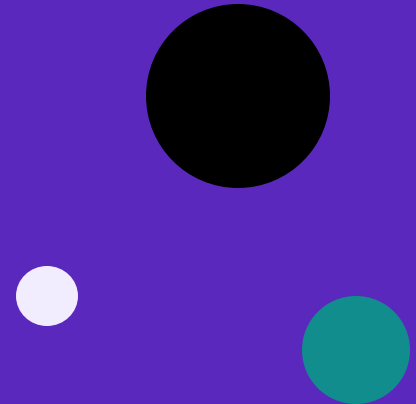




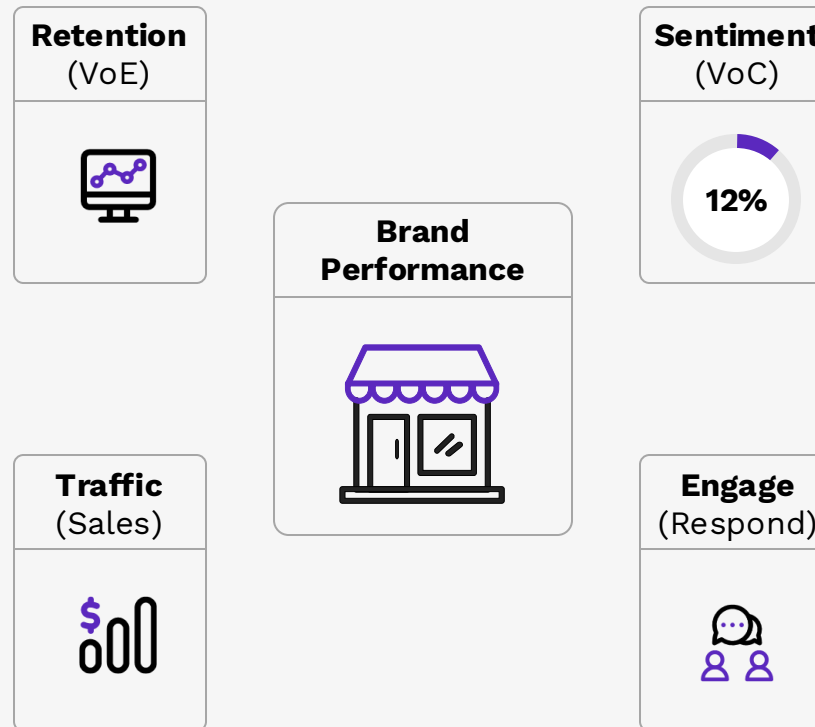
State of the Restaurant Workforce: Insights and Solutions

September 2024





How Experience Insights Transform Your Restaurants



Workforce Intelligence - Performance Benchmarking + Annual Total Rewards Survey

- Restaurant workforce analytics and insights
- Turnover benchmarks
- Total rewards / benefits
- Compensation benchmarks
- Diversity benchmarks

Financial Intelligence - Performance Benchmarking

- Weekly sales + traffic benchmarks
- Monitor Micro/macro trends
- Understand how operational changes impact experiences and traffic
- Insights - geographies, Nielsen DMAs and your Comp Units

Guest Intelligence Voice of Customer

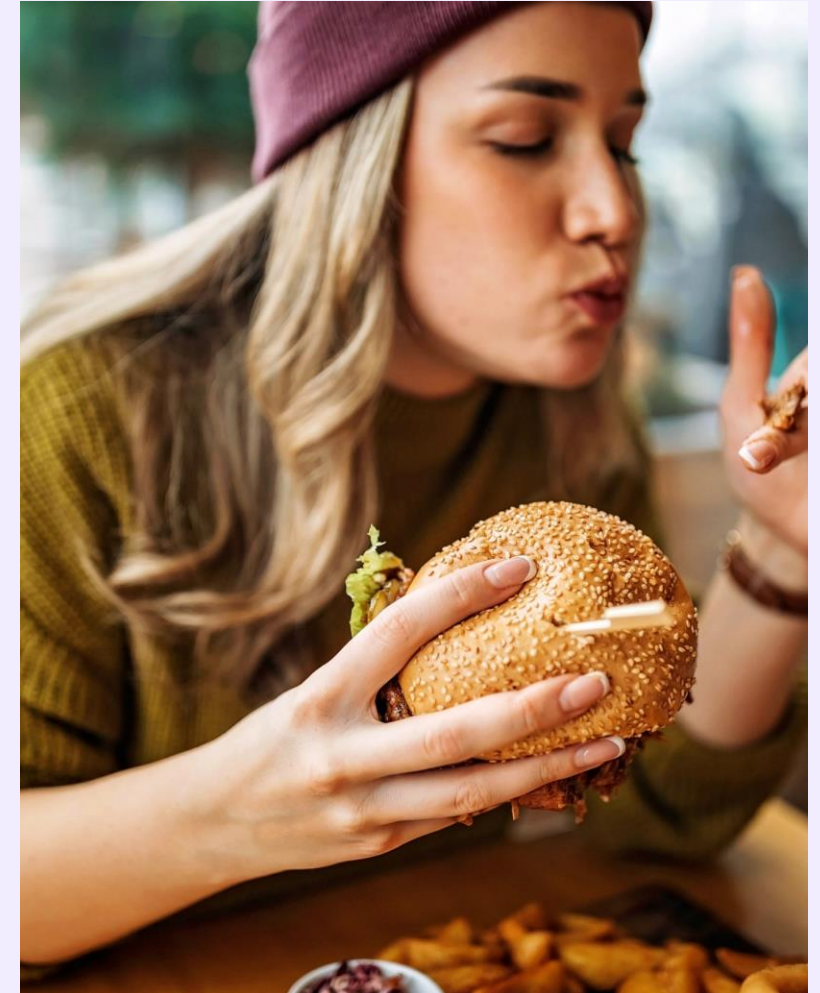
- All Consumer Feedback in One Platform
- Direct feedback insights (smart surveys)
- Indirect feedback insights (review/ social monitoring)
- Competitive Sentiment
- NLP Engine - Insights to operationalize improvements

GuestXM - Reputation Management

- Monitor Brand Reputation
- Tagged Influencers
- Track Star Rating/ NPS/ C-Sat
- Automate Workflows for responses to star ratings
- Assign responses across teams - collaboration hub

Agenda

- 01.** Staffing and Turnover Trends
- 02.** Compensation Insights: Balancing Base and Variable Pay
- 03.** Supporting Growth: Employee Benefits & Training
- 04.** Employee Demographics: Understanding the People Powering Your Business
- 05.** Looking Ahead





01. Staffing & Turnover Trends



Total Employment: Foodservice

Feb 2020

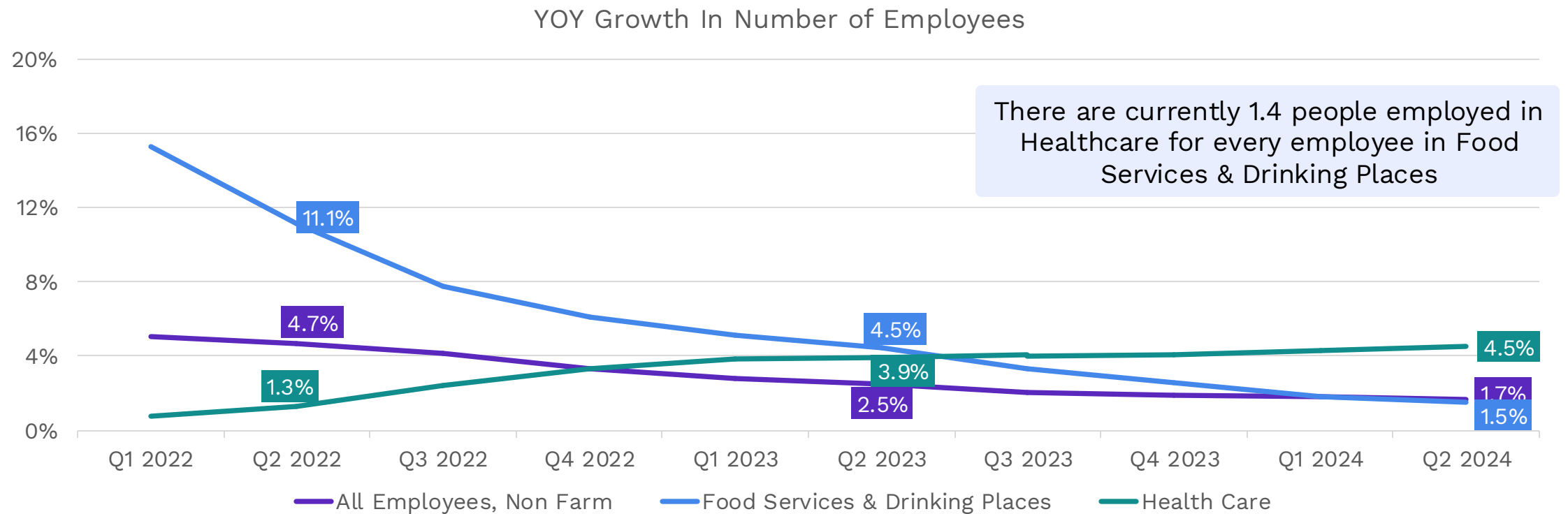
12.29
million

Aug 2024

12.38
million

Foodservice Employment Above
Pre-Covid Levels, But Staffing
Challenges Remain

Restaurant Job Growth Outpacing Rest of the Overall Economy 2022-2023; Growing at Same Pace in 2024



Job Openings: Foodservice & Accommodation

2019 average

875

thousand

Jan-Jul 2024 average

862

thousand

Number of Unfilled Jobs
Trending Down Since
August 2021

Restaurants Have Seen Improvements in Staffing Levels, Except for GMs

Percentage of companies that are fully staffed by position level

	2022	2023	2024
Restaurant Hourly FOH	5%	33%	46%
Restaurant Hourly BOH	10%	21%	37%
Non-General Manager	15%	26%	36%
General Manager	45%	65%	65%

Companies That Are Fully Staffed Performed Better, Especially at the FOH Hourly Positions

Companies that are fully staffed at each of these positions have:

Position	Comp Traffic*	Comp Sales*
GM	+ 2.8%	+3.3%
Hourly BOH	+2.6%	+3.3%
Hourly FOH	+3.6%	+4.6%



*Data Shown as Gap to Industry Segment

Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Most Effective Sources for Hiring

