

# The Secret to Great Restaurant Design



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# It's time for your restaurant to get a facelift.

Are you noticing a lack of sparkle in your décor? Do customers yawn at the so-so atmosphere in your dining room?

Does your kitchen staff consistently trip over each other at the same spot? Have certain dishes become more cumbersome to make as they gain in popularity?

These are signs that it's time for your restaurant to get a facelift.

Renovating a restaurant is always a daunting task, full of stress, reliance on outside vendors, and expense. It's tempting to say, "We'll handle that next year, when things are less busy." But waiting to fix a problem until it's too late to turn it around can be a big mistake for your bottom line.

If your profits could end up being affected by your restaurant's outdated look, inefficient layout, or aging equipment,

the time to act is now. Professionals in the restaurant industry recommend updating a restaurant every 5 to 7 years. Reading customer feedback and taking a careful look at real problems you encounter every day can help determine if an update is needed earlier.

Front of house updates can range from anything as small as purchasing new plates, silverware, or glassware, to upgrades as large as changing out the tables, floors, chairs, and décor. Remodeling your restaurant is not just about making it look good, though. Expanding your space or purchasing new equipment can also make your restaurant more efficient, and an efficient restaurant is the path to maximizing profit.

We begin our look at renovating your restaurant by asking the very first question: **What makes sense to renovate?**



## Chapter

# What makes (dollars and) sense to renovate?

How do you know when it's the right time to remodel your restaurant?

It's always a tough call when every penny and meal service really matters. How do you know that you'll get back what you put into the changes you're making? And what changes will actually have the best return on investment? Although traditional remodels are often overlooked as being merely aesthetic in nature, both functional and visual renovations can have significant long-term effects on your bottom line.

### **Ambiance Matters**

When asked, nearly half of restaurateurs surveyed by Rewards Network insisted that the quality of their food is the number one driver of repeat business, but our own data shows quite a different reality.

Overall experience is one of two key drivers — along with rewards offered — dictating how likely it is that a guest will make a return visit. In a survey of more than 99,000 diners nationwide, Rewards Network found that even if guests rate food higher than overall experience, their likelihood of a return visit drops by 20-38 percent.

And key to a positive experience is that nebulous thing called ambiance, or atmosphere. What factors into ambiance? Cleanliness certainly does, although perceived cleanliness is also part of that. A slightly worn environment can be cleaned thoroughly and still not leave the same impression as a room with un-nicked walls, still-spry carpeting, and modern fixtures.

And as price point in the restaurant market increases, so too does consumer expectation. Studies have shown that for half of the consumer market — particularly among millennials — updated decor and appropriate music choices consciously factor into their decision-making. And that proportion skyrockets (to almost 90 percent overall) when you factor in descriptions like "comfortable" and "welcoming."

The overall satisfaction of a dining experience does seem to have strong correlative ties to good ratings on music selection, a welcoming and comfortable atmosphere, and decor. A whopping 98 percent of survey responders who gave high marks for those factors also ranked their overall visit satisfaction highly. Tracking these perceptions before and after a remodel can help a restaurant clarify how



**Surveyed diners who gave high marks in music, atmosphere, and decor also ranked overall visit satisfaction highly.**

much ambiance is a decision factor for its clientele, and provide hard numbers for the effects even small changes can bring.

## **Where are you leaving money on the table?**

The expectation in any remodel is that it has a long-term financial effect, so part of determining what improvements to make involves finding holes in your current offerings where more revenue could be made.

**The right mix of seating is crucial to getting the most efficient table turns and maximum revenue.**

Does your location receive great summer foot traffic, but you don't have a patio or outdoor seating? Do you frequently get seating requests for large groups and have to reconfigure tables, rather than booking them into a private party room?

Or, conversely, do you frequently seat two guests at a time, but all of your table sets are for four? The right mix of seating for your clientele is crucial to getting the most efficient table turns and maximum revenue flow through your dining room.

But lost profit is not all about the front of house. Consider areas where you might be losing efficiency in the back of house, as well. Do you have work areas that are constant jams during busy times? Is everything in your kitchen arranged in an order and flow that makes sense for your service?

It's quite possible that a prep area that requires five employees to staff because of its placement and equipment may only need three per shift if properly reconfigured, rebuilt, or updated with newer technology. Something as simple as a freezer drawer or chopping station in an awkward location could be costing you work hours and benefits that could be redirected toward achieving higher output.



