

CHAPTER 4
BUSINESS IMPROVEMENT PROJECT
—LAS CANARIAS RESTAURANT LABOR COST CONTROL

4.1 Introduction of Labor Cost Control

4.1.1 Labor Cost in Food and Beverage Industry

In food and beverage industry, labor expense refers to the total of all costs associated with maintaining a foodservice work force and is always larger than payroll expense, which includes wages, salaries and other labor-related costs (Miller & Hayes, 1994, p. 182). When looking into the future success and effectiveness of a restaurant, labor cost is often a major concern on management agenda. In the hospitality industry, compared to the past days, labor cost is more important due to the fact that it actually exceeds the total cost of food and beverage products in most of the foodservice establishments. On a short term basis, the cost of labor can be increased or decreased by hiring more employees, laying off employees, by adding or cutting the working hours, and in some cases, by increasing or decreasing wages. However, there are more determinants which should be taken into consideration when assessing the total cost of labor, such as labor turnover, training, labor legislation, labor contracts, outsourcing, sale volume, location, equipment, layout, preparation, service, menu, weather, and competent management (Dittmer & Desmond Keefe, 2006, p. 521). Although some of which may not be under managers'

control, this chapter mainly discusses on the controllable elements, such as labor turn over, sale volume, productivity, and training.

4.1.2 The Understanding of Labor Cost Control

Labor costs, as food and beverage costs, are typically understood as a percentage of sales. As we use the term in our discussion of cost control and sales in food and beverage business, we should better understand what the cost and sales are. Cost is defined as the expense to a foodservice establishment for goods or service when the goods are consumed or the service are rendered, while in general, the term sales is defined as revenue resulting from the exchange of products and service for value (Dittmer & Desmond Keefe, 2006, p. 12,18).

When labor cost percentages are low and service is at its best, the restaurant is obtaining profit, both upper and lower management are in conformity with labor costs. By the same token, when labor costs are high and service is at a low and not improving in accordance to what additional costs require, upper management will demand a cutback in labor cost. Labor cost control is a method used by management to direct, control and restrain employees' actions in order to obtain desired levels of performance in agreement with the levels of cost (Dittmer & Desmond Keefe, 2006, p. 523). Labor cost control is often misunderstood as simply the reduction of payroll cost, but in reality it is the unity and functionality of labor and service. In addition to its misunderstanding, managers may only see and take into action to correct issues on a short-term basis. Although short-term operations may show immediate and considerable success, it may cause undesirable and irrevocable long-term effects. The purpose of controlling labor costs is to maximize the efficiency and the

effectiveness of the labor force in accordance with the established standards of quality and service and to generate the maximum profit in the hospitality industry.

4.1.3 Literature Review

A great number of studies have been conducted on labor cost (Pavesic 1983; Ferguson & Thomas 1983; Keiser 1974; Emma 1971; Hueter, Jackie & Swart 1998). When people look at labor cost issues, they initially refer to labor scheduling (Beaumont 1997; Bechtold, Brusio, & Showalter 1991). However, compared to the numerous studies of labor scheduling in other industries, such as airline crews, nurses in hospitals and workers in factories, only a few have investigated labor scheduling in hospitality services. Among the few, Love and Hoey (1990) demonstrate that reduced payroll costs and saved management time are benefits of using a microcomputer-based scheduling system in McDonald's restaurants. Thompson (1998a, 1998b, 1999a, 1999b) details a four-step labor scheduling method specifically for the hospitality industry. When the focus turns to table-service restaurant, we find no study that has focused on a scheduling model that incorporates a mix of both part- and full-time employees. To provide high-quality service, it is essential to control the proportion of part-time employees in the combination of labor (Mabert & Raedels 1997).

When actuating the labor cost control in the restaurant business, most operators rely on their personal experience and judgment to determine schedules, but an analysis of Las Canarias restaurant finds that this goal is elusive. In addition to making a good scheduling style, scheduling must include the fact that restaurant work shifts vary from a few hours to as much as ten hours in length, restaurants hire more part-time employees than other service industries (Love & Hoey 1990).

However, even though scheduling is such an important tactic in controlling labor cost, without a proper staff training system, the efforts of reduce labor cost are futile, and service standards could hardly be maintained (Dittmer & Desmond Keefe, 2006).

4.2 Problem Review of Labor Cost in Las Canarias Restaurant

4.2.1 The Overall Labor Expense in Las Canarias Restaurant

A simplified statement that details income, expenses, and profit for a given period of time is called profit and loss statement (Miller & Hayes, 1994, p. 12). It is also referred to as an income statement. Table 4.1 has been extracted from La Mansion Hotel Profit and Loss Statement (See Appendix A) which consists of Food Sales Summary, Beverage Sales Summary, and Labor Cost Analysis of Las Canarias Restaurant in 2008 and 2009. In Table 3.1, although the net revenue in 2009, which combines the food net revenue and beverage net revenue that has dropped 22.7% (See Figure 4.1) in comparison with the net revenue in 2008, the labor expense has also decreased from \$823,500 to 595,592, which dropped 27.6%.

Figure 4.1 Percentage of Net Revenue Decreased by 2009

$$\begin{aligned} & 1 - \left(\frac{\text{Net Revenue 2009}}{\text{Net Revenue 2008}} \right) \times 100\% \\ & = 1 - (\$2,067,766 / \$2,673,546) \times 100\% \\ & = 22.7\% \end{aligned}$$

Table 4.1 Las Canarias Profit and Loss Statement

| LAS CANARIAS PROFIT AND LOSS STATEMENT | | | | | | |
|---|------------------|-------|------------------|-------|------------------|-------|
| DEC-2009 USD | | | | | | |
| | YEAR TO DATE | | | | | |
| | ACTUAL | % | BUDGET | % | LAST YEAR | % |
| FOOD SALES SUMMARY | | | | | | |
| BREAKFAST/A VG CHECK | 237,663 | 10.77 | 330,968 | 14.80 | 327,580 | 14.37 |
| COVERS/CAPTURE RATIO | 22,064 | 0.26 | 22,366 | 0.26 | 22,790 | 0.25 |
| LUNCH/A VG CHECK | 134,697 | 15.59 | 166,206 | 15.90 | 178,246 | 15.30 |
| COVERS/CAPTURE RATIO | 8,639 | 0.10 | 10,450 | 0.12 | 11,650 | 0.13 |
| BRUNCH/A VG CHECK | 329,242 | 33.98 | 313,023 | 32.94 | 359,882 | 34.12 |
| COVERS/CAPTURE RATIO | 9,688 | 0.11 | 9,503 | 0.11 | 10,546 | 0.12 |
| DINNER/A VG CHECK | 935,645 | 42.94 | 1,188,648 | 39.60 | 1,233,362 | 39.82 |
| COVERS/CAPTURE RATIO | 21,791 | 0.25 | 30,016 | 0.35 | 30,972 | 0.34 |
| GROSS REVENUE/A VG CHECK | 1,637,248 | 26.33 | 1,998,845 | 27.63 | 2,099,070 | 27.63 |
| COVERS/CAPTURE RATIO | 62,182 | 0.73 | 72,335 | 0.85 | 75,958 | 0.83 |
| HOUSE ALLOWANCE | (61,008) | | 0 | | (70,586) | |
| GUEST ALLOWANCE | (3,272) | | (45,456) | | (4,743) | |
| FOOD NET REVENUE | 1,572,968 | | 1,953,389 | | 2,023,741 | |
| BEVERAGE SALES SUMMARY | | | | | | |
| DINNER BEVERAGE | 492,798 | | 649,343 | | 650,305 | |
| REV PER COVER | 0 | 22.61 | 0 | 21.63 | 0 | 21.00 |
| HOUSE ALLOWANCE | 0 | | 0 | | (41) | |
| GUEST ALLOWANCE | 0 | | (2,595) | | (458) | |
| BEVERAGE NET REVENUE | 492,798 | | 646,748 | | 649,805 | |
| TOTAL NET REVENUE | 2,065,766 | | 2,600,137 | | 2,673,546 | |
| LABOR ANALYSIS | | | | | | |
| SERVICE FOOD | 595,952 | 28.84 | 776,456 | 29.86 | 823,500 | 30.80 |