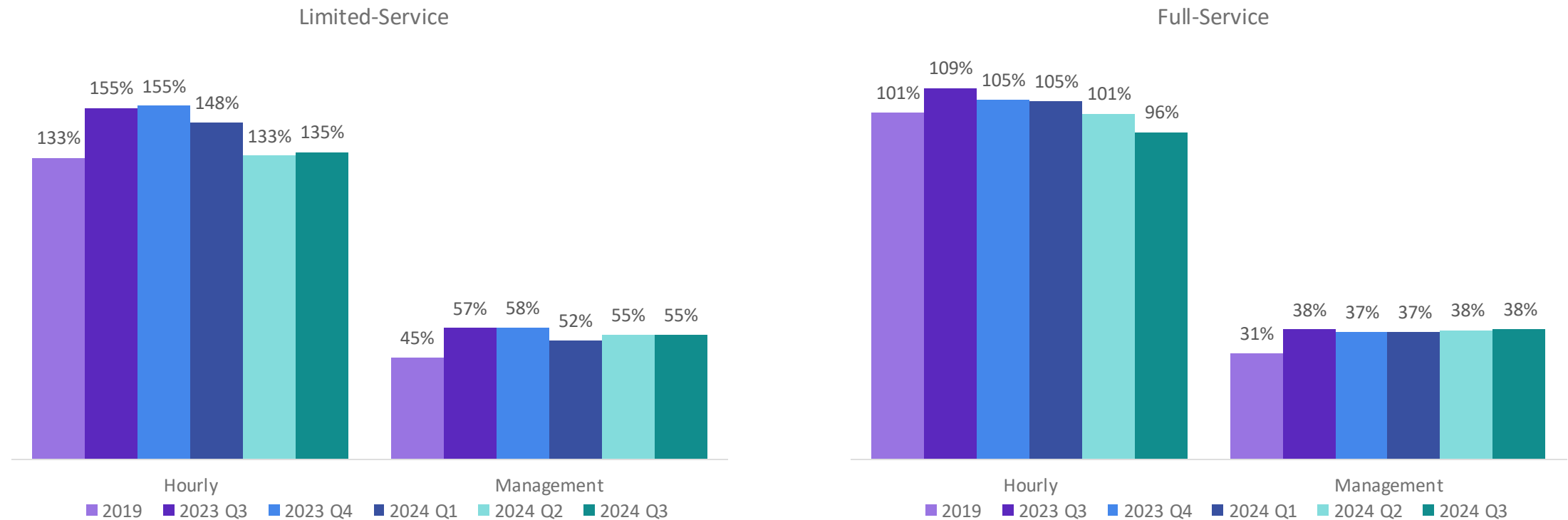
Hourly Non-Management

1. Online job boards
2. Referrals
3. Company Website
4. Rehire
5. Social Media

Restaurant Management

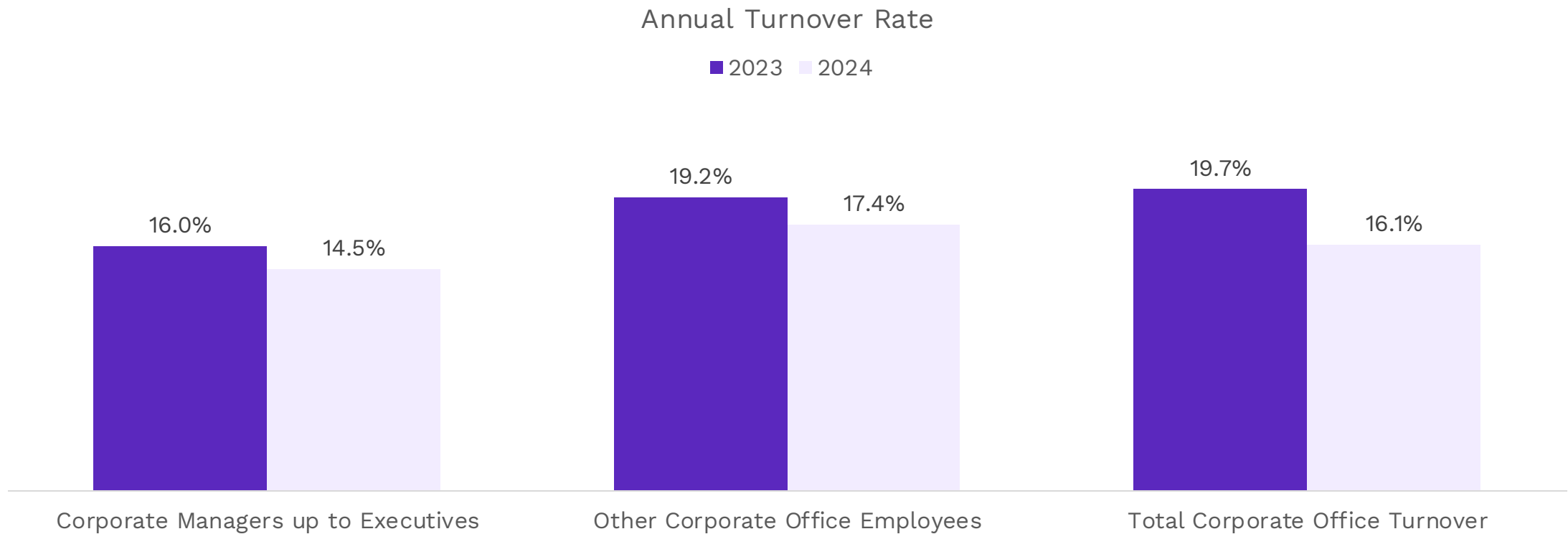
1. Online job boards
2. Referrals
3. Direct recruiting
4. Company website
5. Social media (including LinkedIn)

Hourly Turnover Easing; But Management Turnover Remains High



Note: Turnover shown represents rolling 12-month rates

Turnover Also Decreased at Corporate Office



Cost of Turnover Surpassed \$10K for All Managers

Hard costs (separation, replacement, and training)
associated with replacing a single employee

Restaurant Hourly

\$2,305

Manager Non-GM

\$10,518

General Manager

\$16,770

Training costs represent about 52% of the total for restaurant hourly employees, 56% for non-GM restaurant managers, and 59% for General Managers

Lower GM Turnover Leads To Lower Turnover for Other Levels of Management

GM Turnover %	Full-Service: Manager Turnover	Limited-Service: Manager Turnover	Total Cost of Management Turnover per Restaurant
0%	22%	26%	\$8,057
>0% and <100%	54%	63%	\$28,027
>100%	66%	77%	\$49,162
Top vs Bottom Spread	-44%	-51%	-\$41,105

GM Retention Correlates With Better Performance

Full Service	
METRIC	DIFFERENCE IN PERFORMANCE
TRAFFIC	+2.6%
HOURLY TURNOVER	-16.9%

Limited Service	
METRIC	DIFFERENCE IN PERFORMANCE
TRAFFIC	+0.9%
HOURLY TURNOVER	-21.3%

How Does Hourly Turnover Impact Traffic?

Difference in **Comp Traffic Growth** Relative to Peers:
Bottom vs. Top Quartile Companies Based on Hourly Turnover Rates

+5.0%

Full Service:
Back of House

+7.1%

Full Service:
Front of House

+1.3%

Limited Service:
Team/Crew

Top Reasons for: Restaurant Hourly Turnover

FOH Employees

1. Job abandonment (cause unknown)
2. Higher compensation at another job
3. Personal reasons
4. Conflict with schedule
5. Immediate promotion at another company

BOH Employees

1. Job abandonment (cause unknown)
2. Higher compensation at another job
3. Personal reasons
4. Conflict with schedule
5. Conflict with manager/supervisor

Top Reasons for: Restaurant Management Turnover

Non-GM Managers

1. Higher compensation at another job
2. Personal reasons
3. Immediate promotion at another company
4. Poor work/life balance
5. Conflict with schedule

General Managers

1. Personal reasons
2. Higher compensation at another job
3. Immediate promotion at another company
4. Conflict with manager/supervisor
5. Poor company culture/fit

Restaurant Industry: The First 100 Days

80% of employees that
make it past 1 month will
stay for a 2nd month



Focus on the 100 Day Mark



Restaurant Industry

Likelihood of Staying After the 2nd Month

UNTIL 3rd MONTH

76%

UNTIL 4th MONTH

59%

UNTIL 5th MONTH

44%

Most Effective Methods to Reduce Turnover

Hourly, Non-Management

1. More frequent pay adjustments
2. PTO changes*
3. Paying employees more often
4. Retention bonuses
5. Tuition reimbursement

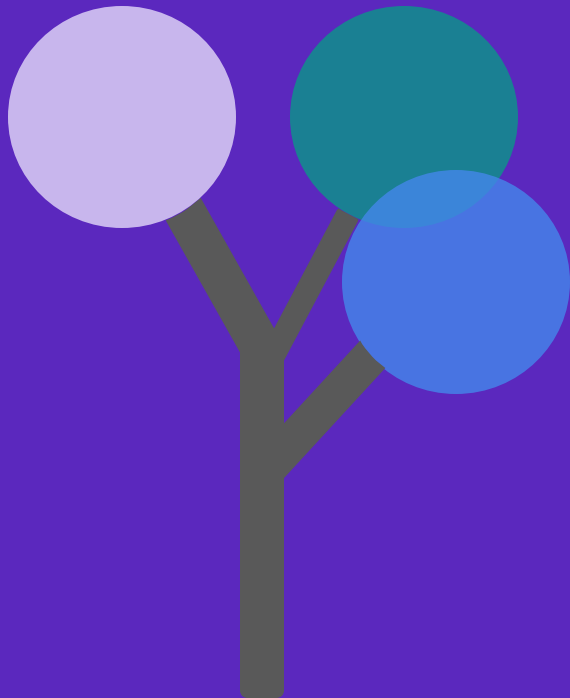
Restaurant Management

1. Larger pay adjustments
2. More frequent pay adjustments
3. Professional development
4. Reduced work hours or more attractive schedules
5. PTO changes*

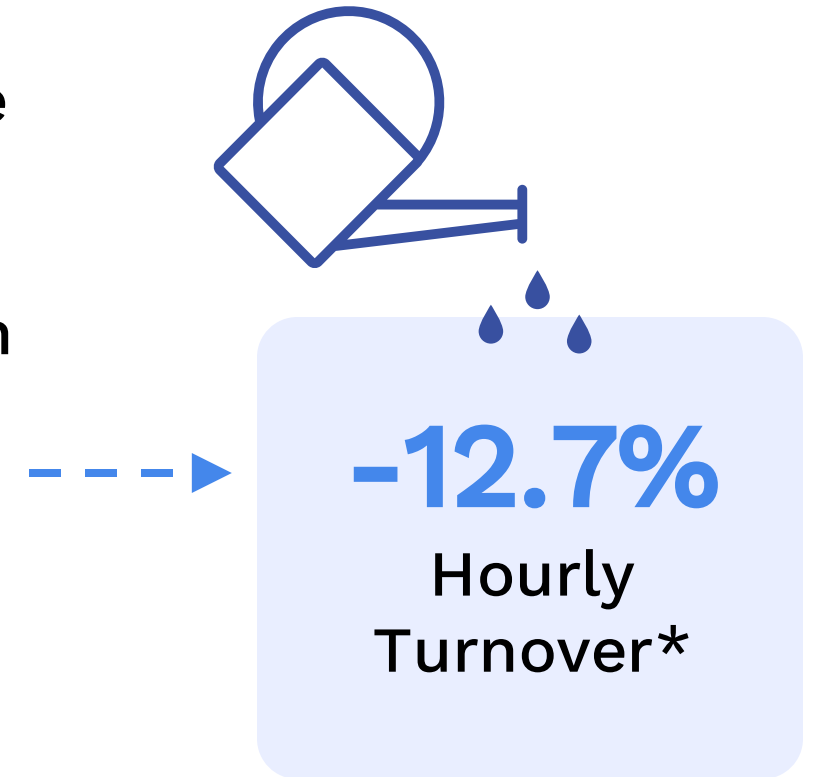
*More time off or greater flexibility

Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Bonusing GMs Based On Retention Works



Companies Where
General Manager
Bonus Is At Least
Partially Based On
Turnover



*Data shown as difference relative to company's industry segment
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Poll question

In which area of HR are you currently utilizing AI tools?
Check all that apply:

