. There is also a section on Key Considerations for New Franchisees.

This OSM is written by the team members of ABC Restaurant Company who work in the Operations Service and Support function of the company. Many of them have multiple years of working in restaurants, experience in the restaurant industry, and they are knowledgeable of the laws which govern the operating standards of restaurants in the United States.

It is the ongoing job of the Operations Service and Support team to ensure that the OSM is regularly reviewed, updated, and that it accurately reflects changes to law, technology, and equipment and product specifications and modifications.

This OSM is approved by the management of ABC Restaurant Company.

II. Food and Safety

Food Safety increasingly is a top priority and focus area for all restaurant franchisors, company employees, franchisees, and by extension, their employees. Food Safety has always been important throughout the restaurant industry. Recent changes to state and federal laws combined with increased public awareness have combined to heighten the attention and importance of Food Safety. This is very important, and in the opinion of the management of ABC Restaurant Company, this is as it should be.

It is the duty and the responsibility of ABC Restaurant Company to ensure that the food and beverages served daily in our restaurants to our customers meets the highest standards possible and are free of any and all contamination. It is all of our jobs to ensure the necessary steps are taken for the “safety of food” served to our customers and the public on a daily basis.

The major purposes of this section are to:

- Provide a general description of food contamination and food borne illnesses
- Identify Food Safety importance in providing food to customers that is both good and safe to eat
- Review the environment and conditions that allow food safety problems to exist
- Demonstrate proper food safety procedures

Food Contamination and Food Borne Illnesses:

Food becomes contaminated when harmful bacteria are present in food. There are three categories of hazards:

- Biological Hazards: Harmful bacteria, viruses or parasites
- Chemical Hazards: Harmful substances present in cleaning solutions
- Physical Hazards: Foreign particles contained in glass or metal

Bacteria may grow in five conditions inclusive of

- Food
- Acidity (slightly acidic to neutral condition)
- Time and Temperature Danger Zone
- Oxygen
- Moisture

Barriers that slow bacterial growth include:

- Temperature Level of refrigerated raw ingredients: Prior to preparation, the temperature of these items should be at or below 40 degrees Fahrenheit
- Person and Equipment Food Preparation: Proper hand washing and cleaned and sanitized utensils reduce the risk of food contaminants during preparation
- PH or Acidity Level
- Serving Time and Temperature: All potentially hazardous foods must be maintained at 40 degrees Fahrenheit or above. Serving time exposure to the danger zone must be limited to four hours

Food borne illness or food poisoning is carried and transmitted to people from food.

Some types of food borne illness include:

- Salmonella
- Staph
- Hepatitis A
- E Coli

Food borne illnesses are often dismissed as 24 hour flu “bugs” and go undetected and not reported. Low number of bacteria can produce Food Borne illness. The “danger zone” (temperature range from 40 degrees Fahrenheit to 140 degrees Fahrenheit) permits food borne illness bacteria growth. Foods containing food borne illness may taste and smell normal or usual.

The causes of food borne illnesses are:

- A failure to properly refrigerate or heat foods
- Employees who do not practice good personal hygiene
- Raw contaminated ingredients
- Cross contamination of raw foods with cooked foods
- Improper hand washing prior to food handling

Some Preventative Procedures:

Human hands may carry viruses and bacteria. For prevention it is recommended that restaurant staff wash their hands:

- Immediately before reporting to shift or work
- Immediately after handling raw products, trash or money
- After telephone or restroom usage
- Before and after eating at break

For proper hand washing the following is recommended:

1. The sink area must be properly stocked with disinfectant soap and paper towels
2. Run your hands under warm water
3. Lather your hands up to your elbows with disinfectant soap scrubbing between fingers and around nails removing soil, dirt and bacteria
4. Rotate and rub your hands together for twenty seconds to kill germs
5. Rinse hands thoroughly with warm water
6. Dry hands with a clean paper towel or hot air dryer
7. Do not touch anything (such as an apron) post washing to avoid re-contamination

About Personal Hygiene:

Some suggested Personal Hygiene tips include:

- Please keep fingernails cleaned and trimmed
- Do not wear large jewelry items which may collect and retain dirt, dust or food
- To the greatest extent possible, please keep the restaurant uniform of ABC Restaurant Company in the best condition possible in being clean, pressed, free of rips and tears
- Confine eating and drinking in the restaurant to those areas that are designated for these purposes
- Do not handle food if you are ill or have exposed cuts, wounds or infections of any kind

Quality Assurance:

Each store should have an Atkins Thermometer Kit or the equivalent type of kit, which contains a digital thermometer and three probes inclusive of a product, air and griddle surface probe.

The Product Probe:

The restaurant manager should use the kit daily to check equipment and product temperatures. Product probe should be used three times per day at a minimum. Recommendations for the proper use of the probe include:

1. The product probe should be thoroughly cleaned and sanitized with an alcohol swab.
2. Insert or immerse the probe into the product at least two inches in depth
3. Do not stir the product prior to taking the temperature
4. Read the temperature once it is stabilized
5. Sanitize the probe post use with an alcohol swab
6. Record and log the temperatures

The Air Probe:

Recommendations for the proper use of the Air Probe include:

1. Place the end of the air probe into the airspace approximately 8 to 10 inches from the door or opening to the piece of equipment
2. The door should be closed and remain closed until the temperature stabilizes up to five minutes time.
3. Take the temperature reading
4. Record and log the temperature reading

The Grill Probe:

To properly use the Grill Probe:

1. Remove the cap cover and place in on the grill(s) at one foot intervals 6 inches from the side of the grill(s)
2. Check the flat grill temperature while the grill is clean at least once per week
3. After use, thoroughly clean the probe and the cap prior to re attaching the cap
4. Record and log the Grill Probe findings

Potentially Hazardous Foods:

Potentially Hazardous Foods which may cause food borne illness are inclusive of the following:

- Raw Chicken
- Breaded, Spicy, Grilled Chicken
- Chicken Nuggets
- Diced Tomatoes
- Raw seafood
- Raw and Grounded Beef
- Milk
- Raw Bacon
- Sausage
- Sour Cream

Pest Control Guidelines:

Food may be contaminated by pests. To maintain a pest-free restaurant the primary deterrents are outstanding sanitation standards, an exceptional maintenance program, employee training and observance of approved practices. The guidelines for remaining “pest free” include:

- Storage: Store all items off the floor
- Trash: Do not store trash by the rear door or the outside dumpster
- Doors: Keep the back door closed when not used
- Pest Entry Prevention: Ensure any holes in the building are sealed and cracks repaired
- Inspections: Regular and recorded pest control inspections of the restaurant

III. Cleanliness

Customers expect our restaurants to be clean, free of contaminants, and without any negative odors. They should expect this and we, as employees of ABC Restaurant Company, should expect this of ourselves. A clean restaurant, or a dirty restaurant, is a direct reflection of the employees of ABC Restaurant Company and the company itself.

A clean restaurant suggests that the employees of ABC Restaurant Company have pride in their work and what they do every day on the job.

Customers that experience, for example, dirty sinks in the restroom, a lobby that has garbage on the floor, booth tables in the dining area that have not been properly cleaned after use from a previous customer, form a negative impression of the restaurant and of ABC Restaurant Company. When this happens, generally, customers will not return to patronize our restaurants.

The opposite is also true. When customers experience clean restrooms, dining rooms that “sparkle” from cleanliness, or front counters in the ordering area that are free of dirt, debris, food and cracks, they form a positive impression of the restaurant and our company. This type of positive experience, along with great tasting food served by friendly employees at great monetary value, promotes the restaurant and may ensure that the customer comes back to ABC Restaurants again and again.

Therefore, cleanliness is a key factor, not only in supporting the business, but is a determinant in the overall success and growth of the business.

In this section of the OSM we address:

- Operations Audits and Audit Scores
- Cleanliness Standards in Areas of the Restaurants

Operations Audits and Audit Scores:

The conducting and ensuing action taken from Operations Audits is highly recommended for all ABC locations.

As a policy and business practice, ABC Restaurant Company conducts quarterly audits on all restaurants which are owned and operated by the Company; the “Company stores.”

This is also a standard practice conducted with all ABC stores owned and operated by franchisees, the “Franchised stores.” Under the franchise agreement, it is a corporate responsibility to provide operations support to the franchisees. The conducting of operational audits forms part of this support in fulfilling this responsibility.

Operations audits are typically conducted by the corporate operations consultant managers who are assigned stores for these purposes usually on a regional geographic basis.

These Operations Audits are very detailed and cover and assess every area of the restaurant under the standards established for Food Safety, Cleanliness, Quality, Customer Service and Employee and Customer Safety by the corporation. Typically, these audits take up a full day to complete. Each and every area of the restaurant is assigned an audit score or rating by the evaluator and the results are tabulated.

The Operations Audits are then reviewed by the corporate operations consultant with the Restaurant Manager, in the case of company stores, or the franchisee of record (the owner), in the case of franchised restaurant locations or the designate of the franchisee of record such as the Restaurant Manager of the franchised location.

During these reviews, areas of opportunity for improvement and corrective actions are identified. It is then the responsibility of the Restaurant Manager, in the case of a company location, or the “franchisee of record,” for franchised locations, to ensure that the corrective action is complete and that the audit points are complied with.

Of note, the minimum score established by the corporation for the Cleanliness Section of the Operations Audit is 90%. If the store does not meet this standard, generally, a second audit is conducted in 30 days. At that point, if the store still scores below the 90% “threshold,” a third Operations Audit is conducted in another 30 day period. These audits and the auditing process demonstrate the commitment of the corporation and its employees to high standards of operating performance and the integrity and protection of the brand as a whole. Compliance is expected throughout.

Cleanliness Standards in Areas of the Restaurant:

It is recommended that Restaurant Managers review the Operations Audit with all crew members and establish action plans, where required and necessary, to address any deficiencies cited from the audit. Communication is always vitally important in these and other matters.

When cleaning the Dining Room, the cleanliness standards extend to:

- Tables
- Chairs
- Trays
- High Chairs and Booster Seats
- Door and Windows
- Carpet and Tile
- Condiment Stands

The recommended procedures for cleaning tables are inclusive of the following:

1. Use a white towel from the utility bucket and wring out excess sanitizer solution.
2. Spray clean the table top.
3. Place all trash on one serving tray and stack the trays. Avoid trash spillage from the trays.
4. Wipe tops, sides, edges and beneath the tabletop.
5. Wipe or replace soiled salt and pepper shakers.
6. Wipe all crumbs across the table onto the tray will having falling crumbs on the floor.
7. Spray the chair seats with disinfectant.
8. Rinse out the white cleaning towel with sanitizer.
9. Replace the white cleaning towel, rinse water and sanitizer solution as they become dirty. Repeat this procedure every 4 hours.

Refer to the following procedures in cleaning dining room chairs:

1. Wipe chair legs and table bases with disinfectant detergent and cleaner.
2. Move tables to keep aisles wide enough so that customers may walk by easily.
3. Repeat Step Three as in section on Tables.
4. Repeat Step Four as in section on Tables.

Refer to the following procedures with respect to the cleaning of trays:

1. Discard any trash on the tray into the trash receptacle.
2. Stack the trays on top of the trash receptacle.
3. When the stacked trays reach 12 in number, remove them to storage.
4. Disinfect and deodorize the trays 1 or 2 times per shift.
5. Once dry, place liners on the trays and return to the service line.
6. Trays must be thoroughly washed, rinsed and sanitizer 2 times in a 7 day period.