There might be a number of reasons that cause a drop in sales to occur, but the primary reason is the current economic recession in the United States. People now would like spend less of their money to travel and dine outside than ever before. Table 4.1 indicates that merely because of revenue decreasing does not imply the business will go belly up. Sometimes controlling the cost may be the determining factor that deters a business from failure and leads a business into success. When

restaurant executives are asked to indicated the most strategic issues facing the industry in the immediate future, in almost every survey, labor cost and turn over will very likely be mentioned.

There are several ways to calculate the labor cost expense in Las Canarias to determine whether it is effective or undesirable. The results help management to control the cost and review the restaurant business performance. There are also many factors used to generate results, which includes an assessment of labor productivity. In general, productivity is the relationship between output of goods or services and the input of manpower, money, or materials. When the percentage of output increases faster than input, goods and services are then being produced more efficiently and at a lower unit cost, and thereby generates a rise in productivity. By using the traditional labor cost ratio formula, as shown in Figure 4.1, we can conclude (See Table 4.1) that the labor cost ratio of Las Canarias in 2009 which is in the mount of 28.84 is less than the labor cost ratio in 2008 which is 30.80. Although the current analysis concludes that the sales of Las Canarias in 2009 have decreased, labor productivity is more efficiency than the previous year of 2008.

However, No single measure can be used to evaluate labor productivity efficiently; thus, management must utilize multiple measures collectively. The five additional measures that need to be included with the traditional labor cost ratio are:

- a. Total labor hours
- b. Sales per labor hours
- c. Covers per labor hour
- d. Labor cost per sales
- e. Labor cost per cover

There is no universal productivity standard that can be applied to every restaurant. Before productivity standards can be established, relevant data must be assembled and analyzed. To obtain this standard, of the five factors listed above, we firstly begin with the analysis of the productivity scheduling.

4.2.2 Problem Review of Labor Cost Control in Las Canarias Restaurant

Employee scheduling is like putting a puzzle together in that estimated sales from the business demand analysis and set standards are used in conjunction to schedule and estimate labor needs (DeFranco & Noriega, 2000, p. 276). A restaurant's business is characterized by periods of idleness followed by periods of intense rushing. Poor employee scheduling by management should be avoided as it causes low productivity and results in service flaws. During the work week in Las Canarias, at times, an ineffective employee schedule is created. It might not happen very often, but when it does, it affects the business performance, and also affects the employees' working emotional stability as well. When operating shorthanded, the labor problems are more than when the restaurant is overstaffed. For instance, when managers schedule inadequate workers to work during a busy operation period in Las Canarias Restaurant, the level of stress for each worker is extremely high, and this would result in decreasing the quality of service and leaves the restaurant susceptible to mistakes and complaints. If the scheduling oversight happens frequently, employees will lose the faith in the management decision, eventually they will become discouraged, burn out, and quit. Moreover, customers notice disorganization and poor service, which will eventually cause them to not return to the restaurant.

This type of scheduling mistakes can be taken from a number of reasons, one of which is the different concerns of labor cost between top management and operation management. Top manager inclines to give priority to low labor cost percentage and to monitoring the ratio of payroll to sales, but unit managers tend to rationalize higher labor cost percentages on a qualitative as well as quantitative basis. When labor cost percentages are low during certain periods and service is at its best, both top and unit managements are in harmony on labor cost. However, when labor costs are high and service has not been improved in proportion to the additional costs incurred, top management will demand a reduction in labor cost. Following are some other samples of scheduling problems which have occurred in Las Canarias:

1. Lacking control of reservations.

Although it is impossible for a restaurant to directly control the customer's use of a table, careful process control and analysis can make the restaurant's operations (include menu design, kitchen operation, and service procedures) as effective as possible for moving the meal along (Kimes n.d). Las Canarias in its long running history is known for its delectable cuisine. Although customers who come to the restaurant look forward to a remarkable dining experience, they don't foresee their dishes brought out long after their order has been taken. Las Canarias restaurant must incorporate a time management system to eradicate the large gap between the taking of orders and the presenting of dishes. Especially during peak hours, Las Canarias finds it extremely challenging, and often defeating, to be able to handle the high volume of costumers. Inexperienced hosts in Las Canarias restaurant are able to only make take reservations, but lack the knowledge of when customers are most likely to appear, and are unable to predict

how many tables will be utilized at certain time. If a high volume of customers arrive simultaneously, it will not only be difficult for the servers to attend to all the guests, but for the kitchen to deal with the massive orders on time as well. Moreover, it also results in lacking of providing helpful information to managers in order to make a proper schedule for the rushing time. That is a matter of creating a forecast based on the restaurant's history and of carefully managing reservations.

2. Over-time working can significantly increase labor cost.

In United States, the Fair Labor Standards Act (FLSA) requires that regular pay for an employee be based upon a 40-hour work week. The FLSA also requires that overtime pay be given for any hours worked in excess of 40 hours in a week, and the overtime must be paid at the rate of 1.5 times the employee's regular hourly rate. At times, when business becomes busy, managers in Las Canarias prefer to use their own full-time staff to cover the morning shift and evening shifts. By using the full-time staff, managers can obtain benefits from the employees who are well-trained and are familiar with the working environment in order to provide the guaranteed good service. Adversely, doing this way could also increase the amount of over-time hours. In Table 4.2, it shows the amount of overtime hours of different department of La Mansion Hotel in December of 2009. We conclude the overtime working hours of the Food and Beverage Department is greater than the hours of other departments combined. To reduce the huge amount of overtime hours, there are many ways that management can implement, such as hiring part time employees, employees who are on-call, agency staffing, and associates from other departments who are willing come to help, for instance ,the servers in Banquet Department.