Recruiting and Hiring

Training

Other

None, but we are exploring options

Not using AI in HR

Poll responses

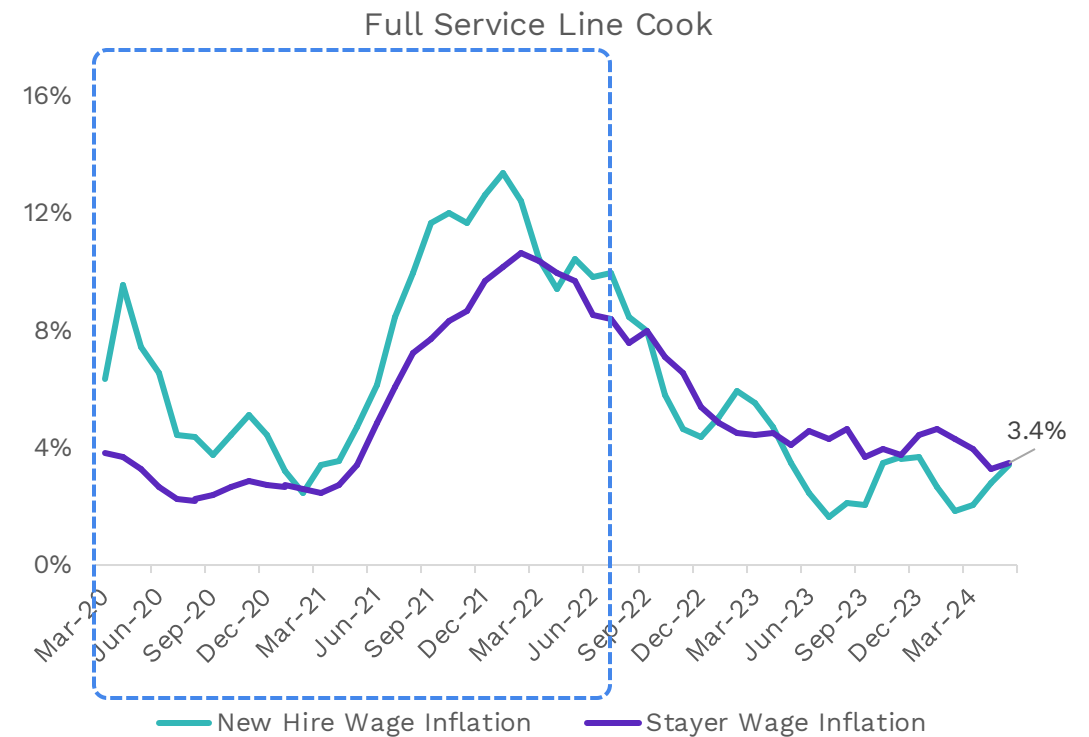
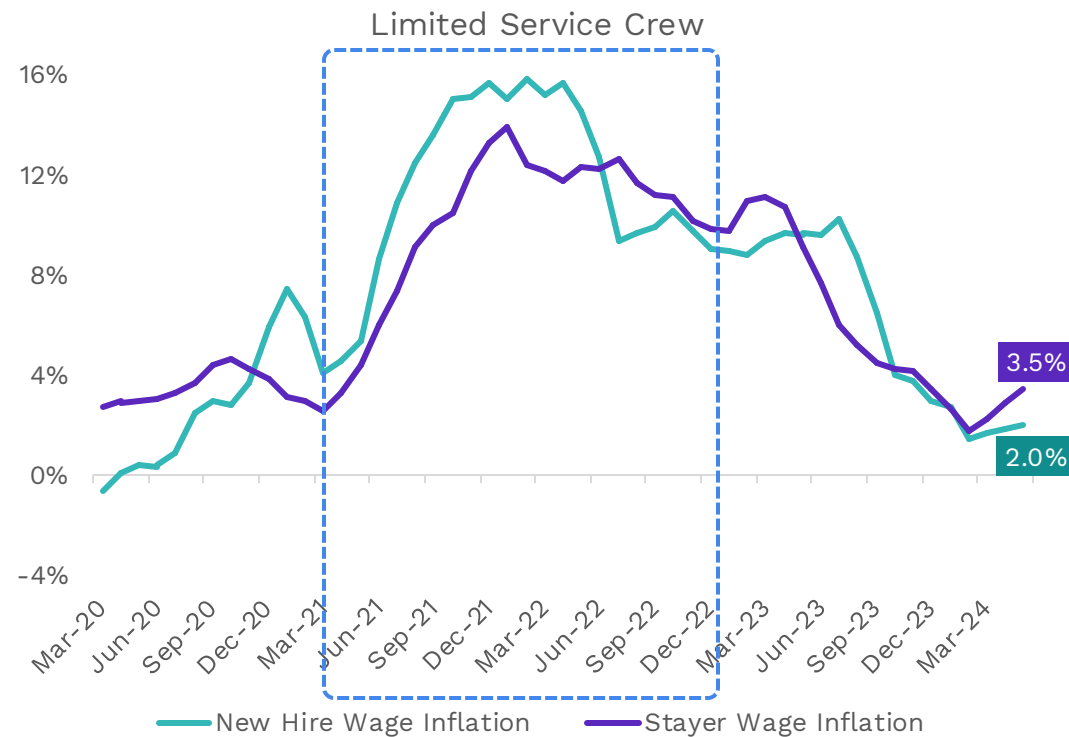


02.

Compensation Insights: Balancing Base and Variable Pay



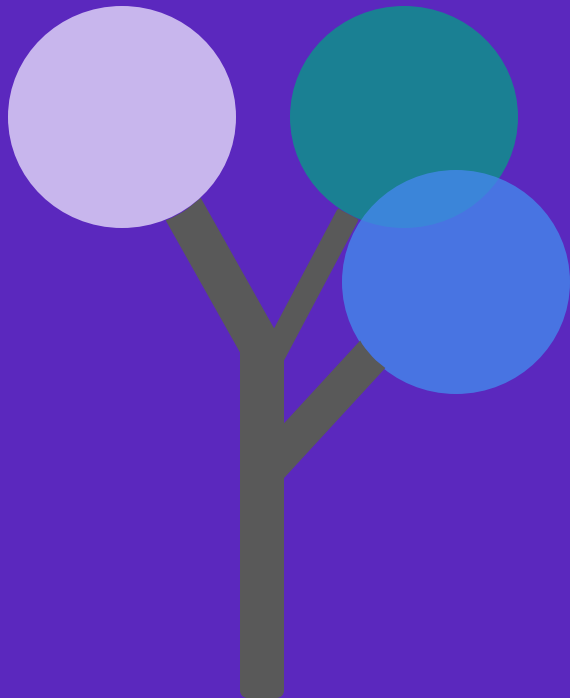
Return to Normal: Restaurants New-Hire Wage Inflation Became Less of a Factor for Job Switching Since Summer 2022



Note: 3-month average inflation for smoothing

Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Service/Tenure Awards Improve Turnover for Hourly Employees



Companies That Offer Service or Tenure Awards to Full Time Hourly Employees



*Data shown as difference relative to company's industry segment
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

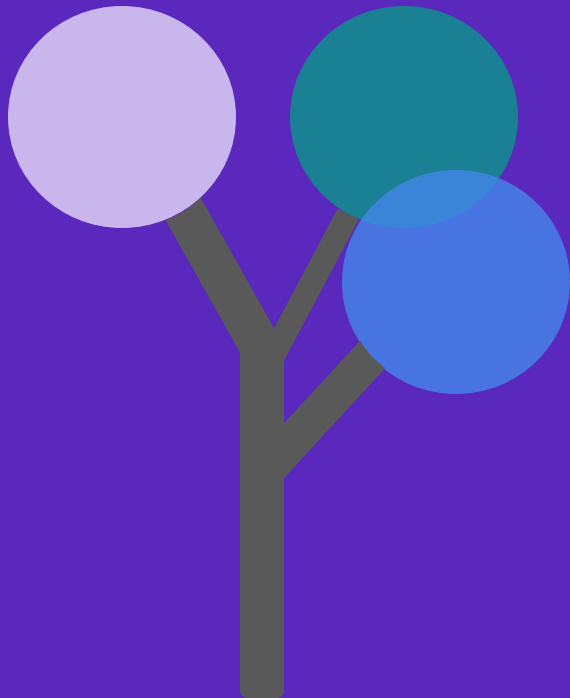
Base Pay Increases Roughly Keeping Up With Inflation for Restaurant Managers in 2024

(Inflation was 3.3% YOY as of May 2024)

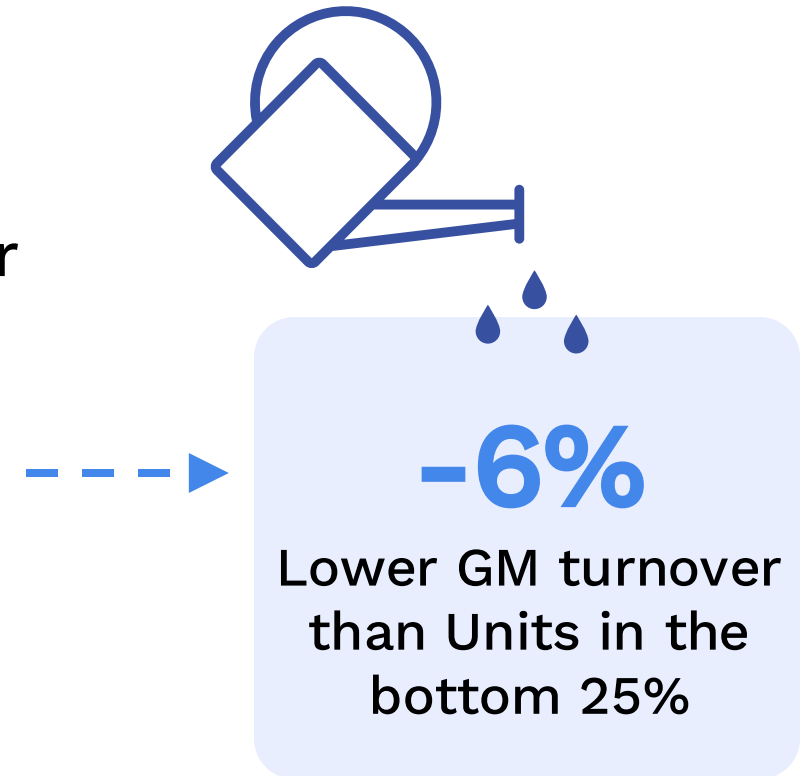
Merit base pay increase percentages

	2024 Budgeted	2025 - Projected
General Managers	3.7%	3.5%
Other Restaurant Managers	3.2%	3.1%

Higher GM Salary Pays Off in Retention



Units in the top
25% of General
Manager salary for
their market have



GMs: QSR & Upscale/Fine Had Highest Bonus Payouts in 2023

Average GM bonus earned as percentage of base salary

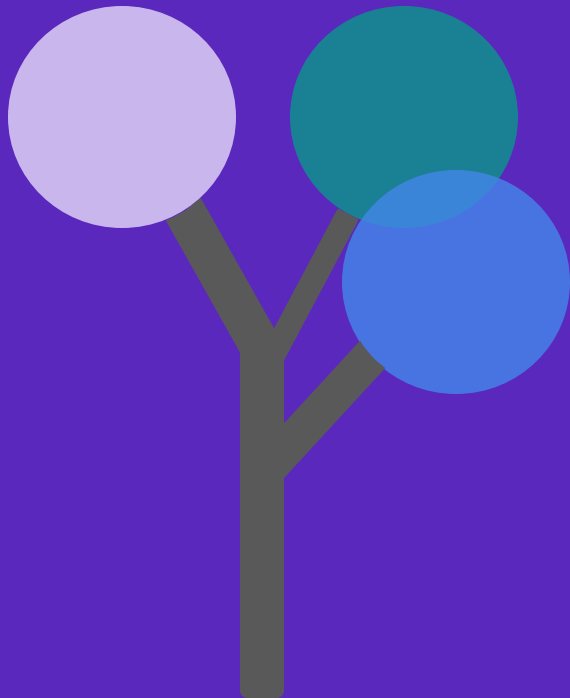
	2022	2023
Quick-Service	12.6%	24.7%*
Fast Casual	14.0%	13.1%
Casual Dining	18.1%	15.4%
Upscale Casual/Fine Dining	N/A	29.3%*