### **Making the right choice for you.**

Ultimately, when considering a remodel for your restaurant, it's important to make choices that align with who you are and with your overall brand. Adding a cocktail fountain to your family restaurant may seem like a cool idea, but it might not play with your regular guests — and may even alienate them. If you're going to go after a

fad, you have to make sure it makes sense for your clientele.

Think, too, about your environment in the process of remodeling. Restaurants that rely heavily on a small group of frequent diners may find closing for even a short time for wholesale construction prohibitive. On the other hand, putting a highly discerning or finicky dining crowd through progressive remodeling while open could cause problems, as well.

Whether you complete a remodel in one fell swoop or over a longer period of time, there are financial implications — but there are also concerns that will never appear on a contractor's quote.

Are you really equipped for what the addition will entail? Do you have the staff to back it up once complete? If not, keep in mind that even smaller changes can be make a big difference. For example, nothing is worse than getting a chef's beautifully prepared meal presented to you on a substandard plate. And something as minor as investing in stemless wine glasses lowers breakage, saving you money over the long term.

But if small changes aren't going to register with your diner, no matter how regularly they frequent your establishment, you may have to go big to make an impression. In all of these cases, there is financial opportunity available to help you get started on a remodel that is not only visually appealing, but profitable, as well.

**But what tools are available to help you decide what's best for you?**



## Chapter

# Narrowing Down on a Decision

Taking stock of your restaurant's successes and shortfalls is never easy, particularly when there's always another table service, shift, or week to get through before doing it all over again. It's no wonder, with the constant chaos a restaurant can produce, that a lot of owner/operators just keep their staff doing whatever they are used to doing. It's comfortable and it works.

Until it doesn't. There comes a time when the idea of renovating your restaurant, or making another large scale change, will have to be put on the table. But how do you know what the right changes are? How do you get a more factual — rather than personal or emotional — sense of what kinds of improvements should be made to impact both the consumer experience and your bottom line? *How do you decide?*

### **Do a competitive analysis.**

One of the first (and easiest) steps to figuring out where to begin with changes to your restaurant is to simply go out and look at the competition. If another restaurant in your area is doing well — and features a similar feel as you (or not) — grab a table and see what they're doing right. Pay attention to everything from the moment you walk through the door to when you finish paying the check.

## Ask yourself a few questions:



What does the outside of the restaurant look like? Is it welcoming? What does the signage look like?



When I walk inside, what are they doing to make me feel welcome?



What feeling do I get from their decor? Is it positive?



Is their menu easy to read? Why is that?



Does service seem to flow efficiently? How are they making that happen?



What kind of detail are they putting into the small stuff (plates, glassware, staff uniforms)?



Are there things that bother me that also exist in my restaurant?

Repeat this process for as many local restaurants as you can, and don't be afraid to take notes to help you keep it all straight. You'll undoubtedly find more differences than similarities, but it will give you a feel for what resonates with you — not as an owner, but as a customer.

Also, don't forget to consider other types of food concepts in your comparisons, as well. Grocery markets that offer in-store food concepts, or "grocerants," may not be offering the same kind of full-service experience you are, but their popularity with consumers means there's definitely something to be learned from them, even if it's only reinforcing your unique value to your diners.



Pay attention to everything from the moment you walk through the door to when you finish paying the check.

## Get input from customers

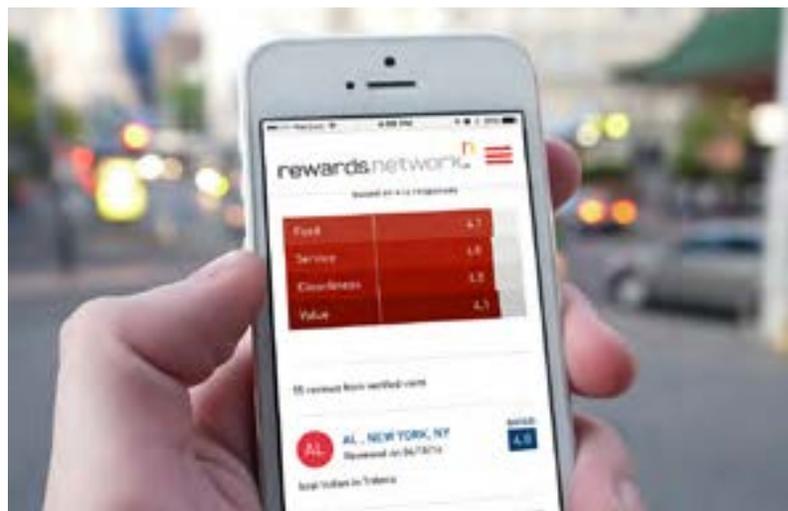
Seems pretty simple, right? Your customers are the ones giving you money for the experience you provide, so why not ask them what they want? It's no fun spending money on some fantastic trend only to realize the demand for it just wasn't there.