Table 4.2 Overtime Hours in La Mansion, January 2009

| | Overtime Hours | Overtime Paid |
|-------------------|----------------|---------------|
| Room Division | 197 | \$2,999 |
| Food and Beverage | 624 | \$7,276 |
| Other | 367 | \$7,102 |
| Total | 1188 | \$17,371 |

3. Flexible working hours.

Business in the hospitality industry is significantly determined by the season and tourism in San Antonio is certainly no exception. Certain months of the year are considered the low season, which includes; January, February, June, and September. During these low seasonal months, some of the associates are encouraged to take advantage of the Take Time Off (also PTO) which is the great benefit for all the employees from the policy of Omni Hotels. Based on the business, management can schedule some other employees to have more than two days off per week, arrange employees to begin their shift a few hours later than the usual working schedule or send them home a few hours before the end of their shift. However, manager must be careful of making those kinds of decisions, or it might give rise to new issues. For example, if managers have overscheduled and are having to send someone home every night, managers will need to find a way to fairly determine who goes home. If it is the same employee every shift, that employee will find that his or her paycheck is greatly reduced. Another example, the slack period in January, managers scheduled sever assistants of the evening shift to come to work at 5 o'clock instead of the regular time which is 4 o'clock. The fact is that the restaurant staff always has a pre-shift meeting from 5:10 to 5:30, and Las Canarias opens for dinner at 5:30 in the evening. Placing the pre-shift meeting back an hour leaves the sever assistants a disadvantage with not enough time to prepare for the

dinner operation. The lack of time for preparation prevents the employees from completing tasks such as polishing silver ware, water glasses, wine glasses, and folding napkins. Without the necessary tools, the employees must rush back and forth and it results in the restaurant not being equipped to serve properly, especially for the unexpected walk-in guests who come for dinner. This should be an indication for the need of schedule modification in order to balance the labor cost and the quality of service.

4. Scheduling sever assistants in morning shift.

Breakfast operation in Las Canarias is completely different from dinner. Even though they both serve the same A La Carte menu, breakfast serves the more traditional American and Mexican food, where as dinner serves the outstanding New American cuisine combined with French cuisine. Breakfast sales are more dependent on the occupancy of the hotel, and breakfast mainly serves in-house guests; on the other hand, dinner creates the fine dining theme that attracts customers from different ends of the city and even in extension of South Texas. As a matter of course, the price of dinner is considerably higher than breakfast. Back to Table 4.1, we can note that dinner sales in 2009 are much higher than breakfast and the average amount of the check is higher as well. Thus, considering that servers' tip are generated from the sales, servers who work for dinner can have more revenue than the servers who work for breakfast. Based on the daily business operation, it seems effective to pair one server assistant with one server for one section of the dining room, but for the breakfast, the tips that an assistant server receives from the server are scarce or nonexistent, this causes high employee turnover rates in the morning shift, which inevitably results in higher labor cost.

5. Scheduling the Kitchen.

In the hotel business, although the restaurant managers are normally not in charge of the kitchen, and there is Executive Chef and his management team to manage the kitchen, but the truth is, we all are a team. Without the kitchen's support, there is no business in the restaurant, and also without the restaurant's effort, no kitchen exists. At this point, the scheduling of kitchen is also important. However, sometimes it does happen that the kitchen is shorthanded, as reflect from the customers' feedback on the assessment of Timeliness on the Medallia, which is an online system that provides a coordinated, powerful way to monitor and improve services and products at every point of contact with the customer.

The kitchen has its own timely standards for getting the food prepared and sending it to the table, for instance, amuse bouche must be on the table in 5 minutes after ticket has ringed up, appetizer must be sent out from the kitchen in 10 minutes after amuse bouche has been sent out, and etc,. However, there is only one kitchen line in the La Mansion del Rio Hotel, which means the only kitchen has to be responsible to the room service section, two hotel bars, and of course, Las Canarias Restaurant. So it's not hard to imagine how busy the kitchen is at the peak season, when festivals are being held in the city, or what disaster will occur if the same amount of cooks is scheduled as it would be during the slow season. Therefore, if the scheduling in the kitchen is not well managed, it will not only affect the restaurant, but the whole Food and Beverage Department, and the Hotel's business as well. So it's essential to construct new methods to create new schedules to solve this problem. And we will demonstrate those methods in the following parts.

4.3 The Methods of Making a Proper Schedule

for Las Canarias Restaurant

The common scheduling method is that managers routinely review staffing levels in the most recent weeks. On the sole basis of collection, they decide whether the level of staffing was sufficient to meet customer's needs. This entire scheduling process depends on remembering the details of past performance. The restaurant may fall short in recognizing essential differences among fixed payroll, variable payroll and semi-variable payroll and neglects to take sales records into account, so that it may fail to provide the most effective labor cost control. Therefore, following are some important elements given to managers of Las Canarias who are attempting to develop schedule for employees and to control labor costs.

4.3.1 Variable Payroll, Fixed Payroll, and Semi-Payroll

1. Variable Payroll.

Variable payroll consists of compensation paid to hourly employee (Schmidgall, Hayes & Ninemeier, 2002, P. 261). Generally, as the manager anticipates increased business volume levels in the restaurant, there is a need to add additional hourly employees. As a consequence the total labor cost increases for this category, vice versa. Typical examples of variable payroll labors are servers, server assistant, food runner, hostess, and bartender. For this category of employees, the total cost of labor is higher during peak hours than it is during nonpeak hours.

2. Fixed Payroll.

This term refers to the amount the restaurant pays in salaries. This amount is fixed in that it normally remains unchanged from one pay period to the next, and is unrelated to business volume. Typical examples of fixed payroll labors in Las

Canarias are managers. Since the cost of their services tends to remain relatively constant, we will focus on the variable-cost workers as to make the schedule.

3. Semi-fixed Payroll.

It is also known as mixed payroll, which is one that contain both variable and fixed payroll elements. This payroll method nowadays becomes more popular in the United States. This type of payroll is variable according to the restaurant business performance. If there is no business, then a fixed payroll is still incurred.

4.3.2 *Keeping Records of Business Volume*

A very important step that managers should take before scheduling employees is to keep records of business volume. These typically are in the form of tallies of numbers of covers served. For best results, these records should be made daily and hourly.