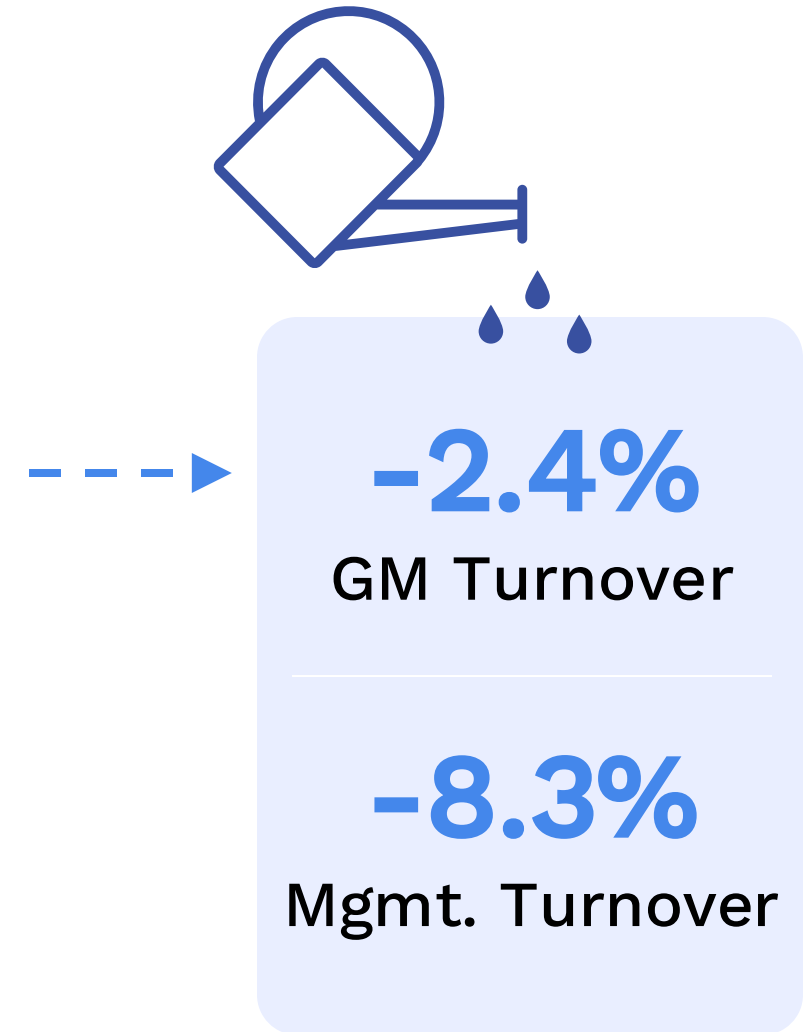
*Average payout was higher than average target bonus

Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Manager Bonuses & Retention



GMs and Other
Managers Whose
2023 Bonus Paid
Was Above the
Median (GM=15%
of Salary, Other
Managers = 7%)
Had Better
Retention*



*Data shown as difference relative to company's industry segment
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Higher Target Bonuses for Non-GM Managers Correlated With Better Company Performance

Difference in Performance when Manager Targeted Bonus is Greater Than 10%

-5.8%

Mgmt Turnover

+1.6%

Comp Sales

+0.7%

Comp Traffic



Full Service GMs Saw Gains; Limited Service Remains Steady After Inflation*

Inflation between July 2023 and July 2024 was 3%

Full-Service		
	National Median	YOY Growth
GM Base Salary	\$77,083	+3.8%
GM Annual Bonus	\$21,633	+16.9%
GM Total Comp	\$101,630	+5.9%

Limited-Service		
	National Median	YOY Growth
GM Base Salary	\$65,068	+2.2%
GM Annual Bonus	\$7,800	+11.7%
GM Total Comp	\$70,560	+3.1%

*Includes rolling 12-months ending July 2024 vs rolling 12-months ending July 2023
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Average GM Target Bonus Slightly Lower in 2024

Average target bonus as percentage of base salary

	2023	2024
Quick-Service	19.3%	18.4%
Fast Casual	18.3%	17.5%
Casual Dining	19.4%	18.9%
Upscale Casual/ Fine Dining	23.4%	23.4%



GM Bonuses Based Less on Profit & Revenue of the Restaurant They Manage and More on Other Criteria

Weight given to each of these criteria when calculating GM bonuses*:

	2022	2024
Restaurant profit	45.5%	31.0%
Restaurant revenue	23.6%	20.2%
Company revenue & profit	9.7%	14.1%
Quality metrics	6.7%	10.7%
Guest feedback metrics	5.3%	7.0%



*Excludes the category for employee retention and "other"
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence



03.

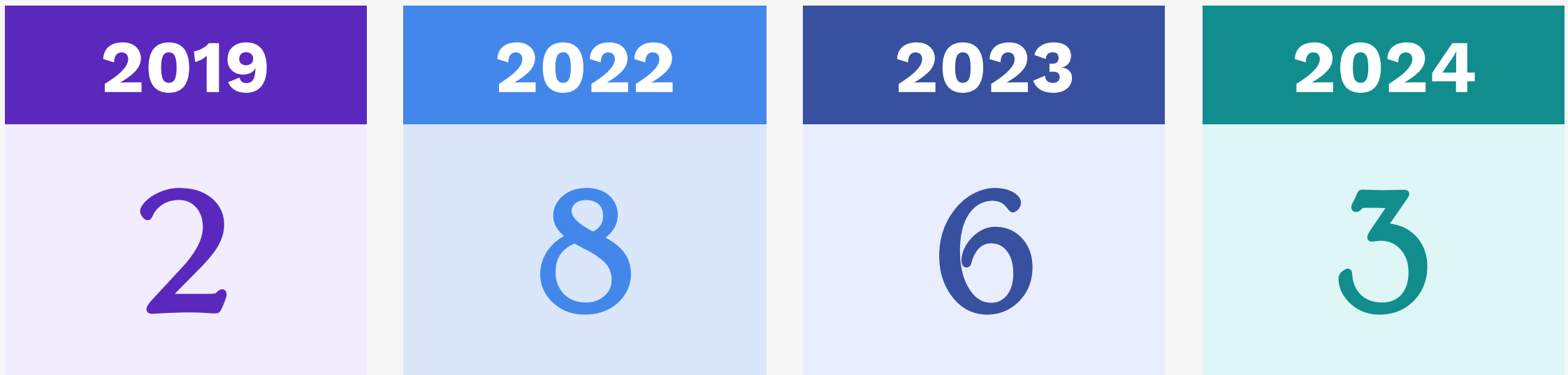
Supporting Growth: Employee Benefits & Training



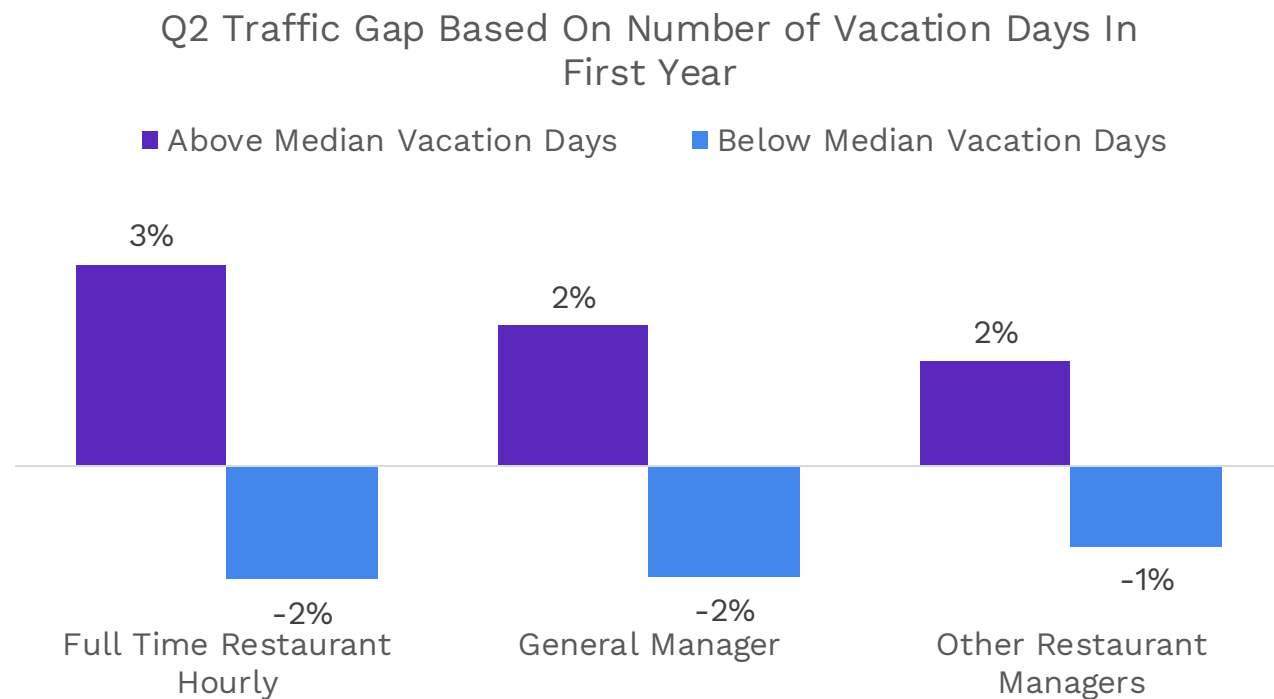
Number of Sick Days Returning to Pre-Pandemic Levels

(Sick days offered increased during the pandemic)

Average number of sick days offered per year to full-time hourly restaurant employees



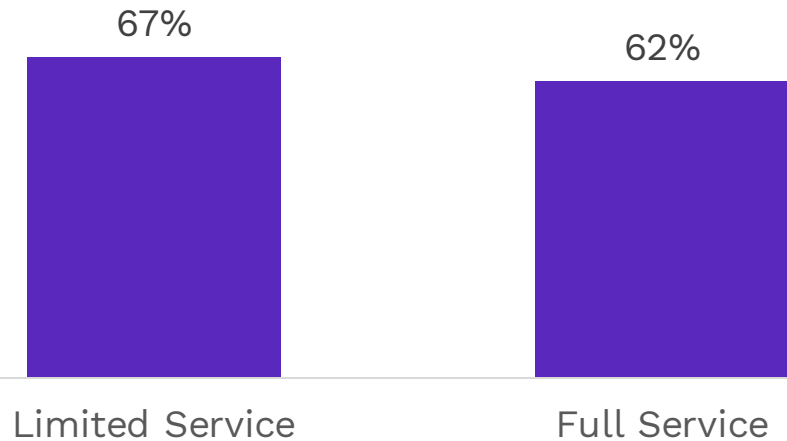
Companies That Provided More Vacation Days Saw Better Traffic Growth