Start by chatting up guests as they're finishing their meal. They'll appreciate the attention from a manager, owner, or chef, and you'll pick up some valuable tidbits if you frame your questions correctly. Asking, "Is there anything we could be doing better?" doesn't leave a bad impression. In fact, quite the opposite. Your customers will think of you as someone who cares about their experience, and will be much more likely to make a return visit.

Your customers will think of you as someone who cares about their experience, and will be more likely to return.

But not all input from your customers needs to be acquired face-to-face. Assessing verified reviews from your diners —like those vetted and maintained by

Rewards Network — is another way to get information about what merits a change in your restaurant or its offerings.



Over time, we have all grown suspicious of unverified reviews, like those that pepper most restaurant review websites, so having access to comments from specific customers you know ate at your restaurant is invaluable. Sort the reviews based on time of day (breakfast, lunch, dinner) and day of the week to get to the root of where improvements will have the most impact.

## Host a walk-through

Above all else, one of the most productive things you can do during the decision process for a renovation is invite someone you trust to do a walk-through. You need to find a highly critical, but discerning, professional who has made their career in the restaurant industry. Most importantly, you have to be able to count on them to be observant and tell the truth no matter what.

This is not going to be easy. No one likes to hear where their life's work is falling short. But the more difficult the process, the more productive the results will be. Have your adviser start from their car and work their way across the parking lot to the door. Have them take notes or speak everything they see out loud while someone else takes notes. You just listen, silently. This is not the time to argue the merits of an opinion or debate needs. You can make those choices after you graciously thank your friend for their help and see them drive away, knowing they did you a solid.

If the walk-through was thorough, it will have started from the outside and worked all the way through the dining experience and into the kitchen. This is why it's important to find someone who works in the industry to help you. They need to be able to discern the most minute issues that a customer might have in your front of house, as well as those an employee might have in your back of house.

When determining the validity of a particular change or renovation, keep in mind that the front of house is all about the experience for your diner and the back of house is all about the efficiency of your staff. Ignoring either, or settling for "just OK," could be costing you money in the long run. An investment today in your restaurant can reap long-term rewards, if you choose what to amend wisely.

Once you've identified the big (or small) renovations and you're ready to tackle them, it's important to prepare yourself for the actual process. **How can you minimize the disruption to your customers?**

### Questions to ask during a walk-through.

- Is there curb appeal? Is the parking lot easy to navigate? Are there cracks or weeds growing in the pavement?
- Does your door knob turn or door open the way one would expect?
- What is the first thing you see (and smell) when you walk through the door?
- Are your dishes free from cracks and scratches? Does all your silverware match?
- Are there unsightly marks or water damage on any surfaces of your dining room?
- Is your staff easily recognizable and presentable? How did they approach your table?
- Is it uncomfortable to sit at one of your tables for long periods of time?
- Is there a place in your kitchen where staff are constantly bumping into each other?
- Are there frequently used items stored far away from where they ultimately need to be utilized?
- Are your stress-relief mats all sized to the right dimensions, or are they a safety hazard? Could certain types of accidents be avoided with some big or small changes?



# Keeping Your Business Going

Remodeling or renovating your restaurant can be an exciting endeavor, especially once you've secured the necessary financing or saved the money needed to upgrade your business. Upgrades, of course, will hopefully bring in more sales and keep current customers coming back — a critical part of your restaurant's marketing plan and strategy.

But how do you balance a renovation or remodel of your restaurant while staying open for business? In most cases, upgrades to a restaurant will typically cause something of a construction zone/area to sprout up around your restaurant. Unfortunately, the feeling of needing a hard hat and safety goggles amidst construction materials, tools, and paint is a far cry from the pleasant ambiance your current guests have come to expect.

So, before you splash that new color on the wall or finally build the outside patio you've always wanted for your restaurant, here's some tips to help you juggle ongoing business while polishing up your restaurant's appearance or structure.