1. Daily Records

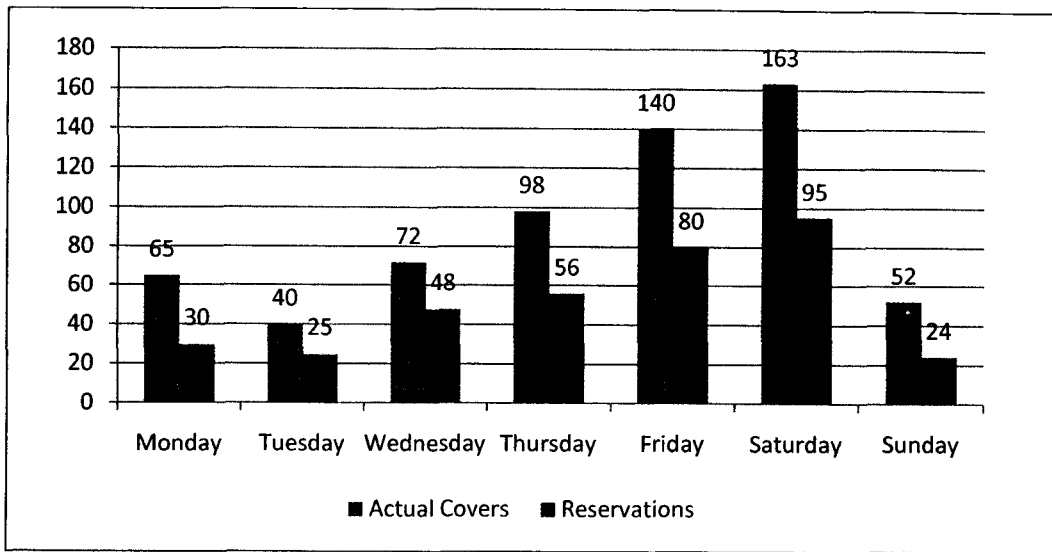
Several techniques are commonly used for determining the number of covers served daily. The most common method in the current hospitality industry is to use electronic means to record sales. In Las Canarias Restaurant, it is always done by Micro POS system, which stands for Point Of Sales which is the location where a transaction occurs. Typical restaurant POS system is able to print guest checks, print orders to kitchen and bars for preparation, process credit cards and other payment cards, and run report ("Point of Sale" n.d.).

In addition, forecasting is the most important daily tally in Las Canarias, which helps managers to stay in a better business position that determine today what condition and sales volume are likely to be encountered. When management predicts the breakfast business, Las Canarias Restaurant references the Omni La Mansion del

Rio Hotel Full Daily Business Analysis (See Appendix B) to find out the hotel room occupancy. For instance, if the occupancy on Monday is 50%, fewer servers and server assistants are scheduled, but when Occupancy is above 85% on Saturday, the entire morning crew might be scheduled. As for the Fine Wine Dinner, Las Canarias prefer to track reservations by using the Open Table, which is an online real-time restaurant reservation service which provides managers with a comprehensive reservation management system. It works by utilizing the ERB (Electronic Reservation Book) as integrated software and hardware solution that computerizes restaurant host-stand operations, and it is very powerful that handles reservation management, table management, guest recognition, and email marketing (“Open Table n.d.”).

Using those electronic tools, and with data collected over a suitable period, business volume can be forecasted with some reasonable degree of accuracy. For example, Las Canarias has found that Monday and Tuesday is normally slower than Friday and Saturday. Knowing this information in advance, managers are able to schedule an appropriate number of employees for each of the days, with fewer on Mondays and more on Fridays. Such records also enable manager to spot such things as seasonal variations in business volume, which should always be taken into account in scheduling staff. Obviously, nontypical days and weeks resulting from such unforeseen circumstances as bad weather must be dealt with as it occur. An illustration of dinner business volume by day of the week of Las Canarias appears in Figure 4.2. From this illustration, managers are able to recognize that the actual covers are more or less twice than the reservations every day.

Figure 4.2 Numbers of Dinner Covers Served per Day for Week Ending November 14



1. Hourly Records

Daily records enable manager to schedule employees workdays and day off in accordance with anticipated needs. However, it does not help with problems posed by hourly fluctuations in demand. For example; the lunch and dinner hours for the restaurant are the periods of the highest volume of activity, the time in between these periods are of very low movement. The middle afternoon, while waiting for the next busy time to start, is the time where employees are tend to slack. A large number of employees are necessary to accommodate the high volume of customers at lunch time, but in the interest of controlling labor cost, it is essential to create a precise schedule in order not to keep all of the staff on hand during the low period which is from the end of lunch to the start of dinner.

However, improved scheduling is possible only if the manager can forecast properly and know which busy times are and which are comparatively slow. This is can be done by consulting hourly records of business volume—the key to

designing employee schedules intended to maximize employees efficiency and minimize excessive labor cost (Dittmer & Desmond Keefe, 2006, p. 545). Based on this method, Open Table system can be greatly helpful that can track the guest numbers while they are seated by hostess. Therefore, Table 4.3 is an example of a form that Open Table tracked on Thursday, January 28, from 17.30 when the Las Canarias Restaurant is opened, to 22.30 when it is closed.

Table 4.3 Open Table Tally of Cover Served

| Time | 17.30 | 18.00 | 18.30 | 19.00 | 19.30 | 20.00 | 20.30 | 21.00 | 21.30 | 22.00 | 22.30 |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of Covers | 6 | 12 | 12 | 32 | 36 | 11 | 6 | 1 | 5 | 4 | 2 |

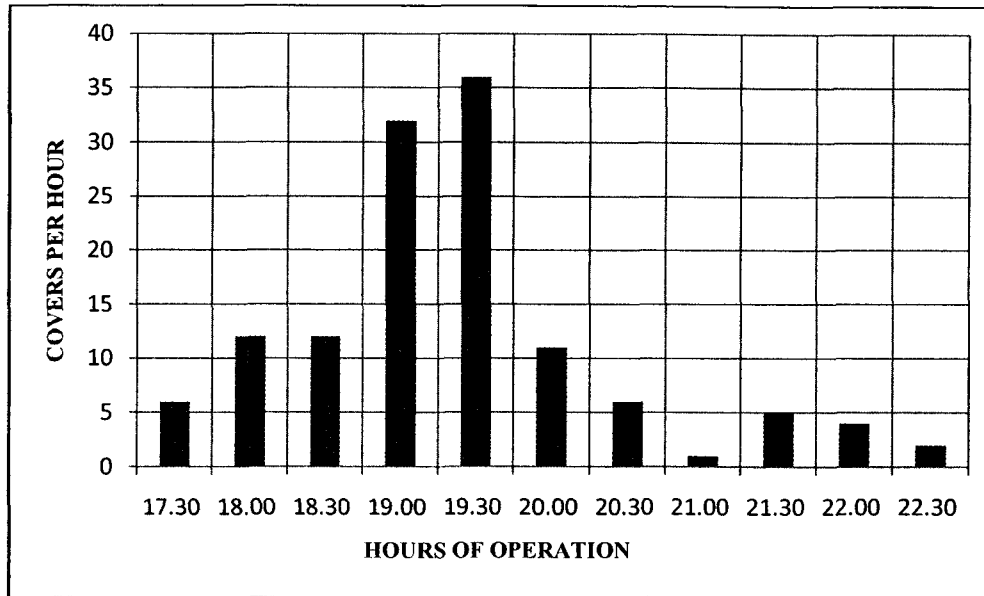
Hostess plays a very important role in manipulating those records by the following processes.

- 1) Receive guests' name when they come in for dining.
- 2) Arrange the table for guests and seat them.
- 3) Input the guest's information in Open Table.
- 4) Match guest's table number with the table in Open Table.
- 5) Remove the guest from the table on computer after they left.

It must be noted that manual means for developing hourly customer counts are rapidly being rendered obsolete by the sophisticated computer system in foodservice. Managers can quickly accumulate a useful set of figures reflecting the hourly volume of business in the establishment. By developing and maintaining this information on a regular basis, managers can better schedule variable-cost employees and thus control labor cost most effectively. Table 4.3 is an example of

the hourly volume of business which has been tabulated for a given day. These tabulated figures also can be shown on the graph in Figure 4.3.