Please clean and maintain high chairs and booster chairs per the following procedures:

1. Disinfect all High Chairs and Booster Chairs.
2. Be sure to clean all sections of the chairs inclusive of arms, seats, foot rests and underneath areas.
3. Do not stack the chairs as stacking will cause the chair legs to separate.
4. Fasten safety belts. This is the final step in cleaning and disinfecting.

Like the Dining Room, the restroom is a high visibility area for our customers and clean and well maintained bathrooms are of the utmost importance. To ensure this area meets cleanliness standards, please use the following procedures:

1. Restrooms will be checked every 15 minutes during peak rush periods and every 60 minutes during low traffic and slow periods.
2. Do not enter the restrooms without first knocking.
3. Spray the glass cleaner on the mirror.
4. Wipe the mirror with clean paper towels and dry the surface.
5. Allow the cleaner to be on the surface 5 minutes prior to cleaning.
6. Wipe all surfaces with a clean paper towel
7. Pick up all floor debris.
8. Refill toilet paper, soap dispensers and wipe clean.
9. Spray all sinks, surfaces, toilets and urinals with Restroom Cleaner.
10. Wash your hands prior to returning to your station.

It is recommended that all doors and windows of the restaurants be cleaned according to the following procedures:

1. Use Glass and multi surface cleaner and paper towels for cleaning.
2. Fold the towel so it is slightly larger than your hand. When one side becomes damp, keep refolding the towel.
3. Spray the cleaner on all surfaces and wipe clean.
4. Do not clean the windows while a customer is close by and eating.
5. Check and adjust shades to ensure the customers are protected from sunlight or glare.
6. Inspect all ledges, signs and serpentine rail. Clean as necessary.

Assuming the restaurant is carpeted; all carpets need to be free of food crumbs, dirt and debris. To ensure proper care and handling of carpets:

1. Use the carpet sweeper or vacuum to clean carpet.
2. Check all tile areas for debris and pick up as necessary.
3. Do not use excess water when mopping. Be aware of customer safety when mopping.

The dining room, lobby area, "queuing" area where the customers line up prior to submitting a food or beverage order, and the ordering area are commonly referred to as the "Front of the House."

The Kitchen, Freezer, Food Preparation areas of the Restaurant are commonly referred to as the "Back of the House."

The recommended "Back of the House" procedures for cleanliness are inclusive of the following:

In the food preparation and assembly area:

- The Team Member will use a white towel stored in a sanitizer solution to maintain the Food Preparation and Assembly Area.
- The sanitized tool will be used as required to wipe and clean the entire station as necessary.
- Each hour, the Team Member will discard the sanitizer solution and replace it in a clean pan.
- If the sanitizer solution becomes dirty within the hour, replace it.
- Rinse the towel in the rinse section of the sink.
- At post rush periods, towels should be inspected and replaced when dirty.
- Side of plans must be cleaned with a rubber spatula.
- Remove all foreign objects which have fallen into the pans.
- Place empty or contaminated pans or squeeze bottles in the reach in until taken to the back for washing and refilling
- Maintain cleanliness conditions even in rush periods

Recommended procedures in the kitchen area include the following:

- The grill operator will use a colored towel to clean and sanitize all surfaces and the grill area throughout shift
- These towels will be stored in a sanitizer solution near the grill area. These towels must be used only for the grills and grill area.
- The towels should be used every 15 means when the timers go off to maintain maximum cleanliness.
- Discard the towels and the solutions once per hour and replace with sanitized cleaning materials.
- If the sanitizer becomes dirty and greasy before the hourly replacement, discard at the time of inspection. The sanitizer effectiveness will not kill existing bacteria which may exist on the grill boards.
- Clean every 15 minutes and when there is a break in customer flow.
- Scrape grill with grill spatula and ensure the removal of all heavy carbon build up on the grill surface.

Please refer to the following cleanliness requirements for dishwashing:

- Wash, rinse and sanitize the dishwashing sink before each use and at closing. Test sanitizer solution at least once per day. Test strips and testing are required by law and the Health Department.
- Use service breaks to bring dishes to the sink area to scrape, pre-rinse, wash, rinse, sanitize and dry.
- Wash sharp or breakable items by hand. Do not submerge these items in water.
- Never mix or combine different cleaning chemicals.
- Check availability of detergent and sanitizing containers regularly.
- Adjust wash sink temperature to 115 degrees Fahrenheit.
- Sanitizer water will be at room temperature.
- Do not wipe dishes dry. Wiping can cause dish contamination and removal of the sanitizer solution before it has worked completely.

The Technomics Company is a leading independent consumer research company. They conduct customer surveys on restaurants. Eighteen thousand respondents were asked to rank the top 25 attributes of importance in a restaurant. The top three attributes cited were:

- The friendliness of staff members
- The “tastiness” of food
- The cleanliness of the restaurant

Within “The cleanliness of the restaurant,” the respondent ranked cleanliness importance in priority order in:

- The kitchen and dish washing area
- The restroom area
- The Dining Area

We encourage all employees of ABC to uphold and improve all standards of cleanliness in our restaurants. It is important to our customers and, by definition, is therefore important to the employees of ABC

IV. Customer Service

The objective of exceptional customer service is to exceed the expectations of every customer on every occasion in every transaction from the moment they enter the restaurant until the time they leave.

Consumer Research shows that 68 % of all customers do not return for repeat business because of “an attitude of indifference on behalf of the employee serving them.” Poor customer service can result in lost business.

The restaurant industry is highly competitive and customers have a tremendous number of food and beverage choices at different meal occasions, delivery systems and types of restaurant environments be it a fine, casual dining, or quick service restaurant. While there are no guarantees, hospitable, friendly, quick, accurate and efficient customer service is a key determinant in creating repeat business and customer loyalty.

This section of the OSM focuses on the following with respect to Customer Service:

- Customer Relations
- The Management of Customer Complaints
- Service Standards at Various Areas of the Restaurant
- Suggestive Selling
- Completing the Order
- Drive Through Service Sequencing
- Kitchen Area Service
- Cash Management
- The Importance of Customer Service

Customer Relations:

It is recommended that the following steps and tactics be taken to ensure positive and hopefully long term, customer or guest relations:

1. Customers will be greeted as they enter the restaurant, the dining room or the order taking area.
2. Customers will be assisted in finding seats during peak periods.
3. Senior citizens will be assisted with carrying trays and being seated as required.
4. Customers with small children will be assisted in the same manner.
5. Be sensitive to dining room comfort. Temperature, music level and window blinds should be controlled and adjusted as needed.
6. Avoid working around customers while they are eating or conversing. For example, do not sweep or clean in these instances.

A positive restaurant environment and positive customer relations support and assist in building customer retention, customer loyalty and in building our business overall.

The Management of Customer Complaints:

As an employee of ABC, our positive attitude demonstrated towards the customer, and the resolution of customer complaints, is vitally important in how we effectively manage the complaints of customers.

Common complaints expressed by customers include such things as:

- **Speed of Service.** Customers do not like to wait for their food orders to be fulfilled. This is especially true at “peak times” or “rush hours” usually during the noon hour or at diner time when lines are longer
- **Inaccurate Orders.** In a “quick serve” or “fast food” environment, customers expect their orders to not only be served quickly but accurately. When they do not receive what they have ordered, customers may be disappointed or express dissatisfaction usually to the customer service team member or the manager
- **Over charging or incorrect change.** Customer service team members at the registers, particularly during peak times, are extremely busy. They may overcharge the customer for their order or if it is an exchange of cash, give the customer the wrong amount of change.

When a customer has a complaint, ABC recommends the customer service team member or the restaurant manager take the following steps:

1. Begin by listening to the complaint. What exactly is the customer telling you and what precisely are they dissatisfied about?
2. Do not interrupt and let the customer fully explain their complaint. It may be that it is easily corrected
3. Maintain eye contact with the customer as much as possible.
4. Apologize for errors and inconveniences. Do not blame anyone for the problem; take full responsibility.
5. Answer with empathy. If you were the customer, how would you like to have the issue resolved?
6. Tell the customer that corrective action will be swiftly, the problem will be resolved as soon as possible and, if possible, indicate what actions will be taken to resolve the problem
7. If you require approval from a superior to resolve the issue, let the customer know this is the case
8. Thank the customer for bringing the complaint to your attention.
9. Repeat the apology if necessary.

Please consult the policy manual of ABC Restaurant Company in the section on The Management of Customer Complaints. Of note, these policies will outline how to resolve the complaint and will recommend corrective actions to be taken such as refunding the order, giving the customer a discount card for their next visit and other actions to be taken in this regard.

As a company, we advocate that customer complaints are a way to continuously improve our business. By being empathic to the customer, listening and taking appropriate and immediate action in resolution, it is possible to turn a negative experience into a positive one.

Customer Service at the Register:

An important part of a positive customer service is the interaction at the register and in taking and submitting the food order.

In performing these duties, we recommend the standard team member practices to include the following:

- Remember to ring in every single item
- Only accept authorized discounts on orders
- Check and only accept authorized coupons or gift cards
- Notify the Restaurant Manager if the coupon or gift card is fraudulent
- Remember that only the Restaurant Manager may perform transactions such as Manager or Employee meals or discounts
- Ensure you are checked into the register correctly with your name and employee number. Both the Restaurant Manager and the team member on the register must count the cash drawer at the beginning and end of shift
- It is a policy violation to use the void function on the register or POS
- Ensure that each coupon is marked and defaced after usage and stored correctly

Standard Team Member Order Taking procedures should include the following:

- Greet every customer in a friendly fashion as they approach the register
- Smile upon ordering
- Ask, "May I take your order please?"
- Determine where the order will be eaten by the customer before the order is keyed in. This will identify for the Food Maker how to properly wrap the food.
- If the order is take out or carry out, press the appropriate "To Go" button on the register
- As the order is being given, enter the items into the register
- Clarify the complete order after the customer has finished ordering to ensure accuracy
- For large groups of families, determine first how many are in the party and use the "multi order" key for speed and efficiency

Suggestive Selling Techniques:

Suggestive Selling is asking the customer to order items in addition to their original order. When practicing Suggestive Selling:

- Ask the customer if they would like complementary food items to what they have ordered or larger sizes of items they have ordered
- Make the suggestion in a friendly and hospitable way
- Do not "oversell." One suggestive selling statement per order; do not repeat it
- Do not suggestively sell if the customer appears in a hurry and is very specific in what they want to order
- If the customer says "no thank you," do not persist in Suggestive or "Up selling"

Suggestive selling is a way to increase “average check” or “average ticket” with each order. Team members may want to approach Suggestive Selling as a way to build their skills in persuasion or negotiation. Also, it is a recommended practice to set Suggestive Selling Goals. For example, the team member may want to set a goal of suggestively selling to 5 customers of every 10 customers served. Suggestive selling is more of an “art” than it is a “science.” The suggestions cannot be “overly aggressive” or too much like a “sales pitch.” With practice, suggestive selling eventually becomes simply “part of the job” for customer service team members.

Completing the Order:

We recommend the following for completing or fulfilling the customer order:

- Repeat the order to the customer to display listening and for accuracy
- Depress the appropriate register keys and get the total amount of the order displayed
- Thank the customer and remind them of the total order amount
- Take money or monitor credit card transaction. The money should be placed immediately to the correct drawer and small change slots
- Depress the appropriate change key
- After completing the transaction say “Thank you” to the customer
- Acknowledge the completion of the order by placing the tray or bag in front of the customer
- Greet and call the next customer to the register area

At ABC, we think of customer service as an “end to end” process from the time the customer enters the restaurant until the time they leave. The typical “sequencing” involves the greeting of the customer, taking the order, presenting and fulfilling the order, thanking the customer. Throughout this sequence, the service element should be conducted with a positive and caring attitude, a smile, and politeness.

