The Definitive Guide to **the ROI of eLearning Technology** in Restaurants

HotSchedules®

Executive Summary

Overview

In today's oversaturated and extremely competitive market, restaurant owners and operators need effective training strategies to onboard and engage their employees—to get workers fired up about their jobs and their success. Training isn't just beneficial in the early days of an employee's time at your restaurant; ongoing restaurant training helps ensure that your operation is consistent, compliant and providing the best service possible.

Unfortunately, many business owners either fail to see the value in ongoing training or don't have the budget for it. Competition is fierce, margins are tight and learning programs can fall by the wayside. Sometimes the tried and true methods still get the job done. But all too often, on-the-job training is unengaging, expensive and inefficient.

That's where eLearning, or a Learning Management System (LMS), can help. An investment in electronic training solutions can yield hard revenue benefits for your business, including:

The Benefits of an eLearning Solution

Reduced Printing Cost: It may not seem like it, but all of those employee training guides start to add up—we're talking thousands of dollars annually depending on the size of your operation. When you add in ongoing changes and updates, costs go up again. An LMS will reduce your print costs and allow for easy, electronic updates.

Decreases in Turnover: Restaurant industry turnover rates are higher than they've been in more than 10 years. Turnover is expensive, especially when unemployment is low. There are hard and soft costs too—replacing employees can cost thousands, but it also affects your quality of service. It affects morale. The modern workforce wants to be developed—your employees are constantly on-the-go and can access information from anywhere thanks to their smartphones. Online training solutions allow your employees to learn when and where they want to, engaging them right from the start. These solutions allow you to keep your team members for longer, helping them grow professionally while they help grow your business.

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Positive Impact on Per Person Average: Happy employees make happy guests, and happy guests spend more money. Team members who are trained effectively are better equipped to give guests a great experience, making those guests more likely to return to your establishment. Training also ensures that your team is certified in other sales-growing practices such as upselling, limited time offers and other special promotions.

Accountability/Business Insights Through Reporting: While the reporting features in an LMS ensure that your training staff will know when your team members are completing their training courses, they also help Human Resources teams demonstrate how their work influences key performance indicators like same store sales over time.

Consistency Across Stores: Online training is a cost effective way to increase consistency, so you know that no matter which location a guest goes to, they'll get the great experience for which your brand is known. A bad reputation can cost your business customers and money, so you need tools to ensure that your guests get that great experience every time.

Conclusion

An online learning strategy is a vital asset for a restaurant business. Supplementing your existing training program with eLearning tools can decrease costs, retain employees and ensure exemplary customer service, all of which grow your revenue and open doors for your restaurant. No business can thrive without investment in its employees—an LMS is an investment in your team and the future of your restaurant.

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1 The Case for Training

An effective onboarding and training program is a necessity for any successful restaurant. Owners want to run profitable, popular businesses, and they can't make that happen without a knowledgeable, top-notch team. That's why ongoing restaurant training is so vital—it's a way to maintain compliance with both industry and corporate standards, achieve consistency across multiple locations, improve customer service, and develop and retain your most valuable assets: your employees.

Increasingly, however, most training phases out or simply disappears after an employee's first few months on the job. The reasons are understable; the restaurant industry is one that lives and breathes on tight margins. Owners want to save money wherever they can, so sometimes the resources for ongoing training simply aren't available. But top brands see the value in ongoing training and make a strong commitment to developing their people.

That's where eLearning can help. By automating portions of your training process, a Learning Management System (LMS) can streamline the training process within your business, engage your staff, lower your costs and ultimately increase your top-line sales. Let's take a look at the value of an LMS and how your business could benefit:

SEEING THE VALUE

- Higher learning retention
- Greater employee engagement & participation
- Increased productivity & proficiency
- Faster access to resources
- Easy to update and disseminate

ENJOYING THE BENEFITS

- Training cost savings
- Decrease in turnover
- Positive impact on customer satisfaction
- Consistency across stores
- Accountability through reporting

This eBook will explore the business case for an eLearning platform and how investing in an online training solution today will yield dollars in the future. Read on!