Figure 4.3 Customer Counts by hours of Operation January 28, 2010



2. RevPASH

We've known that airline companies measures the Revenue per Available Seat Mile, and hotels measures the Revenue per Available Room Night, therefore, doing something similar with the seating and profit performance, Food and Beverage industry uses RevPASH, which simply stands for Revenue per Available Seat Hour, to capture more of the restaurant's actual performance in their analysis than does average check or typical food or labor cost percentages. Based upon the method of making hourly records, we can continuously track the daily business records and develop the customer hourly counts to revenue management strategies. Table 4.4 is an example of Revenue per Available Seat Hour on Christmas Day of 2009.

Table 4.4 RevPASH on Dec 25, 2009

| | Seats | Cover Served | Per Head Spend | Total Sales | F&B Cost | Gross Profit |
|---------------|--------------|---------------------|-----------------------|--------------------|---------------------|---------------------|
| 17.30-18.30 | 180 | 20 | \$52.60 | \$1,052 | \$415 | \$637 |
| 18.30-19.30 | 180 | 80 | \$60.50 | \$4,840 | \$1,550 | \$3,290 |
| 19.30-20.30 | 180 | 65 | \$58.80 | \$3,822 | \$982 | \$2,840 |
| 20.30-21.30 | 180 | 40 | \$64.30 | \$2,572 | \$805 | \$1,767 |
| 21.30-22.30 | 180 | 25 | \$56.80 | \$1,420 | \$465 | \$955 |
| TOTALS | 900 | 227 | \$58.62 | \$13,706 | \$4,217 | \$9,489 |

Seating efficiency: 25.22%
Rev. per Seat Hour: \$15.23

F&B COST: 30.77%

From the table above, we can see that on December 25, there are 180 seats opened in Las Canarias. Within the dinner operation time, which is 5 hours, there are totally 900 seats available. However, at that night there are only 227 seats were taken, so the seating efficiency rate is fairly low, which is 25.22%, calculated as $(227/900) \times 100\%$. We also can see from the table that the total sales and the food and beverage cost are \$13,706 and 4,217 respectively, so the percentage of food and beverage cost would be 30.77%, calculated as $\$4,217/\$13,706$, which indicates the cost is under control. In addition to the RevPASH, the result is \$15.23, calculated as total sales divided by total seats, which means during the operation time, each seat can generate \$15.23.

It's arguable that RevPASH can be increased by raising the menu price. Indeed, pricing approaches involves setting prices according to customers' demand characteristics, and pricing strategies must be approached carefully to avoid the appearance that the restaurant seeks to gain at the expense of customers (which customers view as unfair) (Kimes, 2002). As we mentioned before, diners who come to Las Canarias for dinner are not as concerned about price as they are about the dining experience. The elaborate four-course cuisine, the well-selected wine, and

even the enjoyable guitar performance form the unique dining experience which the diners can hardly find from somewhere else. Therefore, even though the seating efficiency is comparatively low, the average check is still high, compared with the Mexican-food restaurants in town. Moreover, the RevPASH, which is \$15.23, is also much higher, compared with the average rate of Mexican-food restaurants on the River Walk, which is approximately \$8.

4.3.3 Developing Schedule for Employees

Labor cost control involves in proper hiring, training, and supervision. It requires that these are done to the optimum, therefore the management biggest concern is to schedule the employees whether they are needed or not needed based on the business level. With appropriate information obtained from records of daily and hourly business volume, a manager is able to develop schedules for employees properly. Also, there are three factors need to be concerned by managers: People, Position, and Time. Like a football game, the coach always demands to place the best players in their suitable position when they are playing an important game. The same idea is used when a restaurant manager makes up the schedule. Managers, including the Chef Manager and the Steward Supervisor has to work together to provide the best servers, hosts, cooks, bartenders, and even dishwashers strategically to optimize productivity and customer service and to make sure all the restaurant operation is smooth.

The staffing requirements for each and every job category will reflect the forecasted customer count. An example scenario might be as follows: using servers and server assistants, the dinner period is five hours long, the dining rooms has 30 tables and 130 seats, divided by 4 sections, and the other section which is the patio

has 10 tables with 28 seats, and an average of 100 seats are occupied. Each server will be assigned each one section with 5 to 8 tables and will serve 30 to 40 covers over the course of the shift, based on their capabilities. It results in six experienced servers will likely need to be scheduled. Referring to the limited data in Figure 4.2 and Figure 4.3, the staffing table can be established. Table 4.5 is a staffing table for servers in a Las Canarias on Friday, January 22, 2010.

**Table 4.5 Staffing Table for Servers in Las Canarias
Restaurant on Friday, January 22, 2010**

| Hours of Operation | Anticipated Covers | Servers Required |
|--------------------|--------------------|------------------|
| 06:00 to 07:00 | 2 | 2 |
| 07:00 to 08:00 | 20 | 3 |
| 08:00 to 09:00 | 60 | 3 |
| 09:00 to 10:00 | 80 | 4 |
| 10:00 to 11:00 | 80 | 4 |
| 11:00 to 12:00 | 40 | 4 |
| 12:00 to 13:00 | 30 | 3 |
| 13:00 to 14:00 | 10 | 2 |
| 14:00 to 15:00 | 5 | 1 |
| 15:00 to 16:00 | 15 | 1 |
| 16:00 to 17:00 | 5 | 6 |
| 17:00 to 18:00 | 20 | 6 |
| 18:00 to 19:00 | 60 | 6 |
| 19:00 to 20:00 | 80 | 6 |
| 20:00 to 21:00 | 80 | 6 |
| 21:00 to 22:00 | 40 | 5 |
| 22:00 to 23:00 | 15 | 2 |
| 23:00 to 24:00 | 0 | 2 |

Las Canarias begins serving breakfast at 6.30, as Table 3.5 shows, although there only two guests are expected during 6.00 to 7.00, there is still a need for two servers on the floor is so that the side work can be completed before the restaurant is open. The side work includes pouring the fresh coffee, filling sugar and salt on each table, and making sure for all the stations are well prepared so that they are ready to serve. From the Figure, it also tells that the slack time in Las Canarias Restaurant is between 13.00 to 16.00, during this time period manager has to keep at

least one server to be on duty in case of having some unpredicted walk-in guests. And the morning crew also has to complete their side work as well before them off duty, in order to prepare everything for the evening shift.