Service at the Pick Up Window:

Assuming the store has drive through service capability; the following shall apply to service at the Food Pick Up Window:

- Use good eye contact when the customer arrives at the PUW (Pick Up Window)
- Greet the customer cordially and remind them of the total amount of the order
- Have change ready for distribution
- Say “thank you” promptly

Order Accuracy:

When verifying the accuracy of the order at the Pick Up Window:

- Keep register receipts in sequence
- Do not remove the receipts from its storage area or “ticket rail”
- Check the number of items in the bag against the guest check or monitor
- Place register receipts inside the bag
- Hand the customer the order
- Thank the customer and invite them back

Cash Handling Procedures:

Team member cash handling procedures and sequencing should include:

- Placing paper bills across the cash drawer and making change for the order
- Place the bills face down in the appropriate cash drawer slot
- Close the cash drawer after each and every transaction
- The Restaurant Manager must approve and make change on those bills larger than fifty US dollars
- Keep cash in drawers low by frequently dropping excess small bills (\$1.00/\$5.00/\$10.00) into the drop box
- Maintain cash available as close to the beginning level of your shift as possible
- The Restaurant Manager will pull drop box cash every 60 minutes
- Travelers checks are not acceptable as a form of payment
- Personal checks are not acceptable as a form of payment

Kitchen Area Service:

Service procedures for the Grill and Kitchen Team Members are inclusive of the following:

- The Grill Operator must wear a headset with a full charged battery
- Listen carefully to the speaker or headset and observe the monitor as the order is placed for the customer
- Stage and project the correct amount of meat to be used for the order
- Always have meat cooked per specifications and serve ready
- Always load fresh meat to begin cooking
- Stay in position to maintain staging and quality. Be prepared to interrupt tasks to assist customers
- Serve meat to the heel of the bread or bun within 3 seconds to ensure efficient service flow
- Ask Food Assembly and Production team members the customer count to determine correct staging and projection

The Importance of Customer Service:

The management of ABC restaurants believes that great customer service which produces customer or guest satisfaction is important because:

- It is a leading indicator of customer intent to re purchase and loyalty
- It can be an important aspect and point of differentiation versus our competitors
- It reduces customer loss or churn
- It increases the lifetime value of customers
- It combats any negative feedback or negative public relations

A consumer study conducted by the McKinsey Group found that one “unhappy customer” tells 9-15 people on average about their negative customer experience while one “happy customer” tells 1-3 people concerning their positive customer experience. That is a significant swing based on one negative customer experience!

We believe that great service not only “keeps the pulse” of existing customers but is a catalyst and strong point of difference in attracting new customers frequenting our restaurants.

V. Quality

This section contains guidelines to ensure compliance to regulatory requirements. These guidelines and tools will help to assure a wholesome product for our customers to enjoy in a clean restaurant served with exceptional service.

Each and every area of the restaurant will have separate standards established and checklists for the inspection and maintenance of the highest quality standards possible.

To maintain quality standards in the **Exterior** of the restaurant building:

1. The Trash Dumpsters and Grease barrels must be in good repair and cleaned once per day
2. These areas will be kept free of food, spillage, debris and dirt
3. All Trash Dumpster lids will remain closed at all times
4. There shall be no sign of pest activity anywhere near the restaurant
5. The areas surrounding outside storage modules, enclosed areas or fences shall remain free of garbage, debris and be cleaned weekly or as needed upon daily inspection. Excessive products shall be removed to facilitate cleaning and inspection

To maintain quality standards in the **Restroom** areas:

1. Restrooms must be thoroughly inspected daily by the Restaurant Manager and by the shift supervisors before and during each shift
2. Walls, floors and ceilings must be in good repair. If repairs such as cracked floor tiles or wall cracks are evident, repairs must be made quickly and without inconvenience to the customers
3. Facets will be checked for sufficient pressure of hot and cold water
4. An adequate supply of toilet paper and paper towels will be maintained regularly
5. Hand dryers will be checked to ensure proper use and maintenance
6. Ventilation fans will be cleaned regularly and shall be free of dust and dirt
7. Waste basket garbage shall be removed as required and necessary at regular restroom inspections

To maintain **Dining Area** quality standards:

1. All doors shall be tight fitting and pest proofed along all door edges.
2. Tables and all chairs shall be inspected regularly, cleaned and kept in good repair.
3. Garbage from trash containers shall be regularly removed and deodorized.
4. Ceiling panels, light shields and vents must be kept in working order and cleaned regularly per an established schedule.
5. The condiment areas must be clean and kept at optimum inventory levels to ensure customers have knives, forks, spoons, napkins, sauce packages and the like.
6. All floors must be kept in good repair, clean and in safe condition for all concerned.

Quality standards are also very important in the **Cooking and Food Preparation** areas of the restaurant including the following:

1. All single use containers will be covered, stored and maintained in cabinets to combat contaminants
2. Cup dispensers and lid holders will be kept stocked, cleaned and in good condition
3. Counter and shelving areas must be neat, orderly, cleaned and without debris or unessential materials
4. The metal ice scoop must be stored in a removable bracket which shall be cleaned daily. All ice shall be scooped with the metal ice scoop not drink cups
5. All food stored in refrigerator reach ins shall be covered
6. Temperature of hazardous foods must be taken twice per shift and recorded in the food safety report or log
7. All product utensils, equipment or accessories such as spatulas, knives, stirring spoons and the like must be cleaned and sanitized every shift at a minimum and stored in a dry area not water or sanitizer
8. Food preparation boards at the cooking and grilling areas or the final preparation stations must remain in good repair and cleaned regularly
9. Hot holding cabinets must maintain product temperatures above 140 degrees Fahrenheit
10. No chemicals or cleaning solutions shall be stored and maintained with food or food products
11. Heat lamps and cooking timers must be cleaned regularly and maintained in top working order
12. All cooking ventilation vents and hoods must be cleaned daily and kept in excellent working order
13. Lights must be functioning, protected from breakage, clean and replaced as needed
14. All walls in the cooking area must be free of cracks, dirt and regularly maintained

The quality standards for Walk In Coolers and Freezers are as follows:

1. Floors shall be clean, in good repair and free of ice build up
2. Door seals shall remain in good repair and free of damage, mold or dirt
3. Freezer units must be maintained at a temperature of 10 degrees Fahrenheit or lower
4. All food must be stored at a minimum of 6 inches off the floor
5. All refrigerators and coolers must have working thermostats which are regularly checked and cleaned
6. All food items which are ready and prepared must be marked with a "Use By" date to ensure product does not exceed the Use by Date
7. All inventory must be regularly rotated
8. Raw meat must be stored above ready to eat foods. They cannot be mixed or stored on the same shelving
9. Any protein items inclusive of beef, chicken or the like should be stored in bags must be marked with an expiration date and correctly stored and rotated

The following quality standards relate to **Food Preparation** practices for:

- The handling of meat
- The preparation of vegetables
- The handling of all food items
- The washing of all utensils, equipment and small wares
- Storage of Dry Products

All sinks must be cleaned and sealed positioned against walls (where local permitting and health standards permit). The sink sealing components must be sanitized and free of mold and dirt. Sinks cannot be overfilled. Sanitizer test shifts must be inventoried and available at all times for sanitation testing. Sinks used for sanitization and utensil and equipment washing cannot be used for floor and mop cleaning and free of grease or grease buckets.

All stored pans and containers must be inverted in storage. All utensils not in use must be stored in a environment free of contaminants. Can openers must be free of metal shavings. All food products must be dated upon receipt and rotated on the basis of "First In"/"First Out" to ensure non expiration of products. No chemicals or cleaning solutions shall be stored above food or products.

The Importance of Quality:

In summary, at ABC Restaurant Company, the upholding and improvement of Quality Standards should be "top of mind" in everything that we do; in every action taken both Back and Front of the House. It should be in evidence both inside the restaurant and external to the restaurant property; from the "quality" of a crack free parking lot surface to the presentation of food orders to our customers. Quality is every one's job!

VI. Safety

ABC Restaurant Company is committed to the health and safety of its customers and its employees worldwide.

We will comply with all local, state and national safety laws, health standards and laws and all corresponding ordinances.

A healthy and a safe environment is a primary consideration for everyone.

We believe most accidents occur because of unsafe behavior. On the job, it is important to following safe works practices such as:

- Wearing personal protective equipment
- Properly reporting all accidents
- Complying with the proper safety hazard standards, rules and laws
- Making safety a priority and an integral part of restaurant operations and work

Topics in this section include:

- Employee Safety Rules
- Fire Protection
- Fire Evacuation
- Hazard Communication
- Employee Protective Equipment

Employee Safety Rules:

All Team Members and Managers must use protective equipment at all times including:

- Oven Mitts
- Heat Resistant Gloves and Aprons
- Eye Protection such as Face Shields and Glasses
- Metal mesh cut resistant Gloves
- Dishwashing gloves
- Cut resistant box cutting gloves

Do not use tools or equipment without proper training and instruction such as knives, slicers, ovens or grills.

Always use safety devices and installed equipment guards. They may not be removed from the equipment unless done so by the Restaurant Manager.

Never tamper with electrical equipment until it is unplugged and turned off.

Wear your approved uniform only inclusive of approved slip resistant shoes.

Know all required actions to be taken in the event of an emergency.

Develop a 'safety first' mentality. Failure to comply with safety standards may result in disciplinary action.

All employee safety rules, procedures and incidents must be recorded, documented and maintained. All employees must complete health and safety training as part of the induction and training process.

Fire Protection And Fire Evacuation:

Each restaurant must have three portable fire extinguishers. Two multi purpose type extinguishers (minimum 3A rating) and a grease trap portable extinguisher (Class K rating) for potential fires in the combustible cooking area where there are vegetable or animal fats and oils present.

The multi purpose extinguishers shall be located by the rear door exit and the bathroom hallway or in close proximity to the front order taking counter. These extinguishers will be tagged and inspected at least annually according to local fire protection protocol.

Lighted exit signs must be above all exits. There must be Emergency Lighting in the dining room and back room areas. The lighting should have a continuous battery charger wired directly to the electrical service of the building. Emergency Lighting systems must be checked monthly.

Fire extinguishing systems must be proved and in evidence over all the cooking equipment such as stoves, ranges and grills. The system must have a manual operations switch wall mounted no higher than 5 feet from the floor for access. The switch cannot be further than 5 feet from the cooking equipment and cooking area.

In the event of a fire, the Restaurant Manager or Shift Supervisor will manually activate the overhead fire suppression system in the cooking hoods if fires cannot be extinguisher with a portable extinguisher.

In the event of a fire or emergency situation, please follow the steps listed below:

- Notify the store manager of a fire or emergency situation immediately. Notify other employees and customers.
- At the instruction of the Restaurant Manager or Shift Supervisor, all employees and customers must exit via the closest unobstructed exit in an orderly fashion
- All employees, and to the greatest extent possible, all customers will gather in the parking lot and a head count shall be performed to ensure all have exited safely.
- It is the responsibility of the Restaurant Manager or the Shift Supervisor to call the fire department by dialing 0 or 911. These individuals will ensure the fire department or authorities are informed of the restaurant address and city, the intersections closest to the restaurant, the phone number of the restaurant, the name and contact information of the Restaurant Manager. The Restaurant Manager and Team Members will follow any and all instructions given by the fire department or local authorities.