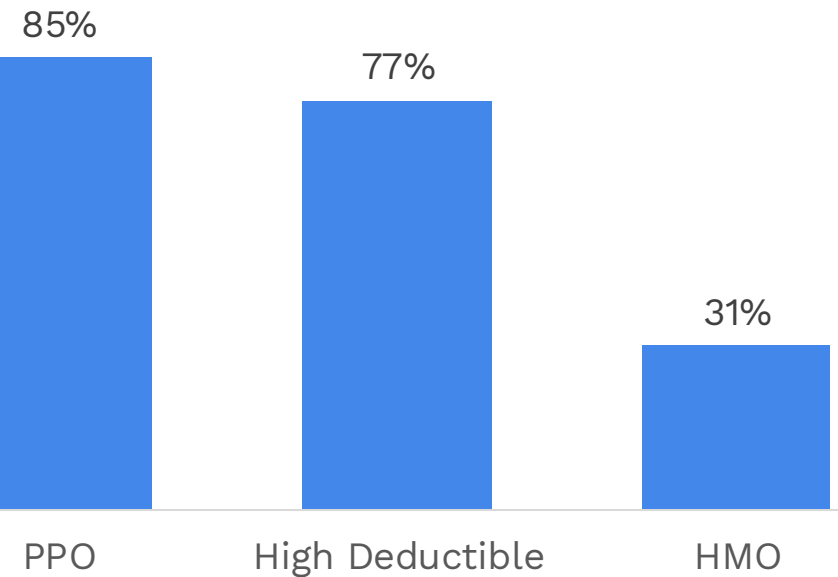
*Data shown as difference relative to industry segment
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Full Time Hourly Employees: Health Benefits

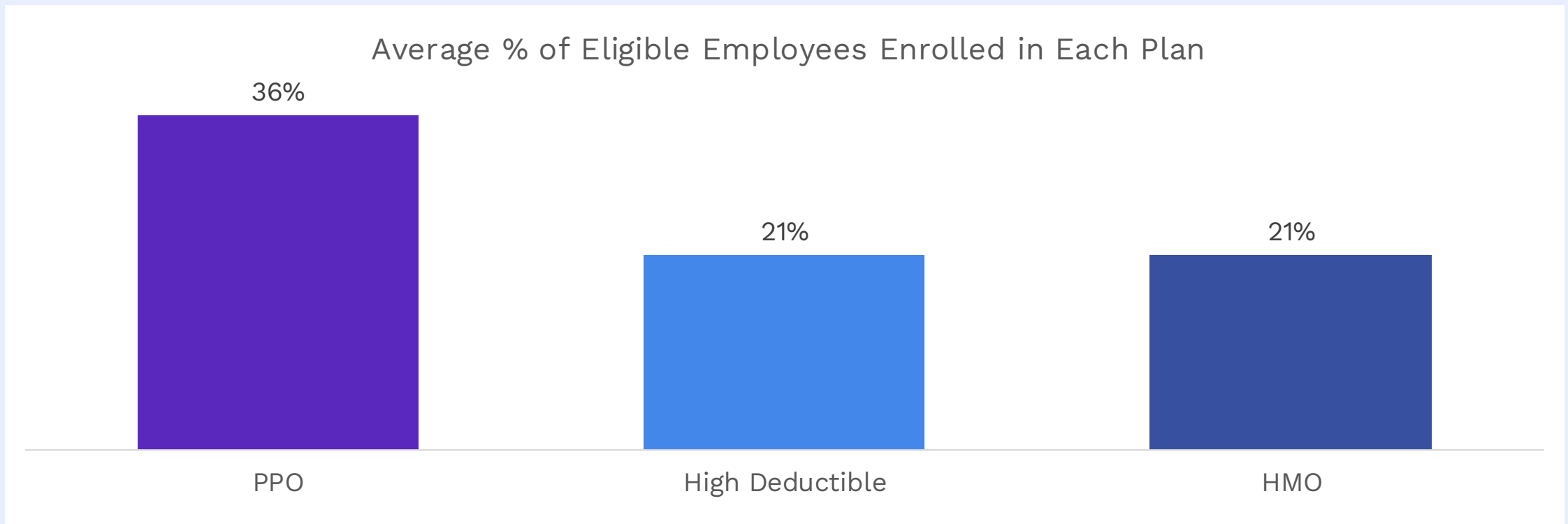
Average % of Health Benefit Cost Paid by Employer



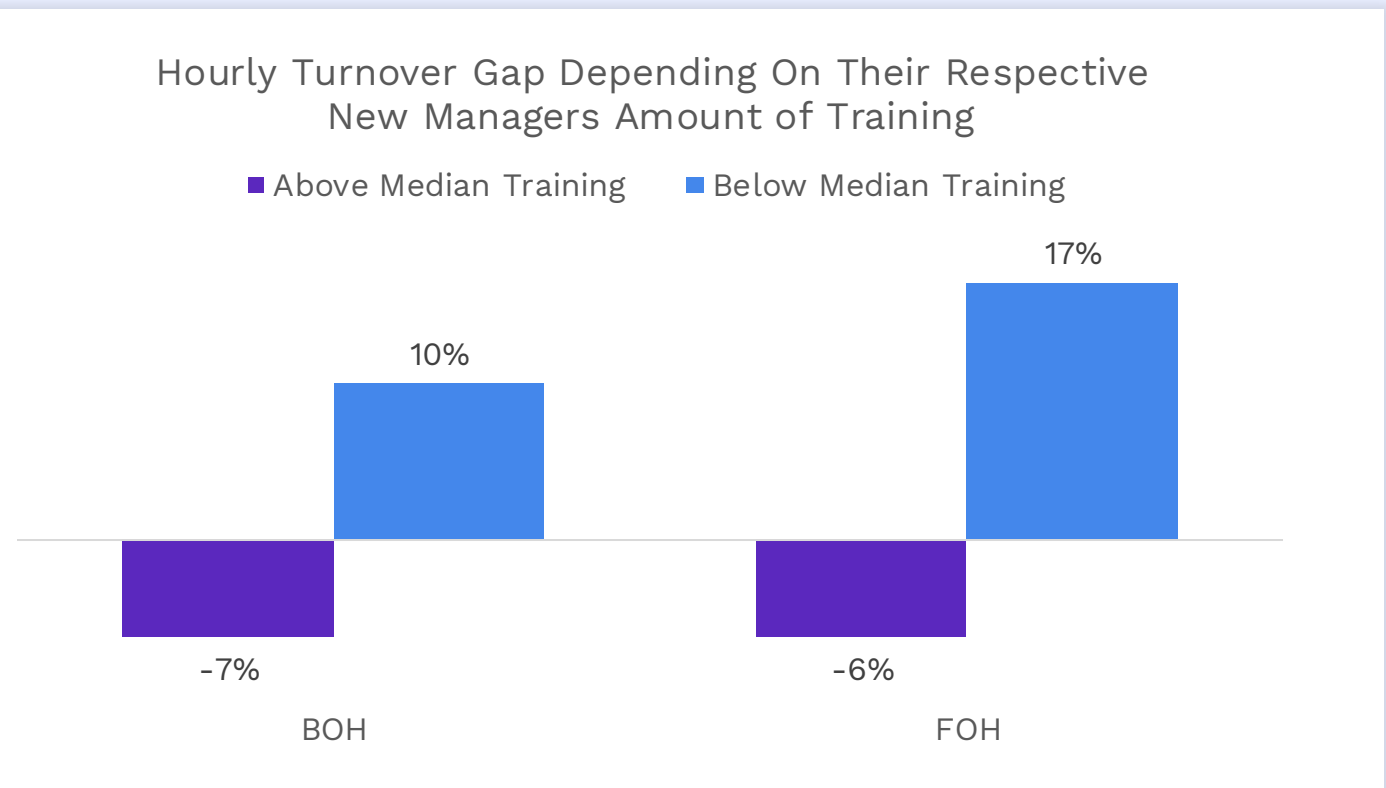
% of Companies Offering Each Plan



Full Time Hourly Employees: Percentage of Employees Enrolled in Health Benefits Remains Low



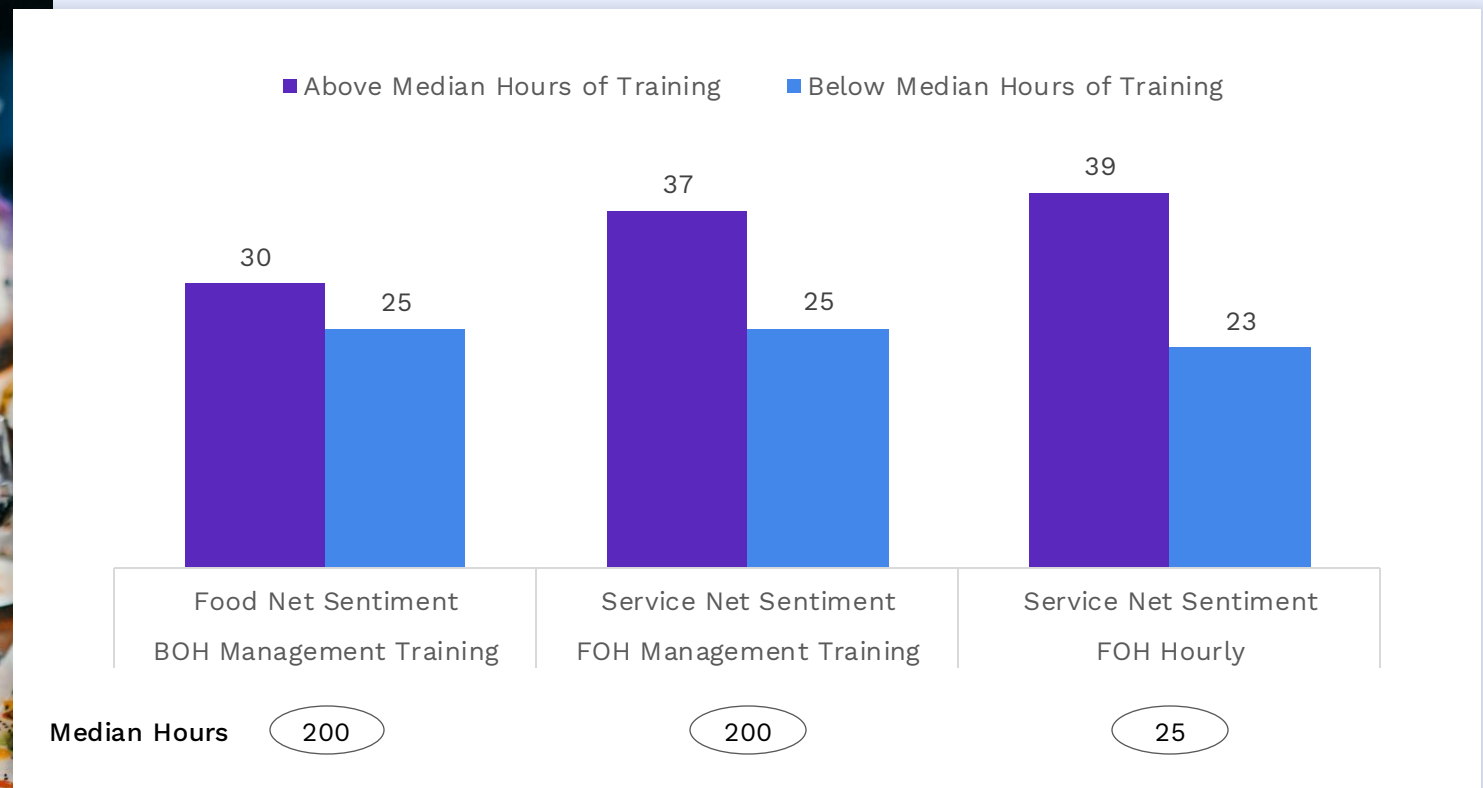
Training Your Managers Matters for Retention: Hourly Employees More Likely to Stay When Their Managers Have More Training