Although the staffing table is created that only to serve as a reference, it allows managers to ideally have an insight of directing certain number of employees in particular operation period. As it is impractical to use scheduling guidelines from another operation for our own businesses, in addition to customer counts and employees capabilities, some unique characteristics and conditions of Las Canarias Restaurant pose additional considerations that need to be factored into the scheduling of employees. For example, the number of tables in the dining room, the number of seats of those tables, and the distance of stations to the kitchen and/or bar. Another particular example that influences the scheduling in Las Canarias Restaurant is, every Saturday night the dinner crew has to set up the dining room for the Sunday Brunch, To set up for Sunday Brunch, it often occurs that employees remain on the clock past their scheduled departure time because they are still cleaning up, doing their side word, and rearrange the tables regarding the requests of the reservations to make sure there are enough seats for the guests. This requires that no matter how the business is on Saturday evenings, the minimum amount of employees, which is at least five servers and five server assistants, must continue to work until all the preparation, for the business of the following morning, is completed. In general, the arrival and departure of the employees should correspond to the volume of customers expected, and the number of employees gradually increases to its maximum during the peak volume periods and is gradually reduced as the restaurant approaches closing time (Pavesic & Magnant, 2005, p. 400).

4.4 Labor Cost Ratio analysis of Las Canarias Restaurant

Now that we have presented and detailed each factor regarding the labor cost, we will now use those tools to create an efficient and functional scheduling system and then analyze the labor productivity generated from the data. Table 4.6 is an example that has been created by scheduling for the Las Canarias Restaurant on Saturday, February 13, 2010. It consists of three main components, which are hotel occupancy information, employee scheduling, and the business forecast and the productivity measures. Acknowledging the Omni La Mansion del Rio Fully Daily Business Analysis (See Appendix B), managers would have an insight of the hotel daily business and guests' information so that they are able to arrange productive employees who are competent to the tasks. And in addition to better understanding the Table 4.6, there is one more aspect which should be noticed. In Table 4.6, morning server Emmanuel has scheduled as R/O, which is the initial of the term 'Request Off', which is the benefit for all the employees who can request certain days off according to their personal situation. However, not every off-request should to be approved by managers. When managers make the decision of approving the R/O, they have to look into how the business will be, and how many associates of the same position have been scheduled off on that day. If it is imperative for the employees having the day off as per the requests, managers should be able to find out other workforces to replace them in order to perform the business operation.

Table 4.6 Scheduling For Las Canarias Restaurant

| SATURDAY FEB 13 | | | | | | | |
|------------------------------------|--------------|--|-------------|-----------|----------------|-------------|------------|
| OCCUPIED ROOMS: | 335 | | | | | | |
| ARRIVALS: | 136 | | | | | | |
| DEPARTURES: | 149 | | | | | | |
| | Rate (\$/hr) | | Shift Start | Shift End | Time (hrs:min) | Total Hours | Total \$ |
| AM HOSTESS | | | | | | | |
| Destiny | \$8.00 | | 6:00 | 15:00 | 8.00 | 8.00 | \$64.00 |
| Rosa | \$8.00 | | OFF | OFF | 0.00 | 0.00 | \$0.00 |
| AM SERVERS | | | | | | | |
| Emmanuel R. | \$2.50 | | R/O | R/O | 0.00 | 0.00 | \$0.00 |
| Ignacio H. | \$2.50 | | OFF | OFF | 0.00 | 0.00 | \$0.00 |
| Maria S. | \$2.50 | | 5:30 | 15:30 | 8.00 | 8.00 | \$20.00 |
| Janet L. | \$2.50 | | 5:30 | 15:30 | 8.00 | 8.00 | \$20.00 |
| Philip H. | \$2.50 | | 5:30 | 15:30 | 8.00 | 8.00 | \$20.00 |
| Sim B. | \$2.50 | | 8:00 | 16:00 | 8.00 | 8.00 | \$20.00 |
| AM DRA | | | | | | | |
| Dewin B. | \$6.50 | | 6:30 | 14:30 | 8.00 | 8.00 | \$52.00 |
| Sandeep D. | \$6.50 | | 7:00 | 15:00 | 8.00 | 8.00 | \$52.00 |
| TOTAL HOURS OF FRONT HOUSE | | | | | 56.00 | 56.00 | \$248.00 |
| FORECAST | | | | | | | |
| Forecast F&B Sales | | | | | | | \$1,400.00 |
| Forecasted Covers | | | | | | | 80 |
| LABOR PRODUCTIVITY MEASURES | | | | | | | |
| FOH Wages / F&B Sales (%) | | | | | | | 17.71% |
| FOH Wages / Cover (\$/Cover) | | | | | | | \$3.10 |
| Cover / FOH Labor Hour | | | | | | | 1.43 |

Table 4.6 Scheduling For Las Canarias Restaurant (Continued)

| PM HOSTESS | Rate (\$/hr) | Shift Start | Shift End | Time (hrs:min) | Total Hours | Total \$ |
|------------------------------------|--------------|-------------|-----------|----------------|-------------|------------|
| Gigi D. | \$8.50 | 15:00 | 23:00 | 8.00 | 8.00 | \$68.00 |
| Jessica L. | \$8.25 | 13:00 | 21:00 | 8.00 | 8.00 | \$66.00 |
| PM SERVER | | | | | | |
| Brahim N. | \$2.50 | 16:00 | 24:00 | 8.00 | 8.00 | \$20.00 |
| Daniel C. | \$2.50 | OFF | OFF | | | |
| Kevin D. | \$2.50 | 15:00 | 24:00 | 9.00 | 9.00 | \$22.50 |
| Jeffrey G. | \$2.50 | 15:00 | 24:00 | 9.00 | 9.00 | \$22.50 |
| Richard W. | \$2.50 | 16:00 | 24:00 | 8.00 | 8.00 | \$20.00 |
| Rick M. | \$2.50 | 16:00 | 24:00 | 8.00 | 8.00 | \$20.00 |
| PM DRA | | | | | | |
| Ulysses D. | \$6.50 | 16.00 | 24.00 | 8.00 | 8.00 | \$52.00 |
| Martha R. | \$6.50 | 16.00 | 24.00 | 8.00 | 8.00 | \$52.00 |
| Weilin W. | \$6.50 | 15.00 | 24.00 | 9.00 | 9.00 | \$58.50 |
| Madhu K. | \$6.50 | 16.00 | 24.00 | 8.00 | 8.00 | \$52.00 |
| Antonio C. | \$6.50 | 16.00 | 24.00 | 8.00 | 8.00 | \$52.00 |
| Akrim M. | \$6.50 | 15.00 | 24.00 | 9.00 | 9.00 | \$58.50 |
| BARTENDER | | | | | | |
| Ruben B. | \$4.50 | 14.30 | 22.30 | 8.00 | 8.00 | \$36.00 |
| TOTAL HOURS OF FRONT HOUSE | | | | 116.00 | 116.00 | \$600.00 |
| FORECAST | | | | | | |
| Forecasted F&B Sales | | | | | | \$5,500.00 |
| Forecasted Covers | | | | | | 110 |
| LABOR PRODUCTIVITY MEASURES | | | | | | |
| FOH Wages / F&B Sales (%) | | | | | | 10.90% |
| FOH Wages / Cover (\$/cover) | | | | | | \$5.45 |
| Cover / FOH Labor Hour | | | | | | 0.94 |

4.4.1 Daily Total Labor Hours

Each time operation is processed, daily total labor hours worked is tallied. Table 4.6 shows the forecast total hours of the morning shift and evening shift are 56 hours and 116 hours respectively, when there is a variance in the total hours actually worked compared to those scheduled, management must investigate to discover the reason for the overage. If labor hours are further broken down by job categories, the employee category causing the overage can be discovered. See Table 4.7.