2 Easy Savings: Reduce Your Printing Costs

How much are you really spending to print and ship your training materials? That's the logical place to start when determining the ROI of an eLearning solution. While you may still print some materials—your employee handbook, for example—online learning will cut the amount of money you're spending to print and ship multiple training guides for new hires.

SCENARIO

Your BBQ chain has 30 locations and administers all training with pen and paper. If an hourly employee training guide costs $8 and one store hires and trains about 50 employees a year, that's $400 per location, plus shipping. **That's a total of $12,000 on paper training guides.**

Crystina Bukrinsky is the Director of Training for Mexican Restaurants, Inc., meaning she's in charge of training for more than 40 restaurant locations in Texas, Louisiana and Oklahoma. MRI implemented an LMS two years ago but has only been using it company-wide for a year. Bukrinsky and her department mainly use the LMS to administer new hire training and are currently building out a library of material for managers. MRI also uses their LMS for training on limited time offers.

"With a lot of materials being moved to an online format, there's been considerable savings on the cost of printing," Bukrinsky says.

And Bukrinsky says that once the print savings on training materials were realized, MRI looked to cut down in other print areas as well.

What If You Need to Make Updates?

Training procedures aren't static—they change frequently. Materials need to be updated once they become outdated to maintain standards and compliance. You might need to take money out of your training budget to update materials sooner than you expected, incurring unforeseen costs that could be avoided if those updates were made electronically.

"Restaurants are ever-evolving," Bukrinsky says. "By having this LMS in place, we're able to update materials without having to worry about outdated materials lingering around in the stores. It also helps on our cost-savings, since we don't have to waste products sitting on a shelf when we update those materials."
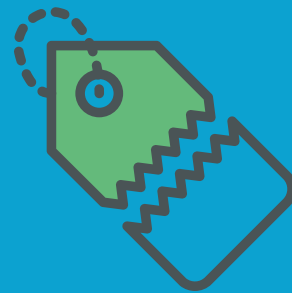
"Our HR team wanted to roll out a new policy manual. Rather than printing and sending out thousands of policy manuals, we decided to post a PDF of it to our LMS and provided a download option for anyone who wanted to save their own copy. "

-Crystina Bukrinsky,
Director of Training for
Mexican Restaurants, Inc.

Unforeseen Costs

The easiest way to calculate the ROI of an LMS is through printing costs, but there are other costs you might not consider. For example, what about the time it takes your managers and HR employees to administer training and follow up with team members? If your training staff doesn't need to constantly travel to multiple locations—if they can supplement their in-person training with eLearning—then they can spend more time developing the training program itself, creating content that will grow team members and, hopefully, the business as a whole.

That goes for managers as well. Managers are a restaurant's key asset, and an LMS has the potential to give them some of their time back. A successful eLearning strategy decreases the need for a manager to waste time tending to training and administrative duties. No more sifting through paperwork to see if that new server finished their Sexual Harassment Training. No more double- and triple-checking to ensure that the wait staff knows the week's specials. An LMS automates that administrative work and lets managers do what they need to do most: ensure guests are having a great experience every time they sit down at your restaurant.

Of course, it doesn't help that managers and trainers need to educate new hires at a more rapid pace thanks to increases in restaurant turnover rates…

3 The Trouble with Turnover... It's Expensive

Turnover rates in the restaurant industry are currently at their highest level in a decade, and they're still rising, according to TDn2K's 2017 Recruiting and Turnover Report. Right now, full service restaurants have a **turnover rate of 106% for hourly employees and 38% for managers.** That's a dramatic amount of churn, and it creates a great deal of cost for a restaurant—we're talking thousands of dollars for just one employee.

Replacing **one hourly employee** costs roughly **$2,000** and replacing a **manager** can cost you more than **$13,000.**

Can you guess where most of that expense goes?

	FOH HOURLY	MANAGEMENT
Separation	19%	13%
Replacement	18%	16%
Training	63%	71%
TOTAL COST	$2,004	$13,523

That's right. More than half of that money goes to training new employees. Think about it—every time an employee leaves and a new one is hired, there are more labor dollars spent on training that replacement.

Let's really break that down.

What Can Turnover Cost You?