## Manage Expectations

Sometimes it's as simple as communicating what's happening with your restaurant in order to better manage your customers' expectations during your renovation or remodeling period. Placing a sign near a window in the storefront or lobby can immediately give guests a "heads up" to expect that a portion of the restaurant is in upgrade mode.

## Adjust Your Table Greeting

You can also supply a script to your servers to use along with their usual table greeting, that can give a quick mention to the work being performed and to thank them for their patience and understanding. This is also a nice opportunity for quick explanations as to why upgrades are happening. If you're building an outside patio, for example, this is a great way to get customers excited and encourage that repeat visit!

## Contain the Construction/ Upgrade Scene

Having work performed cosmetically (paint or soundproofing) or structurally (new construction of an addition) to your restaurant can cause particulates to spread and possibly cause health and safety issues for your guests and employees. Make sure to have the proper barriers (barrier/containment walls, signs, tape, etc.) to block and secure those hazards from entering your restaurant, and vice versa, to keep your guests from entering the areas under construction or renovation.

## Maintain Air Quality

In addition to implementing proper containment measures (such as drywall dust barriers), it's also important to consider your HVAC system and adjust it accordingly during this time. A strong airflow can transfer particulates and additional matter from the construction area to other areas of the restaurant such as the kitchen and dining floor, contaminating your food and beverage. Your contractor or HVAC service provider can consult you on how to properly pressurize and/or adjust your system to prevent this from happening.



## Remodel Afterhours

Although you may have to pay extra for an unconventional work schedule from your general contractor, the ability to minimize disruption and maintain optimal dining ambiance during normal business hours can keep your guests happier and complaints about noise, smells, materials, etc. to a minimum. It can also allow your contractor

## 10 Ways to Balance Business While Remodeling:

1. Manage expectations
2. Adjust your table greeting
3. Contain the construction area
4. Maintain air quality
5. Remodel afterhours
6. Offer “courtesy” discounts
7. Obtain proper permits
8. Stay organized
9. Keep records safe
10. Be a good neighbor

and workers to move in and out of the restaurant more efficiently, which could aid in getting your remodel or renovation done more quickly. It either saves you money in the long run or balances out the additional costs spent on paying for afterhours labor.

### **Offer a Small “Courtesy” Discount**

Depending on the noise and overall environment affected, consider offering a small "courtesy renovation" discount or other freebie (a free dessert that's cost effective for you). This small gesture could help appease diners that are used to quieter ambience, less filled with the nuances of a restaurant's remodel or renovation.

### **Manage the Acquisition of Proper Permits**

In many instances, renovations can require specific permits, which can take time to acquire. To decrease the overall time period of your particular remodel, be sure to understand each permit required, the process to obtain it, and the length of time it will take you obtain it. This will help you to minimize as much down time in your restaurant being closed for renovations or juggling your restaurant being open for business, but also under remodeling or renovation upgrades.

### **Stay Organized**

Designate areas where construction items can be delivered, picked up, or stored — not in a main or common area where business is still running. This will help you maintain normal traffic flow and business for your guests and staff in your restaurant, while maintaining efficiency and safety.

### **Keep Your Records Safe**

During your restaurant's upgrade, make sure to keep all of your business records and other important documents safely stored and located away from the work area.

Keeping operations running normally means having quick and safe access to your files, while also protecting them from hazards that can occur from the work area. For instance, if you have a file cabinet near or in the work area, make sure to move that before any construction or renovation begins.

## **Be a Good Neighbor**

If you are within a multi-unit building, strip mall, or your establishment is relatively close to other properties, be a good neighbor and let them know about the upgrades happening. Tell them what to expect in terms of workers, vehicles, and increased deliveries, as this can affect their daily business operations or lives in general. Let them know they can contact you at any time if they've got questions or concerns.

One restaurant in the City of Brotherly Love went through their remodeling process and came out the other side more profitable than ever. Read on to see how M Restaurant in Philadelphia, PA funded and executed their renovation.





## Chapter

# Case Study: M Restaurant, Philadelphia, PA

When it came time for an update to their business, the operations team at M Restaurant knew there was only one way to go that made sense.

Located in the heart of Philadelphia, Pennsylvania, M Restaurant is a true reflection of the past and present of its neighborhood surroundings. With its home in the luxury, colonial-era Morris House Hotel in downtown Philly, this French-inspired New American bistro is just a few blocks away from Independence Hall and feels perfectly at home among our nation's most historic buildings and businesses. But its 18th century indoor and outdoor spaces are complemented by a modern enthusiasm

for their farm-to-table menu and events in the garden including live jazz performances.