Table 4.7 Total Labor Hours by Job Category

| | HOURS | FORECAST | VARIANCE |
|------------|-------|----------|----------|
| HOSTESS AM | 8 | 8 | 0 |
| HOSTESS PM | 15 | 16 | (1) |
| SERVER AM | 28 | 32 | (4) |
| SERVER PM | 40 | 42 | (2) |
| DRA AM | 20 | 16 | 4 |
| DRA PM | 52 | 50 | 2 |
| BARTENDER | 9 | 8 | 1 |

4.4.2 Sales per Labor Hour

This index is calculated by dividing sales by the total labor hours worked (Pavesic & Magnant, 2005, p. 390). As the morning shift of Table 3.6 shows, the sales per labor hour is \$25 (\$1,400/54), is lower compared to the evening shift, of which sales per labor hour is \$47.41 (\$5,500/116). Suppose the standards of morning shift were sales of \$25 per labor hour, if the operation's sales per labor hour met or exceeded the standard, the manager is thought to be scheduling his labor productively. Once upon a time, Las Canarias Restaurant was used to arrange one assistant server to pair one server, considering the assistant servers' high hour rate and high turn-over rate, managers decided to reduce the assistant servers from the morning shift. This also greatly supports the idea that improves the index of sales per labor hour.

4.4.3 Covers per Labor Hour

In restaurant business, the index of covers per labor hours is considered as the most "inflation-proof" indicator of productivity (Pavesic & Magnant, 2005, p. 391). Here the customer count served is divided by the number of labor hours worked. According to the Table 4.6, the index of morning shift is 1.43 (80/56), and the index of evening shift is 0.94 (110/116). At this point, the AM labor productivity

is somehow more positive than the PM labor productivity. However, as we mentioned before, the breakfast and dinner in Las Canarias Restaurant are totally different operation and offer the guests different dining experience. Thus, even though the covers per labor hour index of dinner operation is slightly below 1, it still can be considered as an acceptable result due to the business performance.

4.4.4 Labor Cost per Sales

This index is calculated by dividing total payroll by the expected sales (Pavesic & Magnant, 2005, p. 392). For example, in Table 4.6, the morning shift labor cost per sales index is 17.71% ($(\$248/\$1400) \times 100\%$), which presents that every \$100 sales can generate \$17.71 labor cost. Compared with the index of evening shift, which is 10.90% ($(\$600/\$5500) \times 100\%$), the morning shift labor cost generates less sales than the evening shift. At this point, it shows that the labor productivity of morning shift is lower than the evening shift, even though it costs fewer wages and serves more covers under certain hours according to the cover per labor hour index.

4.4.5 Labor Cost per Cover

This index is calculated by dividing payroll by the number of covers served during the period the payroll covers (Pavesic & Magnant, 2005, p. 392). For instance, again, back to Table 4.6, the labor cost per hour index of the morning shift is \$3.10 ($\$248/80$), while the index of evening shift is \$5.45 ($\$600/110$). It indicates that in the breakfast and lunch, serving every guest only cost \$3.10 from labor cost, but it costs \$5.45 of labor cost by serving the dinner. Similar with the cover per labor hour index, it doesn't mean that the evening labor productivity is poorer than the one in the morning. By comparing the dinner average check, which is \$55 ($\$5,500/110$),

with the breakfast average check, which is \$17.50 (\$1,400/80), and by considering the service quality that the employees provided, the comparatively higher labor cost per cover index of evening shift as \$5.45 can be satisfied.

4.5 Staff Training of Las Canarias Restaurant

In the previous section, we have established proper employee scheduling for Las Canarias and analyzed the labor productivity. And the next labor cost control process is training employees to follow the standards and standard procedures that Las Canarias Restaurant established. The primary purpose of training is to improve job performance. This is a very important step in the successful control of labor cost, because the well-trained employees can be more efficient at work, which enable management to keep labor costs to their practical minimum. Also, employees who are properly trained will be better understanding the goal of the restaurant business, and also be able to work as a team to highly perform their job effectively to achieve the goal. Moreover, properly trained employees will learn the specifics of the job he or she is expected to do so that employees can find the core value of what they are doing, and will have opportunity to maintain or improve their job skills and interests. Moreover, the high employee turn-over rate of hospitality industry could be somehow decreased by the training process, as we know that high employee turn-over rate could cause the high labor cost as well.

In Las Canarias restaurant, management creates a learning environment and provides a desirable training system for all the associates. Following are some main approaches of training activities in Las Canarias restaurant.

4.5.1 Moment of Service Card by Job Categories

Every employee in Las Canarias Restaurant has a Moment of Service card which serves as work manual. It is in corresponding to the Moment of Service (MOS) which is one of the Omni Hotels' core values. The MOS card has been broken down by job categories, and each of them has its own specific standards. For instance, Figure 4.4 are the service standards of sever assistant in evening shift.

Figure 4.4 Moment of Service Card – PM Sever Assistant

| | |
|--|---|
| 1. Before stepping out on stage, turn on your enthusiasm and hospitality by projecting sincere smile and positive attitude. | 9. Be knowledge of Hotel menus, foods and beverages. |
| 2. Always look conservative and professional, including your nametag and a smile. Uniform is in good condition, clean and well-pressed. | 10. Guests greeted within 30 seconds of arrival at door. |
| 3. Associate maintain attentive position in dining room; no hands in pockets, folded arms or slouching posture. | 11. At 10 feet from guest make eye contact. |
| 4. All associate have discreet, non-interruptive demeanor, behavior is not hectic or chaotic; no distracting personal chat or horseplay. | 12. At 5 feet guest is greeted properly |
| 5. Platters, plates, serving pieces, are clean, not worn or damaged. | 13. Greet guest with a smile and offer beverage within 3 minutes of seating |
| 6. Flatware is clean, not tarnished or spotted, not worn damaged or dented. | 14. Use guest name at least one time, if known, |
| 7. Glassware is appropriate to drink portion and style, and clean, not worn or damaged. | 15. Serve beverage within 4 minutes of ordering. When possible serve beverage with the right hand from guest's right side. |
| 8. Linens are clean, well-pressed, and color-consistent not worn or damaged or stained. | 16. Extra settings removed from table. |
| | 17. Refill water glass/coffee cup within 3 minutes. |
| | 18. Pre-bus table within 3 minutes when all guests are finished. Clear plates with the right hand from the right side of the guest. |
| | 19. Server Assistant maintains an unobtrusive demeanor in the dining room. Do not linger or hover over tables. |
| | 20. Thank the guests and invite them to return, |
| | 21. Clear vacated tables within 3 minutes |
| | 22. Service stations remain clean and tidy. |
| | 23. Set up the vacated tables within 3 minutes of being vacated. |

After training of any kind has taken place, it is important to evaluate the training to see whether established training objectives have been met and to learn whether those trained are able to meet the performance criteria for their position. To implement evaluation, management of Las Canarias Restaurant also has a sheet called Moments of Service Success Checklist (See Appendix C). The checklist enables managers on the dining room to monitor and evaluate employees' job performance once or twice a week. Managers also give comments on every associate who was evaluated, and then go through with the evaluation with all the associates.