HOURLY EMPLOYEES

$2,004
per employee

106%
Turn-over
$106,000

MANAGERS

$13,523
per manager

38%
Turn-over
$20,554

$127,000 location/year

If your business has multiple locations, multiply that by the number of locations that are considered to be "underperforming" plus the number of locations that are simply breaking even. Turnover can cost a business millions of dollars.

Consider everything you might need to spend money on when turnover is high:

- Recruiting new hires.
- Overworking remaining employees while searching for new employees.
- Increased labor hours to train those new employees once they're found.
- New training materials for those new hires in a paper-based scenario.
- Other miscellaneous costs, including uniforms and more.

The Cost of Mistakes

A spike in turnover also increases the likelihood of mistakes in a restaurant. The more employees churn out, the more new faces join the team and serve customers. Mistakes happen when an employee does the same task day in and day out—that's not a criticism of anybody, it's just a fact of the business. But when a new server is getting orders wrong or sells a customer on next week's special instead of tonight's, dishes get sent back and your food cost goes up.

With the turnover rate at its current high, a restaurant owner could have a new server interacting with customers every week, or every month. That's simply a reality, but it's also a huge risk. So how can a restaurant owner fight turnover? Read on...

4 The ROI of Engagement

The turnover issue is incredibly complex and exists for myriad reasons, and employee engagement is one of them. It's simple: when your workers aren't engaged in their work, they leave. And if we take that a step further, when your workers aren't trained properly, when they feel like their careers aren't progressing, they seek work elsewhere.

Whether it's servers leaving because their tips are down due to a lack of knowledge, or kitchen staff leaving because of mistakes and frustration from rushed orders, the lack of proper training can drive people away.
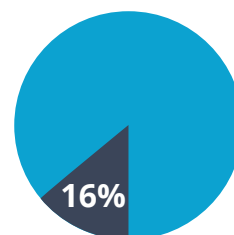
Gallup's 2017 State of the American Workplace Report surveyed multiple industries and shows that employee engagement isn't easy to achieve:
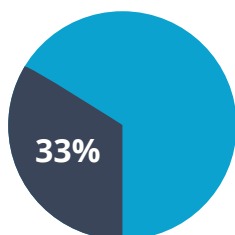
33%
employees are "engaged"
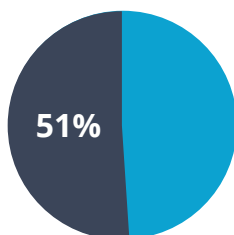
51%
employees are "not engaged"

16%
employees are "actively disengaged"

Employees who are engaged work with passion and feel a connection with their company. They drive innovation and move the company forward. Employees who are not engaged go through the motions and get their work done, but don't inject any passion into the workplace. And employees who are actively disengaged are not only unhappy at their jobs, but often let that unhappiness infect the culture around them.

An LMS provides employees with training they can access right from their phones and in a variety of mediums. From quizzes and videos to competitive features with their peers, an LMS is designed to provide a more engaging form of training. The technology provides connectivity between your workforce and, when leveraged effectively, can become part of your employment brand.

Employees are better at their jobs when they're prepared—when they're confident. A good LMS strategy can build that confidence by offering relevant, stimulating training content, on-the-go. With the click of a button or the tap of a screen, your employees can be successful in the moment.

If you can engage employees, research shows that they're less likely to leave. Gallup's report shows some promising benefits:

29% decrease in turnover
37% decrease in absenteeism
41% decrease in mistakes

These benefits are clearly valuable, but an LMS also provides advantages and opportunities for revenue growth in other areas.

5 A Trained Staff is a Profitable Staff

It can be difficult to measure the fiscal impact of training, but over time, everyone begins to see the areas where it makes a difference—both for employees and a business's top-line sales.

Certifying Your Employees

Restaurants often focus on pushing particular products or upselling customers something special, be it wine, spirits or other items. This sales technique can be profitable for a business, and an LMS can help ensure that your team members know what they're doing when they hit the floor and start talking about the hot new dish your guests need to try.

An eLearning system gives your employees access to "Just-in-Time Learning," or information that they can learn and use immediately.