"M Restaurant at the Morris House Hotel offers several things that no other places can," says hostess/bartender Tess Kunik. "When you're here, you forget that you're in the big city. The garden has just like this beautiful, quaint feel. You're in nature. We like to give our customers that kind of feel."

"It's one of the largest outdoor spaces in Philly, as well as a historical space. We have a main dining room with an awesome bar, as well as seating areas in the main house of the hotel. Hardwood floors from 1787."

"We have a great neighborhood feel, although we get world travelers at our

hotel," shares Lowell Todd, one of M Restaurant's managers. "We try to treat everyone as a friend or family member, and make them really feel at home. Fabulous cocktail list and the most unpretentious, friendly service in the city."



But no matter how unique, every restaurant faces regular challenges in drawing in new and repeat customers.

"The biggest challenges for a restaurant manager here in downtown Philadelphia are keeping up with all of the competition and really trying to please our guests," Todd continues. "We have a lot of reviews which we need to respond to, and we're constantly working to better ourselves as well as our guests' experience."

The management at M Restaurant is quick to credit their renovation efforts — and the funding that helped move these along — with the establishment's growing success over the past five years. Focusing first on their back of house for maximum effect, M Restaurant doubled the size of their kitchen

in a grand renovation that had an immediate effect on the restaurant's efficiency and scale of service.

With a larger kitchen space, M Restaurant was able to expand their back of house staff and develop more menu items with the additional expertise. Today, Executive Chef Robin Niemczuk and Sous Chef Abu Pettiford offer fresh, uniquely prepared dishes on a menu that changes daily — a strategy impossible without the reconfiguration and updating of their back of house space.

*But they didn't stop there.*

In just a few short years, M Restaurant continued to add new updates to both its indoor and outdoor dining facilities, with major projects including:

- A new bar outside in the 18th century garden space;
- Adapting the roof adjacent to the outdoor space to look and feel more cohesive;
- Expanded seating indoors in the historic library and Reynolds Room;
- New carpet, curtains and paint throughout the interior dining space.

It may seem like an aggressive strategy, but Kunik is clear that M Restaurant planned and paced out its renovations carefully. It was important to their overall business plan to

take full advantage of any momentum achieved in terms of customer feedback, but avoid doing too much too quickly.

"I think other restaurants sometimes make the mistake of expanding too much at once. If you expand all your seating at once, you're going to expel all that money — and if you can't get as many customers in, then it's really all for naught."

Funding in the form of a merchant cash advance from Rewards Network is only half the picture. Restaurants like M Restaurant don't just need financing, but a sustainable way to keep the customer flow positive before, during, and after renovations. Since every restaurant financing program Rewards Network offers includes its suite of marketing services — consistent and targeted direct marketing to its millions of dining loyalty members — the management at M Restaurant knew what to expect from the partnership. And could relax knowing their renovations could pay for themselves, and then some, in the business they would be generating.

"We chose to partner up with Rewards Network instead of other options over five years ago ... for several reasons." Kunik concludes. "They've got a great partnership with their customers, and we receive this money that we could not have otherwise to make these beautiful expansions.

"And we get feedback from their customers which is great for us. We get to see how we're doing and know how these awesome expansions have been seen through the eyes of the customers."





## Conclusion

# Where do I go from here?

Once the dust has settled and your renovation is complete, your job as a restaurant manager has just begun. There's no point in going through all that hard work and expense if you're not going to share it with the public!

One way to make a big splash is to invite your 'regulars and influencers' back for a grand unveiling to see the finished product "on you". Getting their buy-in and feedback post-renovation is just as important as before and during, and can be very illuminating for where you take your restaurant next.

After you've shared your new upgrades with existing customers, it's critical to get the word out to potential customers as well. Word of mouth from those influencers will be your most powerful tool, but it's not your only one. Local advertising, social media posts, and partnerships with other local businesses can all help drive in new business and expand your reach. Play your cards right and you'll be well on your way to your next expansion with a swell of well deserved, newfound traffic!

# Endnotes

<sup>1</sup> "Setting the Stage: Consumer Assessments of Décor, Music and Atmosphere at Leading Restaurant Chains" – [technomic.com](http://technomic.com)

Want to learn more about how Rewards Network  
can help your restaurant grow?

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