*Data shown as difference relative to industry segment

Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Training Matters to Improve the Guest Experience: More Training Yields Better Food & Service Net Sentiment



Source: Black Box Intelligence



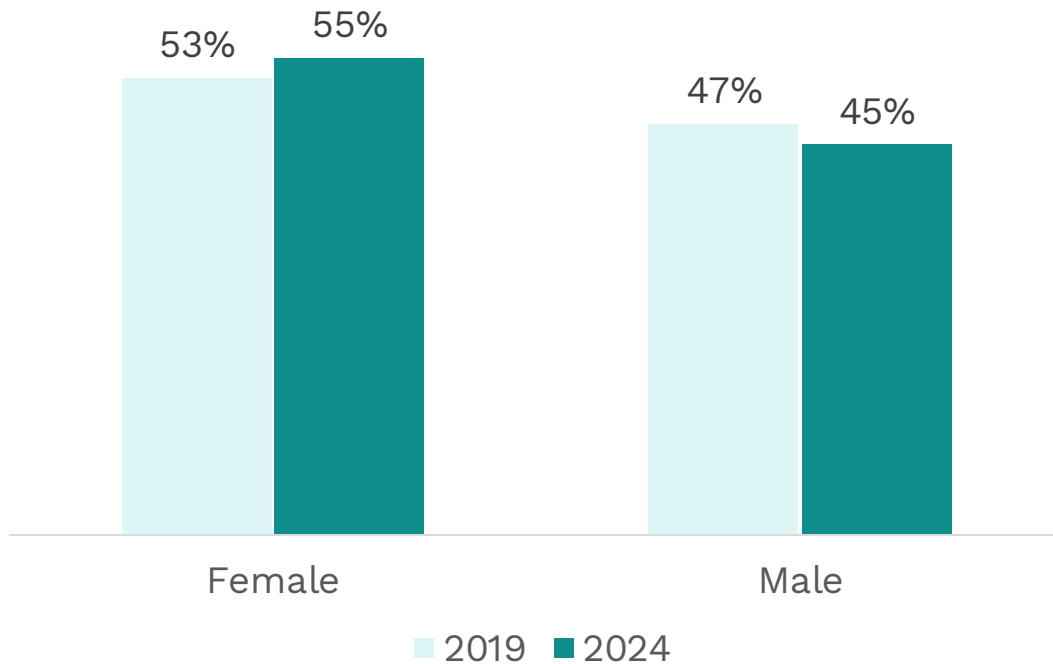
04.

Employee Demographics: Understanding the People Powering Your Business



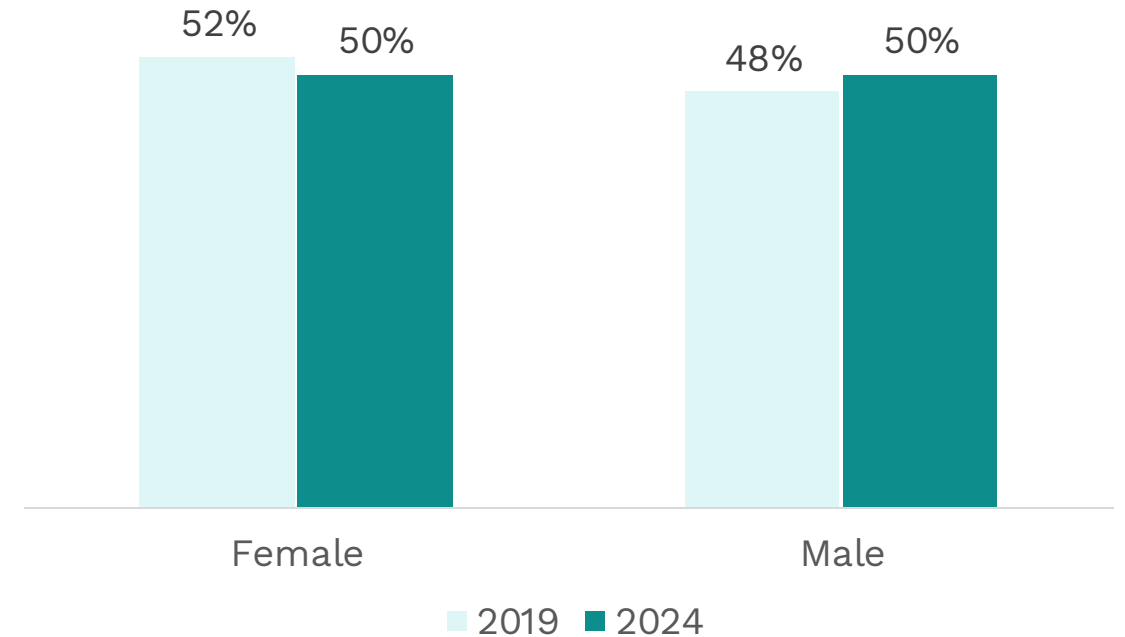
Hourly New Hire Gender

Full-Service: YTD New Hire By Gender



Full-Service Skews Female in 2024; Limited Service 50-50

Limited-Service: YTD New Hire By Gender



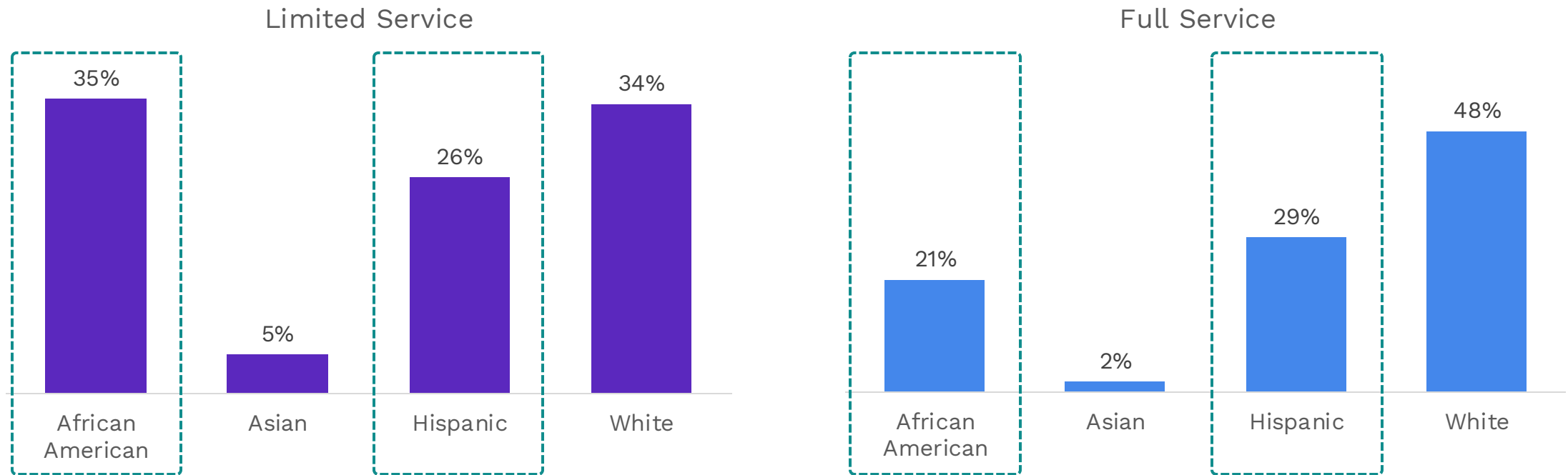
Mgmt Gender Parity vs. the Rest

METRIC	DIFFERENCE IN PERFORMANCE
SALES	+2%
TRAFFIC	+5%
NON-MGMT TURNOVER	-23%

Limited-Service Brands Where Gender was Closest to 50-50% in Management Positions Saw Better Results

New Hires: Share of African Americans & Hispanic Higher Than Population (2024 YTD)*

US Population: 14% African American & 19% Hispanic



*Excludes "unknown /other"

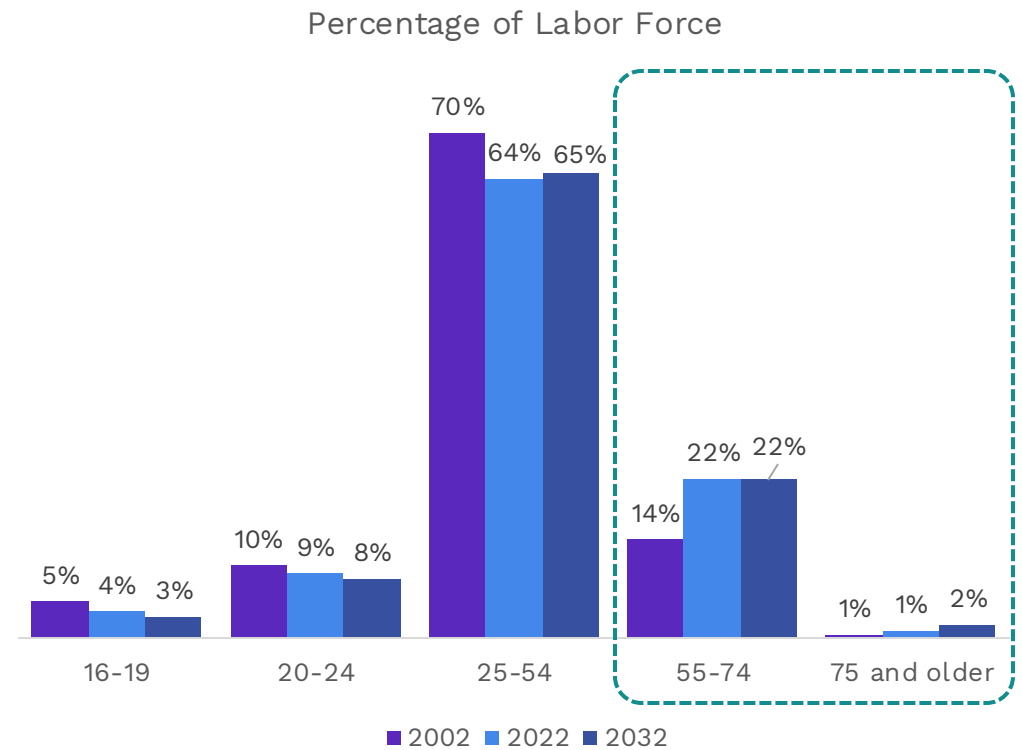
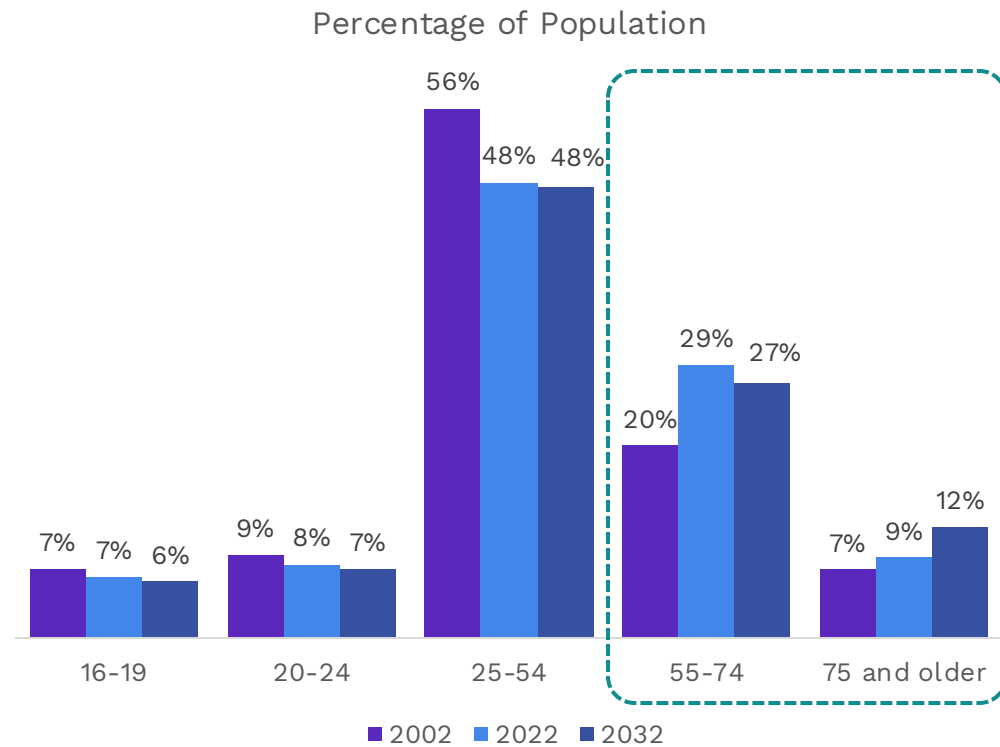
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Brands Where
Management
Diversity Reflects
Staff Diversity
Recorded Better
Sales & Traffic
Growth