For instance, let's say you want to increase wine sales in your restaurant. You've made an investment in a variety of fine wines in order to boost your revenue. With an LMS, you can create courses around upselling that wine—or plenty of other items, for that matter—to make sure your bartenders and servers know how to properly sell your customers. If a server forgets the pitch, they can simply pull up a 30-second video in your restaurant's training academy, get a quick refresher, and get back out there.

You know the deal; liquor, beer and wine yield the highest margins in your business. But if your staff isn't properly trained, or "certified," on how to upsell those items, the restaurant is missing out on an easy way to increase sales. With the right product and the right knowledge, your team has the ability to increase the restaurant's revenue (not to mention their tips).

If your restaurant has 200 covers a day, and you recertify team members for upselling every six months, hoping that every time you recertify you get a 50% rise in your per person average, you get $100 extra dollars per day, per location. That's a nice chunk of change to put towards your next restaurant opening!

Plus, upselling works on any aspect of your business. If leadership wants to shift focus—some new craft beer, deals on appetizers, more takeout orders—an eLearning system provides the flexibility to get team members up to speed quickly.

Built-In Accountability

An LMS helps you ensure that your team members are completing their certification training, so you and management can focus on other tasks instead. Deferred, in-person training can sometimes skip steps—your HR staff might have just flown three hours from another location where they were administering the same training.

But you can't skip steps when you have an LMS in place. Your employees will inherently be required to go through every facet of the training content you upload into the system.

"The system shows us who's completed the training and basically gives us a digital stamp to confirm that they've done it," Bukrinsky says. "If we put out a two-minute training clip, we can see if they watched it for two minutes or opened it in for 10 seconds and then closed it. The ability to login and verify that is helpful for my department because it saves on our time and also our resources—we're able to do a lot of that followup from one location instead of having to travel."

The Importance of Return Customers and Guest Experience

Tracking employee certifications is one way an LMS can boost top-line sales growth. But eLearning and employee training also contribute to better customer experiences. That may sound hard to quantify but it is inherently valuable. **Repeat satisfied customers spend 67% more than new customers, according to Inc.** The constant churn of a restaurant workforce puts that opportunity at risk—if your new employees aren't trained properly, make mistakes, or don't provide good customer service, your guests are less likely to return, which means you're potentially missing out on the bigger spenders.

For example, let's say your restaurant does 150 covers in a night. 100 are new customers who spend an average of $12. The other 50 of them are return customers who spent an average of $20 (67% more than new customers). What if, through better training practices, you could bump the number of return customers up to 80?

———— HERE'S THE MATH: ————

100 New Customers & 50 Repeat Customers	70 New Customers & 80 Repeat customers	An increase of $240 per night ($7,200 per month!)
100 x $12 = $1,200	70 x $12 = $840	
50 x $20 = $1,000	80 x $20 = $1,600	An increase of 11% in one shift
$2,200	**$2,440**	

An 11% boost in sales is nothing to scoff at—that's hard profit that can go towards growing a business.

Increasing the number of return customers is vital to any business plan. An LMS provides the same, consistent training to employees, without a doubt, so that you know your guests are getting a great experience, every time.

The Cost of a Bad Reputation

We've already established that employees tend to make mistakes without the proper training. They get orders wrong, they forget to greet guests or say thank you—little things that can add up to a poor customer experience. When it comes down to it, **86% of people will not return to your business after one bad experience.** But when a customer has a bad experience, you lose more than just one customer. Take a look:

- **Consumers tell twice as many people about poor experiences than good ones.** *(White House Office of Consumer Affairs)*
- **45% of people share negative customer experiences on social media.** *(Dimensional Research)*
- **35% of people likely to post negative online reviews after a poor experience.** *(Dimensional Research)*

Like it or not, online review sites are an important part of the restaurant business. According to a study conducted by Harvard Business School, a one-star increase on Yelp equates to a 5 to 9% increase in revenue, so you definitely want your guests leaving your restaurant with great things to say. A consumer review survey from BrightLocal demonstrates just how important customer reviews can be:

- **39% of people say positive customer reviews make them more likely to use a local business.**
- **60% say that negative reviews make them not want to use a business.**
- **58% of consumers pay most attention to overall star rating.**
- **84% of people trust online reviews as much as a personal recommendation.**

The Positive Outcome of Training

When businesses have the right tools in place to create the right training environment, they'll create better customer experiences. And as you can see, a better customer experience can either lead to big profits or big losses. The proper training tools can produce tangible and intangible benefits, but both are valuable to the vitality of a restaurant. People don't want to eat at a restaurant that has a reputation for mistakes or poor customer service. Guests want to have a great experience, and it's beneficial for everybody if they do! That's why you need engaged employees who are passionate about their own success and that of the business, and the tools to keep them that way.