Hazard Communication:

The use of potentially harmful and hazardous chemicals and agents are a area of focus for federal and state regulation. All employees must be trained in Hazard Communication. Every store must have the following information:

- An ongoing, communicated and regularly reviewed Hazard Communication Program
- The OSHA (Occupational Safety and Health Act) Job Safety Poster or Posters
- Material Safety Data Sheets (MSDS) for all chemicals used or stored in the store
- The Hazard Communications Training Program Guide
- Employee training must include identification of all chemicals used in the store, the proper use, handling and storage of such chemicals, the location of the MSD Sheets for review, use and prevention, the personal protective equipment needed to handle potentially hazardous material

Material Safety Data Sheets are supplied by manufacturers of chemicals. These sheets must be filed, updated, reviewed and readily available to all employees in store. Material Safety Data Sheets provide the following information:

- The names of the chemicals
- The physical characteristics
- The acute or chronic possible hazards
- Relationship of chemicals to diseases
- Safety handling procedures
- Emergency first aid in the event of a spill or incident
- The intended use of the chemicals

Employee Personal And Protective Equipment:

The following equipment must be available and used by all employees. This equipment must be displayed, cleaned, in good condition and repair and sized appropriately for the use of employees.

- A pair of heat resistant gloves (approximately 18 inches or longer) for carrying, cleaning and handling hot oil or shortening
- Safety glasses or goggles used primarily in filtering cooking equipment
- A pair of oven mitts (approximately 21 inches or longer) for carrying and handling hot food items or hot pots during and post cooking
- Cut resistant fabric box cutting gloves
- A pair of extra long dishwashing gloves or sleeves
- A heat resistant knee length minimum apron for filtering equipment and carrying hot shortening, oil or hot water
- A safety equipment storage rack storage of all the equipment above with such rack accessible, visible, mounted and clean
- Take away shears for opening plastic bagged goods and only used for this purpose

VII. Equipment Summary

As previously mentioned, there are two broad areas of any restaurant commonly referred to as “The Front of the House” and “The Back of the House” in fast food or quick service restaurant environments.

The Front of the House is inclusive of the Dining Room, the Queuing Area where customers line up, the Front Counter, Order Taking and Cash Register Areas inclusive of the Menu Boards, and the Food Assembly area where the orders are finalized and presented to the customers typically on trays or in bags.

The Back of House is inclusive of the Kitchen and Cooking Areas, the Freezers and Refrigeration Areas, the Storage Areas, the Managers Office and the Team Member break area.

Each of these areas has different types of equipment which must be designed, specified, installed and operated according to the size, shape, and facility type of the restaurant. Moreover, the equipment will vary based on what is on the menu in the restaurant and food preparation and delivery standards and requirements.

For example, the major Front of the House equipment would include tables and chairs (Dining Room Area); Counters, Registers (Point of Sale systems), Menu Boards and Condiment and Beverage Machine Stations as well as assembly stations, food chutes or sleeves, preparation and assembly tables, small holding and warming ovens and possibly micro wave ovens depending on the menu.

The major Back of the House equipment would be inclusive of items such as Freezers, Refrigerators, Stoves, Ovens, Holding Cabinets, Grills, Fryers, Storage Racks, Preparation and Slicing Tables, Pots and Pans, Rice Steamers, Noodle Makers.

Bearing in mind that ABC Restaurant Company is a hypothetical restaurant company, the exact menu is not known nor the exact equipment necessary for operating the restaurants.

Operations Standards Manuals from US based Quick Service Restaurant companies and brands contain extensive information on equipment inclusive of:

- Equipment Design Specifications
- Installation Instructions
- Detailed procedures in using the equipment
- Detailed cleaning and maintenance instructions
- Safety standards in the use of equipment

For these stated purposes, this section will provide a description of four pieces of equipment which may be present in a Japanese styled Quick Service Restaurant like ABC Restaurant Company.

These four pieces of equipment are:

- Noodle Machines
- Rice Cookers
- Grills and Griddles
- Point of Sale Systems

Noodle Machines:

The following is some information on and with respect to Noodle Machines:

- It should be noted that use of non-UL NSF certified food processing equipment is strictly prohibited in restaurants or commercial establishment within the United States.
- Restaurant companies must ensure that any noodle machines purchased have UL (Underwriters Laboratories) and NSF (National Science Foundation) certification.
- Depending on space and product requirements, noodle machines may be freestanding or tabletop. Freestanding units can make up to 300 servings per hour
- Noodle machines usually are designed to make noodles with specific water content. For example, udon or soba noodles require high water content while ramen noodles require medium to low water content

Noodle Machine Maintenance:

The two keys to proper noodle machine maintenance are cleaning and lubrication.

Cleaning:

- Ensure that the mixer, conveyer and cutting blades are inspected and cleaned thoroughly on a daily basis to ensure the highest operating and quality standards

Lubrication:

- The Cutter blades should be greased daily with a food grade lubricant such as Kruber L40 or an equivalent
- The drive chain and roller on the mixer should be lubricated monthly with a spray type grease
- The gears on the cutter should be lubricated bi-annually with a spray type grease

Rice Cookers:

The rice cooker will automatically prepare rice and keep it warm. This machine is also useful to steam vegetables and dumplings.

- Gas models are more energy efficient but must be located under an exhaust hood
- Electric models may be located on any flat surface where there is a power source within your commercial kitchen and are the best choice for a buffet
- FRC type models feature a stacked deck construction reducing the overall footprint of the unit. Depending on your needs you can stack up to 3 drawers together and produce up to 150 cups or 27L.
- As rice cooker models vary in dimension, power source, size and design, please refer to your owner's manual when situating this equipment in your commercial kitchen.

Rice Cooker Maintenance:

Gas Units

- Keep electric ignition clean and dry by wiping with a dry cloth
- Do not press ignition while touching electrode or electric shock will result
- Cooker base may be cleaned with damp cloth and mild detergent. Never immerse in water
- Use caution when near the gas connection so not to damage the manifold which could result in gas leak
- Rice pot, cover and enamel body may be removed for cleaning. Use caution not to damage cooking sensor
- When unit is cleaned and assembled, leave all gas valves in OFF position. Ensure rice pot is centered resting evenly on outer body of unit

Electric Units

- Ensure unit is on level surface for operation
- Immerse pan, inner lid may be soaked in warm or cold water
- Outside of unit including power cord, outer lid, main body and heating plate or center thermostat may be wiped down with a damp cloth as necessary
- Control panel should be cleaned with a soft, dry cloth
- If rice or other substances are stuck to heating plate, lightly polish with sand paper dipped in water, then wipe with a damp cloth
- Do not use bleach, abrasive cleansers or anything that will damage the unit

About Grills and Griddles:

There are three types of grills or griddles used in food service.

- Flat
- Double sided
- Vacuum

Each consists of a flat metal plate which cooks food through conducting heat from the surface to the food product. A thin layer of cooking oil is usually used to keep food from sticking. Some griddles are equipped with a platen located directly above the griddle surface to provide additional cooking from above exposing the top surface of the food to radiant energy.

Single sided or Flat Grills:

- Can be built in units
- Part of a range or cooking center
- Free standing units on tubular legs
- Mounted on a stainless steel mobile stand
- Heavy duty grills are usually 30 to 36 inches deep and up to 72 inches wide
- Can be installed side by side or back to back
- May be gas or electric

Double sided Grills:

- Grill from the top and bottom simultaneously eliminating need to flip food
- Have a large bottom griddle plate and a least one platen on top
- Platens press food between two hot pieces of metal
- Stop devices on the platen prevent food from being crushed
- A counter balanced lift holds each platen in place when raised
- A non-contact double sided grill does not actually touch the food but stays one inch above heating like a broiler
- Heat source may be ceramic infrared, gas burner, conventional electric, or quartz lights

Vacuum Grills:

- Grill surface is heated by steam under a vacuum chamber and electric elements
- Produces more uniform cooking surface temperature
- Heats faster than conventional electric grills
- Holds plate temperature to 1degree anywhere on the plate eliminating hot and cold zones
- Uses half of energy of conventional grill

Grill and Griddle Components:

- Grills are usually divided into 12 inch sections each with own heating unit and control
- Metal splash guard surrounds all but front section of the grill
- Gas grills have slotted vents for each burner for the intake of combustion air
- Some grills have surface temperature indicator lights located on the control panel
- Grease troughs for draining food residue and grease run along the side of each grill plate and may also be located at the front and back of the plates
- Some grills have pitched plates to encourage run off of residue ; these produce less smoke
- Grill plates are usually made of cast iron or flat steel and range from ½ to 1 inch in thickness
- Plates are usually flat although some are ribbed or grooved to emboss food with grill marks
- Ribbed surfaces are slightly slower cooking than flat plates

Grill and Griddle Operation:

- Operational temperatures range from 200 to 550 degrees Fahrenheit, but usual cooking temperatures fall between 225 and 375 degrees
- Most units reach thermostatically controlled temperature within 15 to 30 minutes
- Grills are turned on at the beginning of the cooking day and left on until close
- Grills often develop hot and cold spots. Experienced cooks use hot spots to cook food faster and cold zones to keep cooked food warm

Grill and Griddle Maintenance:

- Griddle or grill surfaces need to be cleaned daily or more often in high use to keep food cooking efficiently and tasting good
- Operator should scrape excess food and fat from the surface with a flexible spatula or grill brick
- Clean and wipe out grease troughs, remove stuck on food and clean surface with soft cloth rubbing with grain of metal
- The platen on a two sided grill can be more difficult to clean. Some models have stainless steel platens which are easier to clean while others have specially coated platen surfaces. Others can use disposable, non-stick paper to prevent sticking.

About Point of Sale Systems:

Point of Sales systems (POS) are the equipment computer based technology that restaurants use to capture orders, record data and display or print tickets and receipts.

Some of the most widely used POS systems in the US restaurant industry include:

- Aloha
- Kounta
- Revel Systems
- Wand
- SAGE

The POS has the ability to perform multiple functions including the following:

- Record the method of payment
- Calculate cash due for each order entered
- Track the cash in the cash drawer
- Create hourly and daily sales reports
- Allow hourly employees to clock in and out
- Calculate labor and payroll data
- Record daily check averages
- Keep track of menu items sold
- Record data on repeat customers

The general process of a POS when taking an order is as follows:

1. The team member server enters his or her name or user code onto the screen allowing access
2. The team member begins a new order by entering food items requested by the customer
3. The POS sends the order information to the kitchen in printed digital form on a display monitor or ticket
4. The Kitchen Staff team members read the order and prepare the food order for delivery to the customer
5. The team member server reads the total charge on the display and collects the payment from the customer

For Quick Service Restaurants touch screens are usually located in a visible place within the store often close to the front doors and at the service counter. POS software can generally be configured to exact operation specifications and will include menu items and prices.

Each POS system differs based on application, software and hardware. Research and assessment must be conducted to determine the right system fit for the restaurant, style of service and specific product and business requirements.