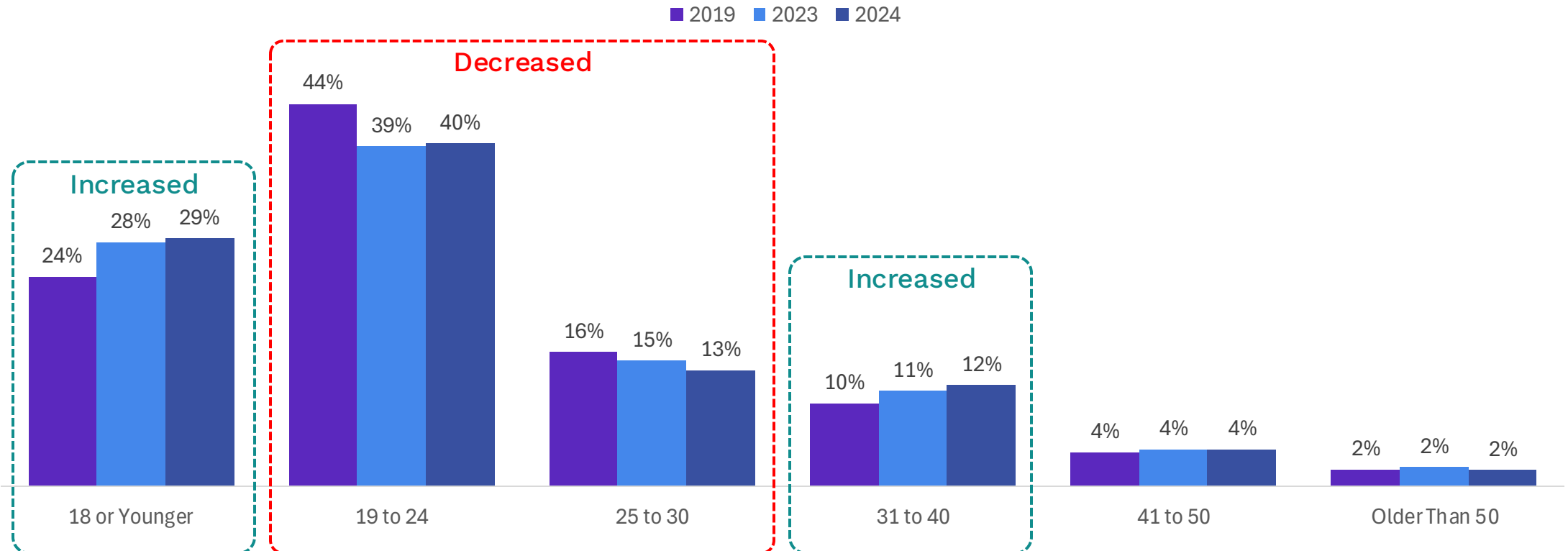
Full Service	
DIVERSITY	DIFFERENCE IN PERFORMANCE
SALES	+4%
TRAFFIC	+6%
NON-MGMT TO	3%

Limited Service	
DIVERSITY	DIFFERENCE IN PERFORMANCE
SALES	+6%
TRAFFIC	+7%
NON-MGMT TO	-20%

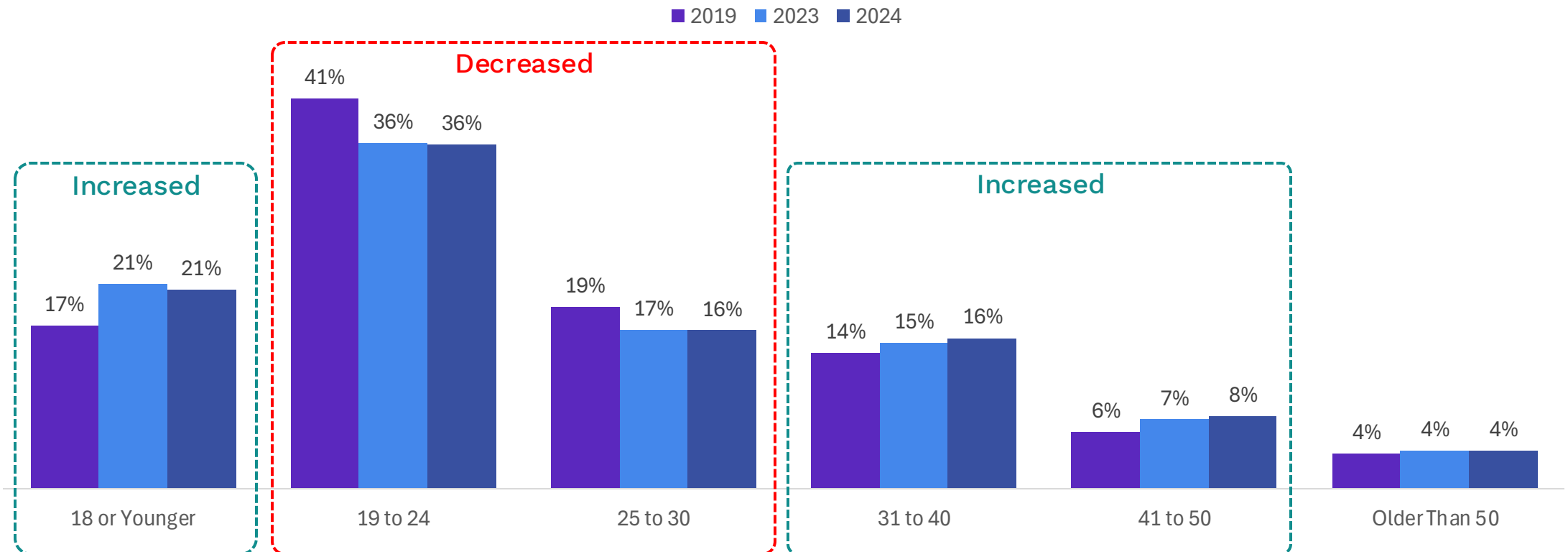
Aging of the Population a Big Challenge



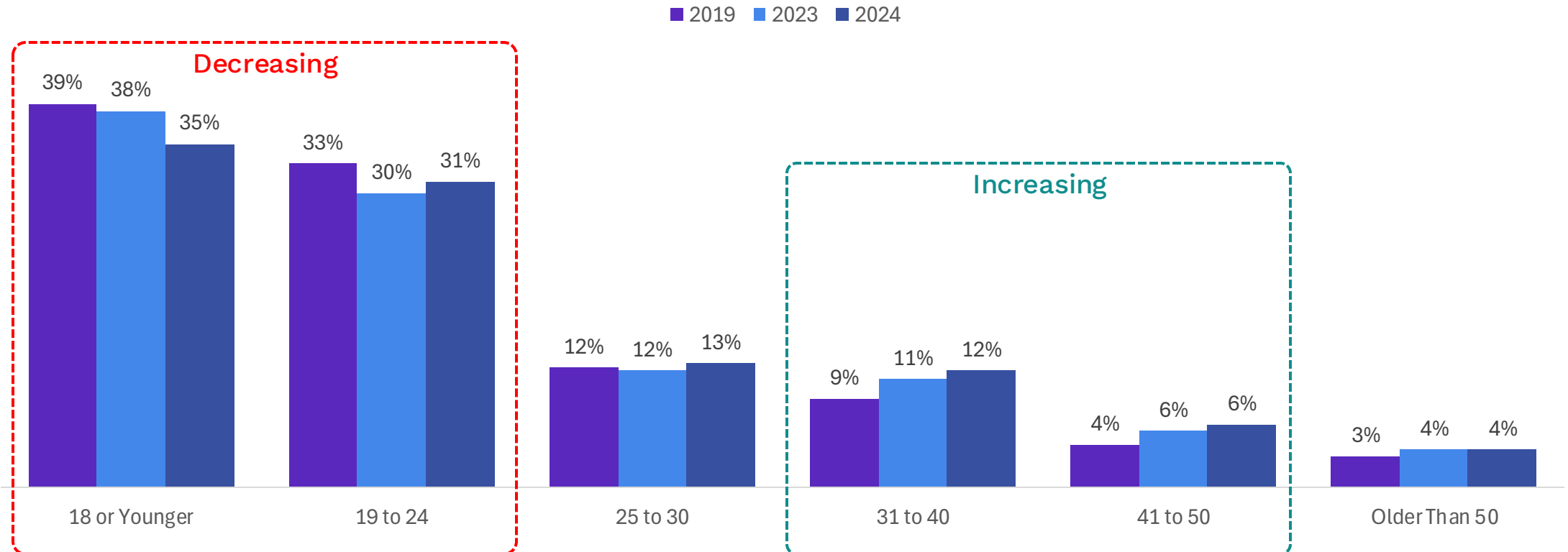
Full Service: Front of House New Hire Age Comparison



Full Service: Back of House New Hire Age Comparison



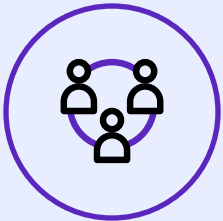
Limited Service: Non-Management New Hire Age Comparison



Diversity, Equity & Inclusion (DE&I) Strategy



66% of companies reported having a corporate diversity strategy or statement; up from 48% back in 2022.



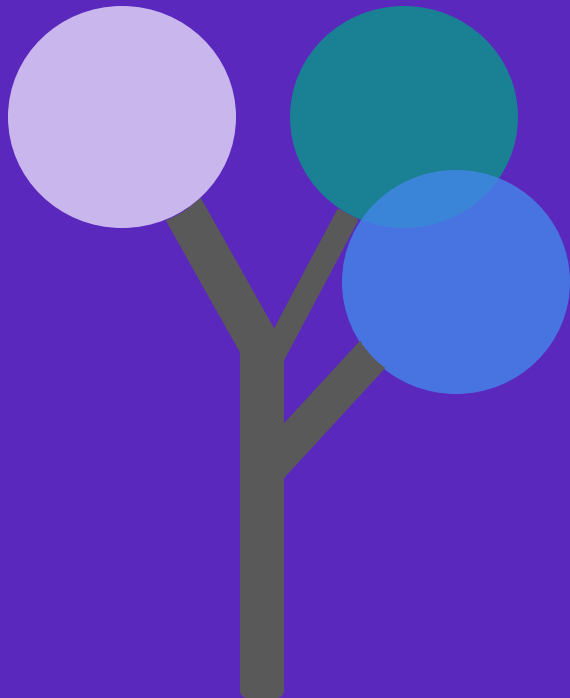
The diversity categories most commonly explicitly included in the corporate diversity strategy are race/ethnicity, gender, and sexual orientation.