6 A Blended Approach for Growth

An eLearning strategy is no longer a "nice-to-have" for your business—it's a must-have. It's a way to cut down your printing costs, retain your team members, refocus your managers, and give your guests excellent customer service. And if you implement your system effectively (if you have engaging content and a vision for your program), then you can increase your sales and pave the way for business growth. The core of a good business is its employees, and an LMS is a way to invest in both your people and the future of your business.

The key is to take a blended approach of in-person and online training. An eLearning strategy is meant to supplement your existing training, to streamline your processes and open doors for future opportunities.

"A blended approach to training is still necessary. Don't make the mistake of over-promising that you can move all of your training to this online format, because that's just not realistic. Some training needs to be done in the field," Bukrinsky says. "Fully leveraging an LMS means using the right components that are available to you."

7 Nine eLearning Benefits You Shouldn't Ignore

1. The money saved on printing and shipping training materials.

2. Online materials are cost effective to update and easy to disseminate to multiple stores at once.

3. Trainers and managers get time back to focus on growing the business and serving customers.

4. Good training programs decrease huge turnover costs.

5. Good training programs increase employee satisfaction.

6. Satisfied employees are more productive, make fewer mistakes and do better work.

7. Employee satisfaction translates to customer satisfaction.

8. Satisfied customers are proven to spend more at your business.

9. More satisfied customers = higher top-line sales.

Talent Development

Engage Team Members, Improve Operations

Clarifi Talent Development is the next generation learning and performance management solution for the modern workforce. The system provides easy to use content management functionality with social collaboration built in to connect and engage team members. Upload customized content to deploy courses and quizzes for new hire-training, more comprehensive manager training, compliance training and ongoing employee development.

Dashboards and dynamic reports provide visibility across every location and reveal opportunities to improve and customize learning programs. Robust real-time reporting tools connect sales data to show business impact of learning and development initiatives.

- ✓ Inform, encourage, and retain your top talent with a mobile, social e-learning platform where each individual can learn at their own pace in any environment

- ✓ Build a company-branded online training academy with industry, region, or job-specific materials and quizzes

- ✓ Create groups to cover any topic to stimulate communication, file sharing, and collaboration among peers

Additional Talent Development Features

Compliance Dashboard
Track compliance certifications across multiple locations in one dashboard and drill down to act quickly when you see a red flag.

Reward Performance
Discover team member's strengths, find the right talent for any job, and plan for succession with the intelligent employee ranking algorithm.

Retain and Promote
Create personalized learning paths that your employees can follow to acquire the skills and knowledge they need for their desired career path.

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8 Resources

"2017 Recruiting and Turnover Report", TDn2K. http://tdn2k.com

"Gallup State of the American Workplace Report", http://www.gallup.com/reports/199961/state-american-workplace-report-2017.aspx

"20 Customer Service Statistics You Can't and Shouldn't Ignore", https://www.infinitcontact.com/blog/20-customer-service-statistics-you-cant-and-shouldnt-ignore

"Reviews, Reputation, and Revenue: The Case of Yelp.com", Michael Luca,

Harvard Business School, http://www.hbs.edu/faculty/Publication%20Files/12-016_a7e4a5a2-03f9-490d-b093-8f951238dba2.pdf

"Consumers increasingly turn to social media to share bad customer experiences", http://www.omegascoreboard.com/news/customer-service-horror-stories/consumers-increasingly-turn-to-social-media-to-share-bad-customer-experiences/

"Local Consumer Review Survey", https://www.brightlocal.com/learn/local-consumer-review-survey/

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