When assessing a POS system the following should be considered:

- **Price:** POS software can cost \$2,000 or more and terminals can be up to \$5,000 per station. Extra features like digital displays, hand held terminals and warranties can increase your expenditure. Always request price quotes which include all software, hardware, installation, upgrades, and support before making a decision.
- **Necessary Hardware:** Hardware includes the touch screen monitor at the service counter as well as any kitchen display system or portable handheld devices for servers.
- **Software to track data:** Software includes all programs you will need for point of sale, back of house, financial and inventory, gift carding, and perhaps even customer self-service. It can create labor schedules by collecting and analyzing labor data making your business more efficient.
- **Financial Reporting:** Your POS should allow you to retrieve financial information in detailed comprehensible reports. Ideally this will be available on a display in the back of the house (BOH) where you can properly analyze information.
- **User friendliness:** Your system should be easy to use and not take extensive training. Complicated systems frustrate employees and slow down speed of service.
- **Technical Support:** No matter how great your system is there will always be problems. Make sure there are experienced technicians on hand to solve your problem, however minor when it occurs.
- **Marketing Data:** If your system has the ability to track customer data like phone numbers, email addresses and favorite orders it can build a useful database of customer information. You can use this in direct marketing campaigns to personalize promotions and appeal to specific types of customers.

VIII. Product

The Product Section of an Operations Standards Manual is a long and very detailed description of how to cook, prepare, present, and serve food and beverage products to the customer. This level of detail is completed on a product by product basis and depending on the total number of menu offerings and recipe complexity, the descriptions vary from two to three hundred pages in length.

Furthermore, this section typically forms the basis of a more specific and further detailed Cooking and Food Preparation Guide. Usually such guides are available on line, through a company intra net, or on printed, laminated cards to be used daily in store and for training purposes.

Given that ABC Restaurant Company is a hypothetical Japanese Quick Service Restaurant Company, we will use one product recipe as one example for this Section of the Manual using the following Table:

Menu Item:

Ingredients and Recipe:

Cooking Instructions:

Product Mixing Instructions:

Product Presentation and Serving:

In this example, the **Menu Item**, as listed on the Menu Board in the ordering area of the Restaurant is, **Teriyaki Chicken with Soba and Vegetables**.

The **Ingredients and Recipe** section would list all the product ingredients in the **Menu Item** in this example:

- Chicken
- Teriyaki Sauce
- Soba Noodles
- Broth
- Vegetables

It would also identify the product varieties, for example, Soba Noodles may be dried buckwheat or wheat, and the quantities or amounts required for the recipe.

The Cooking Instructions section would feature a description and use of equipment (grills for chicken) and a step by step account and set procedures of how to cook, boil, steam, sauté, slice and prepare each and every item.

The Product Mixing Instructions would be a step by step description of the final preparation of bringing all recipe and ingredient items into one dish. **Product Presentation and Serving** would be a description of how the food is presented (in bowls or plates for example), in what order (noodles would be placed first/the broth and sauce last) and then the presentation to the customer (serving trays).

In Summary, each restaurant brand will have its own proprietary and unique recipes, cooking methods, and product presentations to ensure consistency of all menu items.

Product consistency is the hallmark of any successful franchise operation and system. The consumer expects product consistency from each and every restaurant, be they corporately run or franchise owned, and in locations from Los Angeles, California to Kalamazoo, Michigan.

The Product section of the Operations Standard Manual must be reviewed regularly, kept up to date and modified as appropriate. Changes to menu offerings, new menu items, changes to equipment, to health and safety standards make this Section one of the more dynamic Sections of the OSM.

IX. Marketing

As a general definition, marketing is the strategy, tactics, and the execution of ongoing programs focused on building brand awareness and driving sales. This section is a broad overview of how ABC Restaurants approaches marketing to build revenue and sales. A more detailed plan should be created for each and every store location based on factors such as trade area market dynamics and customer demographics.

At ABC Restaurants, Marketing is a support function to Restaurant Operations. In this section, we cover the following marketing related topics:

- Customer Research
- Advertising and Promotion
- In Store Service execution
- The Marketing Plan

This section describes information, business practices and business methodologies used by our company in marketing our restaurants. This information is designed to be used primarily by company restaurant managers but may be used by franchisees and their certified managers.

For further information, please consult the Marketing Manual of ABC Restaurant Company.

Customer Research:

Customer research involves either formal or informal research methods. Successful marketing requires and combines both.

Informal research is primarily “In store” or “In trade area” research. In store research may be conducted simply by soliciting customer feedback, performing in store taste tests or product promotions, or handling and taking corrective action on customer complaints.

Restaurant Managers interested in building their business understand the importance of customer feedback in continuously improving the store and business results. A simple report format for customer feedback is as follows:

Customer Feedback Report

Date:

Time:

Customer Name and Contact Information:

Customer Feedback on Quality, Service and Cleanliness:

Assessment and Action Items

Daily goals should be set by the Restaurant Manager to secure customer feedback, the feedback should be recorded, assessed with specific actions be taken as required and necessary. This feedback is particularly useful in building and establishing specific Marketing Plans for the store.

Another informal research method is “**In Store Sampling and Taste Test.**” For example, when ABC Restaurants is introducing a new product, it is important to get direct feedback from the in store customer and “user” prior to rolling out the product. Such feedback is particularly important in determining product specifications, product build and presentation, pricing and type and length of promotion.

A simple **In Store Sampling and Taste Test** report format is as follows:

Date:

Time:

Customer Name and Contact Information:

Please evaluate the product based off the following scale:

1. Loved the product
2. Liked the product
3. Thought the product was fine
4. Disliked the product
5. Extremely disliked the product

Please identify the things you like or loved about the product:

Please identify the things you disliked or extremely disliked about the product:

If this product were available, would you purchase it?

How often would you purchase it?

- a) On a daily basis
- b) On a biweekly basis
- c) On a weekly basis
- d) Once per month
- e) Once every six months
- f) I would not purchase it

What would you be willing to pay for this product?

Do you have any suggestions for improving the product?

Formal Market Research can be conducted in a number of ways inclusive of:

- Mystery Shopper Programs
- Customer Experience Management (CEM) Programs
- Focus Groups
- Local Economic Development Market Studies

Mystery Shopper Programs and Customer Experience Management Programs are both very good ways to secure customer feedback on the store and employee performance. Mystery Shopper Programs are conducted on a monthly basis through store visits and incident transactions evaluated by a third party or external "Shopper." Customer Experience Management Programs are conducted daily and more immediately through telephone or on line surveys. Each method evaluates operating standards, the condition of the facility and specific items like hospitality levels, accuracy of ordering, speed of service. Surveys of this kind assist the restaurant manager in knowing problem areas from an ongoing customer perspective and corrective action needed to be taken.

Focus Groups are primarily used at the corporate level of the company. They are usually conducted by a third party Market Research Firm in a controlled setting and tend to be more about the brand and may be product specific. While this is useful feedback at the local level, it is not a substitution for other more localized methods described herein.

Local Economic Development councils (by City or State) and local Better Business Bureaus will have access to valuable and specific market research as it relates to population, gender, ethnicity, age demographics, household income and commercial businesses in their vicinity. These studies are extremely useful in understanding who the customer is and can provide valuable insight and statistics in developing Marketing Plans.

Advertising and Promotion:

In general terms, Advertising and Promotion is direct communication with the customer and the public via:

- Print Media such as brochures, flyers and direct mail
- Electronic Media such as radio, local cable or television
- The social network using mediums like Twitter, Facebook, Instagram, Internet Banner Advertisements

Effective Advertising:

Businesses that maintain their advertising and promotion levels have more sales than those that reduce their marketing and advertising budgets. Advertising and promotions:

- Extends brand reach and frequency
- Builds brand awareness
- Increases revenue

Effective advertising and promotion attract and retain more customers. The minimum amount spent on marketing is 2% of gross sales per the franchise agreement. It is recommended that particularly in the early stages of opening restaurants, expenditures in marketing should be more than this with a range in the 5-10% of gross revenue.

There are many forms of advertising. The following guidelines consistently executed have proven to have highly successful results:

- Know your customers and target prospects
- Schedule advertising to ensure there is reach and frequency with your customers and potential customers
- Select the most favorable advertising media mix
- Know the costs prior to committing market dollars
- Direct Mail can be effective and efficient in driving trial and frequency
- Messaging in advertising should be eye and attention getting, selling features and benefits, establishing the unique position of the brand and have a strong “call to action” for purchase intent
- Frequency is important in driving customers to the restaurant and increased sales. A single ad in a major market wide newspaper is not as effective as several smaller localized ads in small newspapers.
- Check for discounts. Schedule ads to take advantage of discounted rates to maximize your advertising dollar.
- Four color ads have proven to be more appealing in attracting customers
- Flyers should be placed in pick up points not left on car windshields
- Direct mail including letters, brochures, couponing and the like initiatives are cost effective for one to three locations
- As the enterprise expands to more units, the option of radio or local cable advertising becomes more viable with the ability to spread out the cost across multiple locations
- Market wide television is best used when the brand has reached market saturation levels in individual Market Development Areas
- An ongoing integrated social network program is a must to the identification and engagement of core customers and in driving trial, frequency and customer retention
- Community involvement and Local Store Marketing initiatives are powerful tactics in driving sales

In-Store Service Execution:

Customer Service is everyone’s business inclusive of all corporate and store personnel.

Industry averages suggest that “In the four walls” marketing and sales initiatives combined with a well planned and executed Local Store Marketing Program can increase revenue on average by 10%. Ongoing Suggestive Selling (see Section C: Customer Service/Suggestive Selling Techniques) is a proven way to build average ticket or check.

Staff sales incentive contests and Sales Rewards and Recognition Programs are also excellent ways to create staff involvement and engagement, in store excitement, and increase sales. The guidelines for successful Local Store Marketing Programs include:

- An ongoing LSM calendar should be developed for each month. This could include cold calling initiatives in the local trade area, flyers or a couponing campaign directed at local businesses, a variety of Public Relations events

- Good LSM programs are targeted and trade area specific. It is recommended that a one and two mile radius be mapped around the store location to identify the priority origination of customers such as businesses, schools, hospitals, shopping malls etc. Programs, discounts and promotions should be directed and varied by each priority customer site
- Monthly sales objectives should be established for LSM activities on the calendar. These sales objectives should be monitored, tracked and modified to produce the expected sales results
- Everyone at store level should be involved and participating in local store marketing activities
- LSM activities should be reinforced and integrated with other marketing, advertising and promotion activities through various media and the social network

The Marketing Plan

Perhaps the greatest value of a good marketing plan is that it provides a working document aimed at specific results and identifying how they are to be achieved. The following are the five basic steps for developing an effective marketing plan:

Prepare A Detailed Fact Base:

To address your market and build your profitability, it is important to stay informed and to increase your awareness about your customer base by created a Detailed Marketing Fact Base:

What is the potential market for your products?

How large is the customer base in your territory?

What smaller segments are there within that base?

What is your current market share? What should it be?

Who are your present customers in terms of gender, age, education level, occupation and socio economic band?

Which of these will result in the highest percentage of sales?

What three most important factors influence the decision to purchase?

Who else influences the decision to purchase?

What are your strengths versus the competition? What are your weaknesses versus the competition?

What is the image of your restaurant in the marketplace?

Does everything in your franchise consistently represent the image you want to project?

Where do you get new customers? How do you get repeat customers? How price-sensitive is your market?

Does your present strategy support your pricing stratification?

Do hours of operation positively or negatively impact sales? Are adjustments required?

Look for any variation of an expected result, such as less market penetration, declining market share, fewer ad and coupon responses, shrinking market, lower sales, shrinking profit margins. Look for stumbling blocks such as inadequate staffing and service, insufficient advertising, inadequate facilities. Look for restraints that could keep you from reaching your marketing goal, such as economic factors, labor shortages, competitor dominance, etc.