56% of companies have a designated person responsible for leading diversity efforts; the percentage was 59% back in 2022.



Brands That Have a Diversity Leader Have Better Hourly Turnover



Companies With a
Diversity Leader



14.6%

Lower Hourly
turnover





05. Looking Ahead ...



BBI Projections

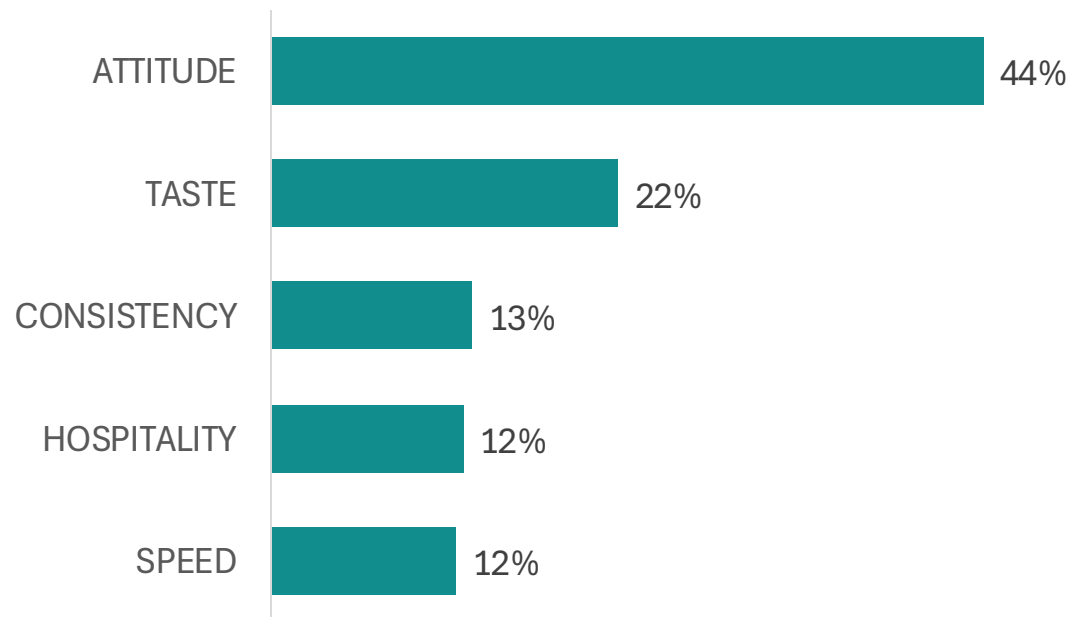
Industry Sales & Traffic | YoY Growth

	Comp Traffic	Comp Sales
Q1 – Q2 Actual	-3.1%	-0.5%
Q3 – Q4 Forecast	-3.9% to -2.6%	-1.4% to -0.1%
2024 Annual Forecast	-3.5% to -2.9%	-0.8% to -0.2%

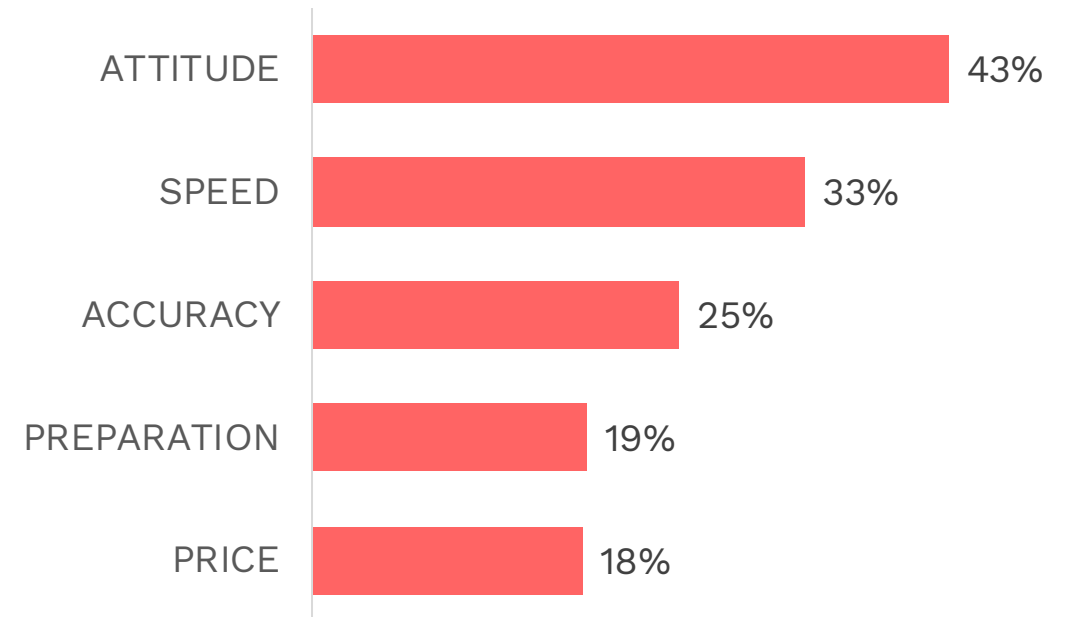
Note: Projection for the year includes actual comp traffic of -3.7% and comp sales of -1.5% in Q1 2024
Source: Black Box Intelligence. Proprietary Research. © 2024 Black Box Intelligence

Full Service: What Drives Will & Will Not Return Sentiment?

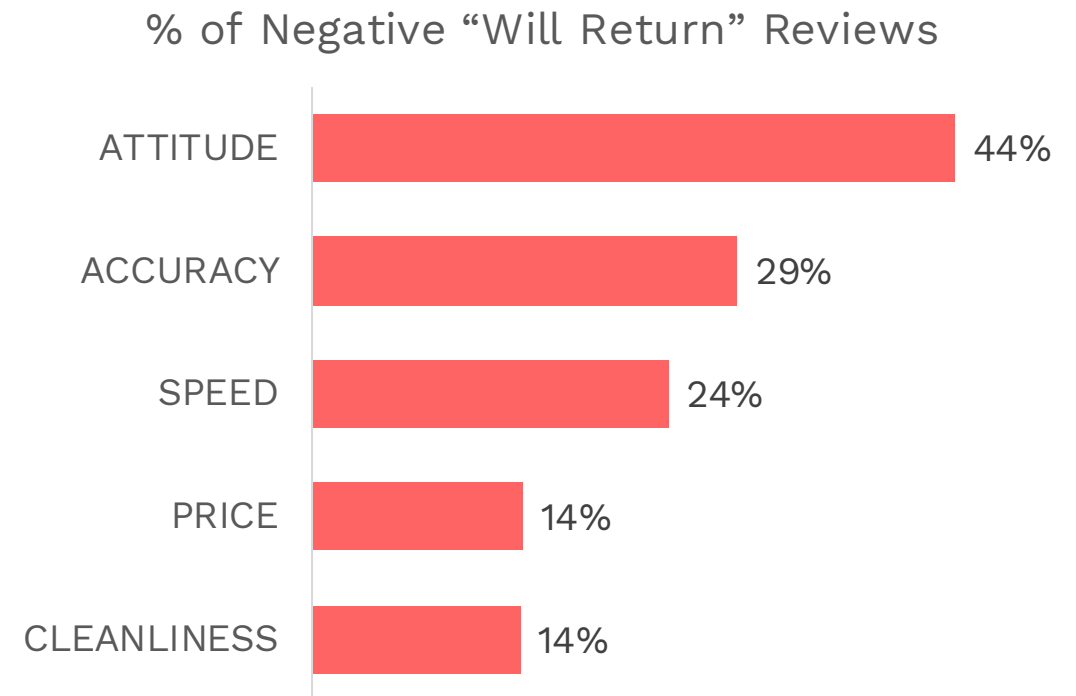
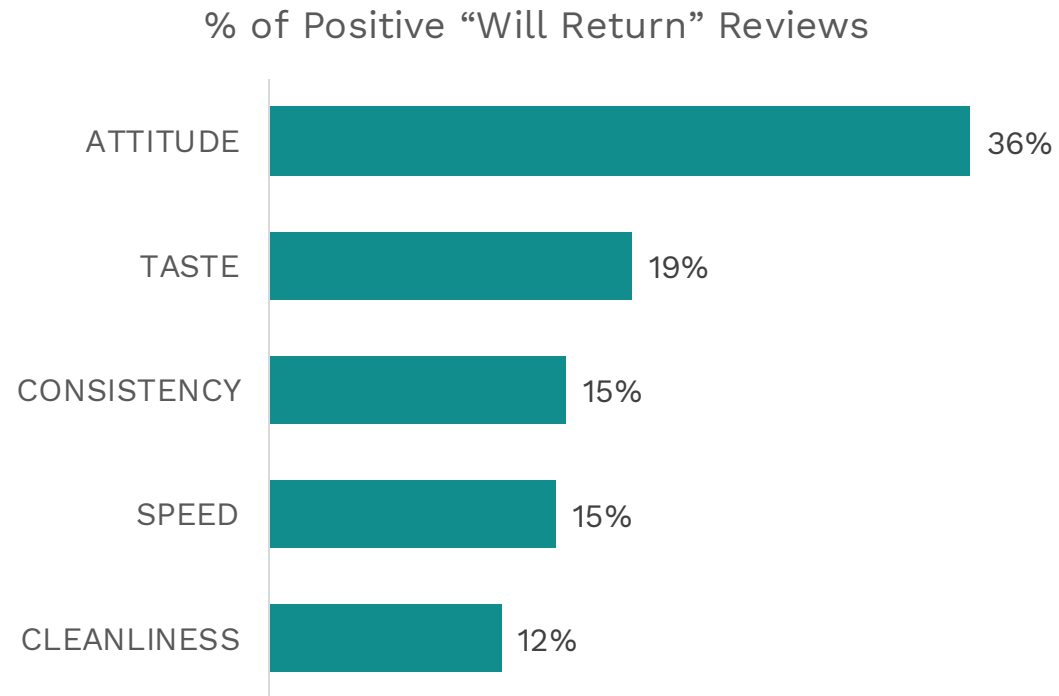
% of Positive “Will Return” Reviews



% of Negative “Will Return” Reviews



Limited Service: What Drives Will & Will Not Return Sentiment?



The Battle for Traffic Market Share is Fierce ...

Every single guest and interaction matters
and only your people can make you win!

Get More from Black Box Intelligence

What next?



Feedback is a gift! How did we do?

Please take our brief post-webinar survey



Q4 State of the Industry Webinar

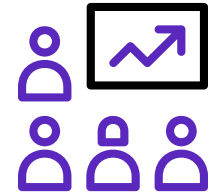
October 24th at 1 PM CT

[See Link](#)



Annual Total Rewards Survey

blackboxintelligence.com/total-rewards-survey-2024/



Webinar – How Marketing Leaders Drive Wide-Spread ASR Improvements

Nov. 21st – 1 PM CT

[See Link](#)

For all BBI research and webinars, go to blackboxintelligence.com/resources

Thank You