State Specific Objectives:

Identify, in very specific terms, the needed end results you are pursuing through your marketing plan. Objectives are not just sales and profit goals, rather they are the desired results. An objective should represent the solution to a problem or a way to take advantage of an opportunity. Objectives should be **SMART**:

Specific

Measurable

Attainable

Realistic

Time and deadline driven

The objective setting process may be quarterly, yearly or a strategic plan that stretches three to five years in duration.

Develop Strategies and Tactics:

Strategies and tactics are specific marketing actions in the plan. They encompass products and service offerings, pricing and promotion, advertising, service and sales activities, cost reduction and margin improvement initiatives. Strategies and tactics are always actionable items with deadlines set for completion.

With respect to Advertising for example, strategies and tactics need to be established with respect to goals, objectives, the amount and mix of:

- Direct advertising
- Print advertising
- Publications advertising - newspapers (daily, weekly, classified)
- Media advertising - radio, TV, cable
- Public relations and community relations
- Social Networking Initiatives
- Personal Networking, Community Involvement and Key Conference Attendance Establish The Budget:

Identify, document and monitor projected costs for each of the various strategies, including the forecasted gross profit to be generated by each strategy. Some key questions in establishing the budget are:

- What is the time and resources spent versus the payoff?
- What is the actual income and expense versus the projected budget?
- What is the consistency of results?
- What improvements and changes should be made?
- How profitable was each strategy?

Execute The Plan!

The Marketing Plan should be reviewed monthly to ensure the Plan is at/ahead/or behind forecast. At the time of review, modifications, adjustments and changes should be made—even if the Plan objectives and goals are being achieved. The Plan is subject to a number of dynamics inclusive of changes in the competition, changes in the economy, internal changes to personnel and a variety of other factors. The Marketing Plan is more than a guideline but it is not “cast in concrete.” It should remain flexible with the ability to change according to changes conditions.

This section is directed at and for the employees of ABC Restaurant Company and the information may be used by franchisees. With respect to franchisees, should they wish to use this document, we recommend that they review and adapt it for their own individual needs and business requirements.

This section in the OSM is not intended as the “panacea” for Human Resources. For more in depth information, documentation, regulations and employment laws, please consult the ABC Restaurant Employee and Managers Employment Handbook.

The Functions within Human Resources:

Human Resources Management involves a number of different functional areas including:

- The sourcing, selection, and “on boarding” of staff members
- Employee training and development
- Employee compensation and benefits
- The execution of retention strategies and building a positive Employee Relations environment
- Employee Health and Safety
- The Management of Performance
- Human Resources Policies and Procedures
- Position Descriptions

Typical Positions in an ABC Restaurant Corporate Store:

The following are functions required for the business. Franchisee owner operators are trained to perform all the station by station functions in the restaurant during their Restaurant Manager Training Program. Besides Restaurant Manager Training Programs vary in length, depth and detail. This training may be anywhere from 8 to 16 weeks typically.

If you are a franchisee you will be trained to perform all these functions so that you may train others. Some of these functions may be combined and carried out by the same person. Below is an overview of your key team member positions.

The Restaurant Manager:

In general terms, the Restaurant Manager is responsible for all major operating and business activities “within the four walls” of the restaurants. This would include the hiring, training and developing of team members, the establishment of weekly training schedules, the management of inventory and distribution for the location, the enforcement of all operations standards, the management of customer complaints and customer relations, and the management of cash and Profit and Loss Statements, Health and Safety.

In most municipalities, restaurant managers must participate in and pass a Food Manager

Certification Course and Program. Most local Health Departments may be consulted regarding these classes and certification requirements. The purpose of the class is to inform and educate restaurant managers on safe food handling and may include topics such as food safety, health and welfare and security.

The manager must be able to supervise all operations in the “front of the house” as well as the “back of the house.” Managers are “cross trained” on all stations within the restaurant and may fill in as required and necessary on a periodic basis in the performance of typical team member functions such as order taking, food assembly or food preparation and cooking.

At ABC Restaurants, Restaurant Managers receive twelve weeks of Training prior to assuming responsibly for the restaurant and the Restaurant Manager role. This training will include an overview of the ABC Restaurant Company and Orientation to

the Company. It will also include in depth station by station training at the “front of the house” and the “back of the house.” It will further include thoroughly training in the POS system, the purchasing and distribution system, labor scheduling and payroll, financial accounting, a review of all policies and procedures and human resources practices, processes and methodologies. As part of this Training, the RM in training will “shadow” an existing Restaurant Manager in another corporate location of ABC Restaurants.

The Shift Supervisor:

Shift Supervisors report directly to the Restaurant Manager. As the name implies, they are responsible for the management of shifts. In this regard, they have operations responsibilities, cash management responsibilities, opening and closing procedures direction and management. They also have supervisory responsibility of team members in the sense of ensuring that team members report to work, do their jobs according to operating standards and are ready and able to work their shifts. Generally, they do not handle disciplinary matters with employees but they may handle “immediate to resolve” customer complaints.

Shift Supervisors receive six weeks of training at ABC Restaurant Company in “station by station” training (like the RM, they are cross trained), operations standards, procedures related to the opening or the closing of the restaurant, food preparation and cooking procedures. Typically, the last two weeks of Shift Supervising Training is spent on the job in one particular station like the cooking and grilling station or the customer service order taking station to familiar themselves with the operation as a team member would. Shift supervisors are also responsible for stock and with the RM, ensuring that the restaurant has all adequate supplies necessary for the smooth and efficient operation of the restaurant.

The Customer Service Team Members:

The Customer Service Team Members (CSTM) is responsible for those duties and responsibilities related to the taking, submission, presentation and in store delivery of customer orders, cleaning and sanitation standards and actions, trash removal, as delegated, the management of customer complaints, cash register and order entry responsibilities. As necessary, the CSTM has responsibility to communicate with the customer on price and product promotions and the introduction of new products on the menu. The CSTM must also ensure their area of responsibility is adequately stocked with equipment such as knives, forks, spoons and napkins at the condiment stands.

At ABC Restaurants, CSTM receive three weeks of training on all areas described in relation to their job duties and responsibilities. In particular, the CSTM training is focused on customer service, ordering and the details of the optimal use of the Point of Sale equipment. The typical training sequence for a CSTM is in four parts:

- An in depth document review of the position
- “On the job” practicing of each area of responsibility
- “Shadowing” a fellow team member and being critiqued by the team member
- Station by Station Testing and Examinations

The Food Preparation Team Members:

Food Preparation Team Members are responsible for all activities related to fulfillment of customer orders, product cooking, grilling, frying or the like depending on the specific menu requirements, the cleaning and maintenance of all kitchen equipment such grills, fryers, steamers and ovens, trash removal, the rotation of products and other related food items in food preparation. These positions require physical strength since there is some degree of physical demand to do the job properly. These positions require a high degree of multi tasking skill and ability since there are multiple items being prepared and assembled simultaneously.

Food Preparation Team Members receive four weeks of training at ABC Restaurants. The major training is “station and station” but there is also a concentrated degree of training on Food Safety and Health and Safety Standards. Both the FPTM and the CSTM positions are trained in all policies and procedures related to the operating standards of the restaurant and as it relates to employment at ABC Restaurants.

The following segment on Human Resources involves “best practices” and methods for the recruitment of employees. It is directed specifically at the Restaurant Managers of ABC Restaurant Company.

Recruiting for Results:

Finding and retaining good team members is one of the most important elements in any successful business. Sourcing team members starts with a effective recruitment program.

Placing ads in local online employment sites is a common method of sourcing team members, but there are other creative ways of recruiting as well.

The following outlines several methods in successful recruiting:

In Store Advertising:

A good “grass roots” way to find employees is to advertise job openings on bulletin boards in store, in counter brochures and on tray papers. Please be prepared for “walk ins” at any time who may want to be interviewed “on the spot.” It is probably not a good practice to meet this request. A preferred way is to ask the candidate to fill out an online Employment Application and send this and a resume to your attention via email or other means. You can inform the potential recruit on the spot that you are committed to reviewing their application promptly when received and will be scheduling an interview as appropriate upon review.

Online Advertising:

Placing an advertisement on an online job or employment board is an effective recruitment tool. Please be aware and check the expense associated with on line advertising and ensure it is within your recruitment budget. On Line Employment boards have become extremely popular and the following is recommended when using this method:

- Use the name of your brand and company logo. This establishes credibility and it is better than running a “blind” advertisement
- Ensure that the advertisement stresses points of difference. The internet is crowded, your advertisement needs to be “top of mind” for potential recruits. Think about things which make your brand (and opportunity) unique such as the company, the positioning of the brand, the uniqueness of the food offering, the flexibility of hours worked, the uniqueness of the training program, career progression possibilities. Weave these unique attributes into the advertisement and make the ad “stand out” and appealing.
- Have a strong “call to action” in the advertisement. Is the opening “immediate” for example. Is the contact information clear and is the hiring process “easy to navigate” for potential candidates

Networking and Personal “Hunting:”

There is an adage in recruitment and search that says that “the best possible candidates are already employed.” While these people may not be actively looking for employment, they may consider opportunities for advancement. An opportunistic restaurant manager is always in the market to find great employees and “up grade” the present team member ranks. It is a

good practice, therefore, for restaurant managers to carry their businesses cards and when they spot a potential employee while, for example, shopping in a retail area, to approach that person and give them your business card with your contact information. It is advised that this type of “hunting” be kept outside the immediate restaurant trade area and in a related industry vertical outside of restaurants such as retail or hospitality.

It is recommended that all Restaurant Managers of ABC join the local Chamber of Commerce, local Restaurant Associations, small business councils and local charity organizations. These local associations can be powerful tools for finding employees. It is important that you attend and network at this local meetings and events and “get the word out” that you are in the market for good recruits.

Team Member Referrals:

A great resource to find qualified job candidates is through your current team members. By implementing a team member recruitment incentive program, you can encourage team members to help you in your search. It makes sense that good team members who work for you probably have friends who would also be good team members.

Schools and Colleges

Schools are another good resource for acquiring new team members by placing ads in high school or college papers. Other good sources for applicants are through the job placement offices of the local high schools and colleges. Some community colleges have certificate programs specifically for hospitality and restaurant management. Have a connection to these colleges and programs ensures a viable pipeline of talent for ABC Restaurants.

A Recommended Interviewing Process:

ABC Restaurants recommends that corporate Restaurant Managers use the following process to streamline the recruitment process and maximize your recruitment budget.

Applicants are required to complete an Employment Application. It is your responsible to know the legal requirements in your state related to maintaining job applications on the premises and document confidentiality.

Candidate interviews should be approximately one hour in length. If scheduling permits, these interviews should be scheduled before the opening of the store or during “non peak” hours of the day. Given the sales curves in most ABC Restaurants, it is advised that you schedule job interviews Monday., Tuesday or Wednesday which are generally slower periods of activity versus the remainder of the week and on weekends.

Interviews are best conducted in a relaxed, open way to relieve possible candidate nervousness and to allow candidates the opportunity to ask questions.

The purpose of an interview is to discover job-related facts not evident from the application, and to reveal personality traits and attitudes. Do not show emotions, but remain polite and courteous.

Study the employment application and/or resume before the interview so you can ask specific questions. You should ask questions in a way that encourages the applicant to speak freely. Try to avoid questions that can be answered with a simple “Yes” or “No”. Information provided on the application helps to start the conversation and suggests other questions that you may want to ask.

Questions that bring out preferences in past jobs, school subjects or leisure time activities may give you a clear understanding of the candidate's expectations, interests and personal goals. With this knowledge, you are in a better position to know whether the candidate will like the job and stay with it. Ask very specific questions. Ask why the candidate left his previous positions.

There are questions, however, that cannot be asked. Do not ask candidates about their age, ethnicity, and marital status. Religious and political affiliations are likewise off limits.

Please consult for the ABC Company Managers Handbook to ensure you know what you may and may not ask within State and Federal law.

The following are some general questions that you may wish to ask the candidate:

- What previous job have you enjoyed the most? Why?
- What previous job have you disliked the most? Why?
- How do you think previous employers would respond if asked to identify your Strengths or Areas for Development?
- Why do you think you might enjoy working for our company?
- Why are you considering a change right now?
- What do you think might set you apart from other candidates for this job?
- What has been your biggest failure? Tell me what you learned.
- Describe a typical day on your present (or previous) job.
- What were the factors involved in why you left your last place of employment?

Please take detailed interview notes. At the conclusion of the interview, you should thank the candidate and make sure they understand when you expect to make a decision and get back to them. Before making your final decision, consider that there are never any "perfect" candidates. In your assessments, you may wish to consider intelligence, enthusiasm and a positive attitude over previous experience depending on what you require in the job and your present mix of employees.

The Selection Process:

After the candidates have been interviewed and references have been checked, you must narrow down the choices and call back all possibilities for a second interview. Never make an on-the-spot decision to hire someone. Your impression of the candidate may be completely different after a second interview. The following are tips to help you avoid potential pitfalls in trying to narrow down the field of candidates.

Be Honest with Yourself:

Some interviewers fall into the trap of seeing candidates as all average while others see candidates as either great or horrible. They do this because subconsciously, they do not want to risk taking a real position on the candidate in case the new hire does not work out. Be honest with yourself as you review each candidate.

Be Objective:

It is easy to lean toward selecting a candidate with whom you really “hit it off” and had a good rapport. Do not fall into this trap. You could lose out on a more qualified candidate. Be objective and look at their experience and skills, not just their personality.

Do Not Judge Too Early:

Do not let your personal preferences affect your evaluation of the candidates. Everyone has personal biases and you may not like a candidate’s way of dressing, hairstyle, or perfume scent, but do not disqualify one based on your own subjectivity.

If you interview one candidate and find her to be outstanding in every way, you will very likely evaluate the next candidate to be much less qualified than she is in reality. Be careful to give each candidate an equal chance, based on each individual interview.

You may interview a candidate who states that he is looking for a higher wage than you have to offer, or who seems to be overqualified based on his skills and experience. Do not rule out the candidate. If you feel he is the best candidate for the job, make the offer and let him say “no.” You may be surprised and find that he is willing to take the offer if future advancement opportunities are possible.

Check References:

It is important to verify the employment information stated on the application with previous employers. Checking past employment and criminal history will help you to make informed and reliable decisions. This is particularly important when hiring a team member who will have access to money.

When a candidate lacks the necessary qualifications and abilities, tell him the reason for the rejection whenever possible. Legally, an employer must have a valid reason for turning down a candidate and be able to support the decision with evidence. Fair employment laws require that employment applications of unsuccessful candidates, along with the reason for rejection, be kept on file.

Please consult the ABC Restaurant Managers Handbook before completing Reference Checks.

Make the Decision:

After you have conducted second interviews and checked the candidates’ references, your final selection should be made based on the following combination of factors:

- Is the candidate a team player who is willing to follow directions?
- Does the candidate have the necessary skills, talent and abilities that are needed for the job?
- Does the candidate have the potential to learn and master new skills that will be needed for the job?
- Is the candidate committed to taking all necessary training?
- Did the candidate receive favorable references?
- Does the candidate fit in with other team members and with the image of your company?
- Does the candidate present himself well?
- Does the candidate appear to be a true “people” person?

Present the Job Offer:

After making the decision, contact the selected candidate and give her the facts about the job. Avoid making misleading statements as most people will leave a job if they feel they have been misled. Wages, benefits, hours, job duties and training methods should be discussed candidly and give the candidate the opportunity to ask questions. This avoids later complaints of “I wasn’t told about that when I was hired,” or “That’s not my job.” When the candidate has accepted the offer, schedule the orientation and any required training. New team members must complete federal and other government forms, and if applicable, should register for insurance or benefits coverage .

EVERY EMPLOYEE MUST SIGN AN ACCEPTANCE OF YOUR POLICIES AND GUIDELINES AGREEMENT BEFORE STARTING WORK.

Orientation:

New team members must complete Federal and other government forms. A team member’s first day on a new job can be a hazy confusion of unfamiliar tasks. A little time and thought by you in advance helps give a new member direction and a sense of belonging. It may take several days for a team member to become completely oriented, but the first day can be crucial in determining whether he or she stays and is happy with the job. Be friendly, encourage questions and be available to answer any that might arise.

The orientation meeting you hold with team members on their first day should provide the essential elements necessary in building the foundation of a strong relationship. This first meeting will set the tone for the future relationships you will have with them. It also is important to portray your role as an active leader. Therefore, gear your first meeting toward the image your brand portrays.

It is useful to have an Orientation Checklist. This Checklist is used either by the manager or a trainer who either checks off or has the team member initial that the task was completed. This tool is used by management to document that training has been completed, and that the cast member was shown how to do a specific task.

To start the orientation, welcome the new team member to your franchise. Give a brief introduction and history of your background and the background of the Brand. If you are meeting with more than one team member, ask the members to introduce themselves each other.

After the introductions, discuss the goals and attitudes that are expected. Discuss the importance that each team member has in determining whether the goals are met. Explain how the cast members play the key role in creating the atmosphere and image of your restaurant. A positive attitude is the cornerstone in developing a strong foundation for a positive atmosphere. A high energy level is necessary to create an enthusiastic and friendly image that will bring valued customers back again, as well as foster “word-of-mouth” advertising. Maintaining the highest standards of quality, freshness and cleanliness combined with fast, friendly customer service will determine the number of repeat customers.

Next, discuss the importance of a positive work environment. Strive to insure that all Team members enjoy their work and feel comfortable in their work environment. Treating fellow workers with respect and practicing common courtesy helps build a positive work environment.

Discuss the details of the following:

- Job description
- Scheduling
- Personal grooming and appropriate apparel
- Health and safety regulations

- Absence/tardiness
- Code of Ethics
- Restaurant policies and procedures

Throughout the orientation meeting, encourage team members to ask any questions they may have about the various topics. Schedule times for individual training sessions with each team member to be trained in every phase of your restaurant's operations.

The personnel policies that you adopt are discretionary. However, successful employers know that clear policies build team member relations and productivity. One way to minimize first-day confusion and future mistakes is to prepare a booklet containing a welcome to new team members; an overview of the business; a history of your franchise and its vision of the future; work hours and how to record them; guidelines about payday, breaks and lunch hours; absences and how to report them; time off and holidays; team member benefits; dress code and other information.

After you have discussed the details of each section in the handbook with the team member, he should sign a statement agreeing to adhere to the policies and guidelines contained in the handbook, and agree to maintain confidentiality.

Federal and state law requires most of the following forms and all forms must be completed by a potential team member prior to employment.

Employment Application

- I-9 (with a copy of photo ID and Social Security card)
- W-2 (Federal Tax Form)
- A-4 (State Tax Form)

Building A Positive Employee Relations Environment:

It is perhaps better to spend more time, energy and money on training, developing and retaining present good employees than it is to source, recruit and on board new employees. One of the key to retention is a positive work environment. The following is therefore recommended:

Open Communications:

Effective two-way communications can become a problem as you hire more and more team members. When the restaurant is very busy, the pace is hectic, the duties are many, and confusion can easily develop. Talk with your team members frequently and more importantly, listen carefully to them. They should feel free to make suggestions or raise concerns, and know that they will be heard and not punished. You can never afford to be too busy to discuss a problem or suggestion. Open communications can keep minor complaints from erupting into major conflicts.

Your Attitude:

Your role calls for authority, imagination, tact, and patience. Managing people can be one of your major challenges - but one that can bring gratifying results. Helping people to develop their full potential has its own satisfactions and greatly contributes to the success of your business. Whether team members are motivated and productive depends on your attitude. Approach all personnel problems directly and openly, making every effort to be considerate and fair. Just as your team members are expected to measure up to the company's standards, you also must meet theirs. Today's workers require more than reasonable earnings and an annual company party. People need intangible rewards as well: recognition, job satisfaction and

a sense of belonging. If no attempt is made to fill these basic human needs, apathy, turnover and even hostility often result.

Constructive and Positive Feedback:

- Praise good work in front of co-workers and colleagues, but discuss grievances or offer constructive criticism in private.
- Actively solicit ideas, suggestions and opinions from your people and use the good ones, giving credit where it is due. When unworkable ideas are presented, carefully explain why they cannot be implemented.
- Respect valid differences of opinion as not everyone views the same situation the same way.
- Make reasonable efforts to keep tasks interesting; people resent being treated as robots or machines.
- Admit your own mistakes; it will encourage your cast members to do the same.
- Keep team members up-to-date on business matters affecting them, and counter rumors and gossip with accurate information.
- Take time to explain why things are being done as they are. It's easier for team members to be supportive of policies and procedures when they understand the reasons behind them.
- Promote cast members from within whenever possible. Generally, never promote anyone, particularly a friend or relative, ahead of a better-qualified individual.
- Set up personnel policies, but avoid being rigid. Do not be concerned with setting a precedent. Individual solutions can be found for individual problems.
- Be truthful, be consistent, and fair.

Employee Development and Career Pathing:

A positive retention strategy is a focused program on employee development and career pathing. Not all employees want career advancement but many do because it translates into additional compensation, added knowledge and increased skills and abilities. ABC Restaurant company has a set program for career development based on skills development in the job and superior job performance as evaluated by management. Also, ABC Restaurant company has a tuition refund program. It is these types of company initiatives which promote a positive employee environment and increase retention curves.

- Securing business insurance. Please ensure that your insurance policy complies with all insurance requirements required by ABC Restaurant Company. Please consult with your insurance carrier but generally, you will not require insurance coverage until the store is ready to be opened.
- Determining Sales Tax. You may want to consider consulting www.taxesites.com for more detailed information on Sales Tax requirements for the municipality, the county and the city you will be operating your restaurant in.

Sourcing and Securing an ABC Restaurant Site:

We encourage you to consult with your corporate Real Estate Manager assigned to your territory and the Site Selection and Restaurant Manual of ABC Restaurant Company. The Real Estate Manager has experience and can assist in you finding a location. The ABC Site Selection and Restaurant Development Manual will describe the standards, processes and policies of ABC Restaurant Company in detail.

In the Manual you will find information on:

- Site Criteria and Site Characteristics
- Equipment Design and Specifications
- The Construction Process
- Examples of Leases and Typical Lease Terms and Conditions
- An Approved List of Real Estate Brokers
- An Approved List of General Contractors
- Prototypical Lay outs based on site foot print size
- Logo Specifications and Signage
- Footprint sizes, dimensions and types

Once you have reviewed the Manual and spoken with the Real Estate Manager, we suggest that you contact the specified Real Estate Brokers and Commercial Real Estate Agents approved by ABC Restaurant Company in the areas where you will be operating your restaurant. These brokers should have knowledge of ABC site requirements and will source the appropriate sites in keeping with our site criteria and specifications.

Once these representatives find the appropriate sites, you will conduct a market review with them. In particular, you will not only want to know the physical characteristics of the site but the commercial terms from the landlord to determine whether or not the rent and common area maintenance costs are in keeping with your pro forma forecasts for total investment.

In the site is suitable, you will submit the site plans for approval by the Real Estate department of ABC Restaurant Company. In parallel, you will submit a Letter of Intent and Term Sheet to the landlord to secure the location. If the Terms are acceptable to the landlord, you will then begin negotiating the terms and conditions of the lease. ABC Restaurant Company, as a function of support as identified in your franchise agreement, will provide consultancy assistance on the lease. ABC Restaurant Company will not be a signatory on the lease please note.

Post Site Selection Activities:

Once the site is selected, you will need to do the following:

- Select an Architect and a General Contractor from the ABC Restaurant Company approved list
- Get Designs approved by the Real Estate Manager of ABC Restaurant Company and the landlord

- Get the Restaurant Design and Architectural Drawings approved by local city officials
- Commence construction. Most construction of “in line locations” will take approximately 4 months depending on such factors as the size of the location, equipment ordering and installation and the complexity of items such as electrical fittings and HVAC
- Attend and complete training conducted by ABC Restaurant Company. The training will be with you as the franchisee or your designate as the Certified Restaurant Manager of the location
- Hire and train the staff approximately four weeks before the opening of the restaurant
- Conduct a “soft launch” of the store opening approximately 3 days in advance of the restaurant opening
- Conduct Grand Opening ceremonies per the standards of ABC Restaurant Company

Other Considerations:

It is recommended that in the time period between finalizing the lease and opening the store (approximately six months), the franchisee be engaged in and complete the following activities:

- Complete the business plan for the store. This will require market research, the completion of a pro forma forecast for sales, cost and projected profitability and a budget for working capital
- Finish all applications for insurance, sales tax, a federal EIN number, health department licenses and the like
- Assuming the accounting will be outsourced, select an accounting firm and set up an accounting for payables, receivables, cash and banking and payroll
- Select a POS vendor
- Following the ABC Restaurant Company Purchasing and Distribution Guide, select all approved vendors and distributors. This vendors may require applications, credit checks, the execution of contracts and some cases company or personal guarantees
- Set up bank accounts as appropriate in consult with your accounting firm
- Hire management staff “above store” in areas such as office management, Human Resources and finance
- Ensure that you have reviewed all policies and procedures of ABC Restaurant Company in order to be ready for the opening and the operation of the store
- Join local associations such as the Chamber of Commerce and small business associations and councils
- Set up company emails, a company website as appropriate and necessary, order business cards
- Select a telephone and internet carrier
- Register with on line recruitment boards, community colleges, and begin recruiting staff

JETRO - OSM Summary

March 30, 2015



OSM SUMMARY

Background:

We have based the Operations Standards Manual or OSM on the following “baseline” assumptions:

- One or more existing restaurant companies based in Japan are considering entering the United States market
- These existing Japanese based restaurant companies prepare and serve Japanese styled food
- At present they compete in the Quick Service Restaurant market segment in Japan or the equivalent
- To enter the United States market, they plan to replicate, with some adaptations and modifications, their current operating model and remain in the segment in which they currently compete
- While they may have knowledge of the US market, they need further both legal and operational knowledge, information, requirements

These assumptions, like most assumptions, lead in a number of different directions well beyond the scope of this assignment. While the restaurant market in the United States is enormous, it is highly competitive and while actual “market entry” is not restrictive on a relative scale, there are many challenges associated with expansion, scale and “staying power” of restaurants and restaurant brands. A single restaurant may “drive consumer trial” because it is new, and has some unique factors or points of differentiation; But can it drive “repeat business” and under what conditions and circumstances can it be replicated and expanded?

About United States Operations Standards Manuals:

US based Restaurant Operations Standards Manuals are specific to the restaurant company or the restaurant brand. They are very detailed and granular, generalized and provide general information, or they are somewhere in between these polarities. There are very wide variances in OSMs depending on a number of factors such as:

- The longevity and age of the company or brand. Generally, the longer the number of years in operation, the more precise, detailed and “longer” the OSM is.

The Operations Standards Manuals for The McDonald’s Corporation or Wendy’s International Incorporated for example are specialized, detailed and very operationally focused. These brands have been in existence for more than fifty (50) years and have witnessed generations of different products, changes to state and federal laws, modifications to equipment and cooking processes, expansion of menus. With time their OSMs—and the length of them—are reflective of these changes and complexity.

On the other hand, the OSM of a frozen yogurt brand like Pinkberry or Red Mango, which are ten year old brands, are smaller, less detailed and less documented than established, big brand Quick Service Restaurants. This is also due to the fact that brands in this category have fewer product offerings, a somewhat limited menu comparatively, less equipment to operate and generally, are less operationally complex.

The other major variations are in the orientation of the company—where they focus their time, energy and expense—and the topics covered in the Operations Standards Manual. Most established Quick Service Restaurants are restaurant operations focused. Brands that do not have the same level of operational focus tend to be more “marketing focused.” This orientation and focus is reflective in their respective OSMs.

Operations Standards Manuals are reinforced and augmented by other “functional manuals.” For example, an OSM may address “Local Store Marketing” because that has impact at store level. But the actual details of how to conduct ongoing Local Store Marketing programs, the strategy, execution, the multiple marketing initiatives and methods of Local Store marketing will be contained in a Marketing Manual written and maintained by a corporate marketing department.

We have identified the hypothetical company for this assignment as the ABC Restaurant Company basing the OSM on the previously described assumptions.

Overview:

In total, the OSM has eleven (11) sections identified in the Table of Contents.

Of these eleven, seven sections (I through VIII) are focused on Restaurant Operations. Two sections address functional organization areas and how they support the core Restaurant Operations (section IX Marketing and section X Human Resources). These were chosen because these two have high impact on the success of Restaurant Operations and the business as a whole. That is not to imply that the other functional areas such as Finance, Purchasing, and Distribution or Information Technology for example, are not important and vitally necessary support functions.

The “bookends” of the document are Sections I—the Introduction and Section XI—Key considerations for New Franchisees. Of note, throughout the document there is reference to other organizational functional manuals. For example, in the Human Resources section it tells the reader to “Please consult the Employee and Managers Handbook for further detail on this subject.” This assumes that ABC Restaurant Company has such Manuals written and available and the reality is, if ABC is to succeed, they will need documents referred to not just for their own company operated locations but in some instances, as a support to their franchisees and franchisee system.

Section Specifics:

The Introduction (Section 1) addressed who the Manual is written for (the employees of ABC Restaurant Company) and the “franchisees of record.” It also addresses who has written the document which is typically written by the Operations Services and Support Group. The introduction defines what the reader will find in the manual namely the “standards, procedures, processes, the product and business methods,” and how the manual is typically used as a reference, guide and in some cases a training tool. The introduction closes by stating that the document has received approval from the management of ABC Restaurants.

The next five (5) sections are on Food Safety, Cleanliness, Customer Service, Quality, and Safety. These five (5) in the industry are referred to as “The Five Pillars” of Restaurant Operations. These five areas of focus are common elements and factors to Quick Service Restaurants in general. Restaurant Managers, Assistant Restaurant Managers, Shift Supervisors and hourly team members would be very familiar with these five and they would all form a very fundamental part of their training and daily activity reinforcement.

The “kick off” of the Five Pillars (section II Food Safety) is placed first because of its importance but also because it has received particular attention from the public and US federal and state governments and the legislation and laws thereof. “ Safe food,” and by association, the humane treatment of animals, is definitely relevant with the American public. Restaurant companies have recognized this and have made Food Safety an important issue and elevated it on the priority list. The Food Safety section, moreover, provides the definition and causes of food contamination and air borne illnesses, preventative measures, and actions to take in the event of contaminated food or specific steps to take should there be a food safety issue with a customer.

Section III on Cleanliness describes cleanliness standards and procedures in different areas of the restaurant, how Cleanliness factors are evaluated on Operations Audits and cited a study conducted by Technomics (a leading Chicago based restaurant market research firm) which demonstrates why Cleanliness is important to the customer.

Section IV on Customer Service covers eight (8) distinct elements of Customer Service including customer service standards/procedures throughout the restaurant (not just at the front counter); methods of Customer Service (such as Customer Relations, Suggestive Selling and the Management of Customer Complaints) and Cash Management. It concludes with stressing the Importance of Customer Service as a primary area for sales generation and in creating customer advocacy and brand loyalty.

Section V on Quality describes Quality Standards and step by step procedures to maintain and improve quality divided into different areas of the restaurant both interior and exterior. The underlying “theme” of this section is that Quality should permeate throughout the restaurant, that quality should be “top of mind” and evident in every action and is the responsibility of every employee.

The last Five Pillars section is on Safety—primarily employee but also customer safety. This section is focused on the standards and procedures associated with accident prevention; steps to be taken in the event of an accident and making Safety an integral part of work and a priority on the job.

The next two Sections (VII Equipment and VII Product) cover information on four typical pieces of equipment in a hypothetical Japanese styled Quick Service Restaurant—complete with an explanation on Noodle Makers and Rice Cookers as well a hypothetical Cooking and Recipe Chart using Teriyaki Chicken with Soba Noodles and Vegetables as an example.

It should be noted and underlined that in the typical Operations Standards Manual of an established Quick Service Restaurant, these two sections, both Equipment and Product—are very long and detailed. However, since for our purposes we are dealing with a hypothetical brand and situation, it was difficult to detail specific product information, recipes and menu items and the various cooking methods and equipment used. A “real,” not a hypothetical OSM of a Japanese restaurant operating in the United States would have an extensive section on Equipment and Products we would assume. Although we do not have access to the OSMs of brands such as Benihana or more comparatively—Yoshinoya—we would think these sections would be more detailed than provided herein in their respective OSMs.

Section IX Marketing describes four major Marketing areas inclusive of:

Market Research

Advertising and Promotion

In Store Service Execution

The Marketing Plan

This section is primarily focused on marketing “in the four walls” and in the immediate trade areas of the restaurant within these four categories. It does not address corporate marketing such as Brand Positioning, the art and science of Media Purchasing or Brand Strategic Planning. This section on marketing features best practices, practical marketing tips, and some proven marketing methodologies

Section X Human Resources defines the functions of Human Resources Management, typical positions within the restaurant from Restaurant Manager to Food Preparation Team Members and an outline of in-store training by position. This section features the process of recruitment from sourcing candidates to Day One Orientation and building a positive employee relations environment with a focus on employee retention, career ladders, and progression. Throughout the section there are

a plethora of “best practices” in Human Resources Management and tried and true methods for finding and selecting store level employees.

Of note, the Section X Human Resources audience are the Restaurant Managers and Team Members of the company stores of ABC Restaurant Company not the employees of franchisees of the company. This distinction needs to be kept clear inasmuch as, by law, the franchisor does not have even implied responsibility for the employment relationship between the individual franchisee owners and their employees who work in the restaurant.

The last section of the OSM, entitled Key Considerations for New Franchisees is a “hypothetical within a hypothetical.” This section is set up assuming that ABC Restaurants is already actively franchising in the United States. This section is then directed at a hypothetical new franchisee of ABC who has executed the franchise agreement and is about to embark on establishing a business entity, finding and securing an ABC location in their designated territory with assistance, and generally preparing to “set up shop.” This section addresses practical planning and action items for the franchisee.

There is one final point with respect to this Summary. You will note that at the end of each Section there is a lined blank page for notes. This assumes the reader will review the document carefully and will take notes. It is also included to reinforce the point in the Introduction that the OSM is an educational and training tool.

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