4.5.2 Pre-shift Meeting

Every associate who works for dinner will have a "pre-shift" meeting for half hour before the dinner begins. During the pre-shift, managers predict the business trend and arrange the duties for each server and server assistant to make sure the right people at the right position. If the forecast of business is concluded as slow, managers will take note of certain sections that can be closed early in order to eliminate the slack. Managers also stress various issues which still exist in the operation, and encourage and inspire the whole team, including front house and kitchen, to work well together as to have a smooth and successful service in the evening. Sometimes managers or trainers may explain to associates the proper procedures for taking orders and serving food and then demonstrate those procedures to the trainees. Associates are then divided into small groups, with each member of the group taking a turn at practicing the various serving techniques that the manager or a trainer has previously demonstrated.

4.5.3 Wine and Food Learning

To model a leader potentiality in restaurant industry, mastering the wine and food knowledge is essential. There are wine lectures in Las Canarias Restaurant on every Friday half an hour before the pre-shift meeting, and all the trainers are from wine companies invited by the restaurant managers. All of the associates can participate in wine tasting to continually gain knowledge about wine, such as the vinery profile, vintages, grape category, and how to distinguish different wines, etc., and to learn to evaluate the new wines from guidance of wine experts. At the end of wine tasting, the wine experts usually give a simple but useful quiz with attractive prizes to all the associates, in order to help the associates to memorize the wine knowledge.

During the daily pre-shift the chef presents the Chef's Special and allows everyone to participate in the tasting the food to help associates to be more receptive to food and to gain food knowledge. These trainings benefit each associate which in turn provides tools to constantly raise the quality of service to an even higher standard. To help associates maintain the food knowledge and be familiar with the food on the menu, managers often select associates randomly to let them present one of the food items on the menu during the pre-shift meeting.

4.5.4 Some Other Trainings of Las Canarias Restaurant.

Trainings are in constant occurrence, whether formal or informal, there is always much to learn. Trainers can include managers, any other seniors, captains, and supervisors. They train those who are new to this restaurant business and to the restaurant particular working environment. For instance, all the associates of the restaurant need to be trained to the Four Diamond service standard. The standard is

detailed by, for example, remembering guest's name and answering the phone with appropriate manners; the new hostess need to be trained of the Open Table system, and it will help in learning some tricks, such as how to arrange the table for guests tactically in order to balance the service spare time and the guest's waiting time.

Moreover, the hotel's Human Resource department also plays a very important role in training employees. This training comes in various ways, such as Omni Service Challenge, which is to focus on the case studies in which involving a real or hypothetical situation, such as guests issues, for example, which has been provided with sufficient information so that the participants can discuss the particulars of the case, exchanging their personal views about the meaning, significance, and the solution of those issues. Another example of the hotel training is the Restaurant Safety Seminars. Significant safety issues that occur in Las Canarias Restaurant or other restaurants are typically presented by the seminar leader, and all the participants are trained by the restaurant safety instructions in order to protect themselves and others during work. In Conclusion, on the one hand training is considered a positive factor in achieving organizational and personal goals, and employees learn early in their careers to look forward to the training that will increase their skills inventories and enhance their ability to contribute to the organization; on the other hand, employees can be more professional at work so that they can provide more effective and efficient service. All of these advantages can achieve the ultimate goal of effectively controlling and managing the cost in the operations.

4.6 Conclusion and Recommendation

Controlling cost has become much more important in recent times than ever before. Compared to the efforts on the control of food and beverage cost, labor expense in restaurant business requires more of the operators' attention. Because the labor cost accounts for significant portion of the total costs including labor, food and beverage cost, in some cases even exceeds the total sum of the cost of food and beverage. Therefore, in order to control the cost and maximize the profit of the restaurant business, managers must be good at controlling of labor cost.

When look at labor cost, managers of the restaurants initially think about the effectiveness of labor scheduling. As matter as a fact, a great number of managers rely on their personal experience and judgment to make the schedule, and it typically results in overstaffing that means excessive labor costs, or understaffing, which leaves the business susceptible to service errors and business lost. However, the causes of high labor cost cannot be merely derived from the scheduling problem and the labor working hours. In the case of Las Canarias Restaurant, here are some effective ways that can reduce the cost of labor:

1. Systematically and constantly collecting the data and records. In order to be familiar with the business trends and make an effective forecast, managers must use the reference data, then they can analyze the data to be able to conjure up a forecast for the activities of the restaurant. Unfortunately, Las Canarias is lacking in this aspect. The flux of unemployment has left the restaurant under frequent new management, and is sometimes even short of hands in the management team. This causes that in certain period, especially when waiting for recruiting the

new manager who is in charge of data collecting field, the work of collecting data has to be ceased. The record keeping operating system in Las Canarias has not changed but the continual change of management hinders the collection of data which does not allow an accurate forecast to be generated. Therefore, a constant data recording policy in the office and or a more functional training tool is needed in order for data not to be lost.

2. Reduce the over-time hours. Management should be aware of the significance of increasing wages of hourly employees by adding the amount of over-time hours. Instead of using full-time staff, managers can also take advantage of other working sources, such as part-time employees, on-call employees, agency staffing, etc.,.
3. Reduce the number of server assistants from morning shift. Server assistants, who are paid averagely \$7 an hour, are considered as the second highest paid workforce in the restaurant, compare to the servers, who are averagely paid \$2 an hour. Based on the breakfast business in Las Canarias Restaurant, fewer server assistants are needed. It will not only benefit the servers to maintain their service gratuity, but also will apparently reduce the labor cost as well.
4. Effective scheduling. The key to controlling labor cost is not having a low average hourly rate but by properly scheduling of productive employees. Management ought to assemble and analyze the relevant data and to establish the information base required in order to develop productivity standards for Las Canarias Restaurant. This data, such as

hourly records and daily records, can be tracked from the Point of Sales and the Open Table system. By doing this, managers can easily have an insight of the business volume so that they are able to create an effective schedule.

5. Establish productivity standards. The determination of realistic productivity standards involves in careful planning and forecasting. The management in Las Canarias Restaurant, both of front house and kitchen, need to develop standards that reflect the uniqueness of the restaurant's operation. Managers should review labor hours worked by job categories, detail the payroll information by days and meal periods, and observe employees at work and evaluate their productive efforts. By doing this, managers can quickly identify the employees and shifts with the best and poorest productive efforts, and then put the right people in the right position at the right time, so that the restaurant can reach the optimum results.

It is also highly recommended that Las Canarias Restaurant hire more productive staff, even in managerial position, to keep up with the rising economy. In previous years, the United States economy suffered a steep decline, this left individuals and families no room for budgeting anything outside of the basic and vital needs. This created a ripple effect which affected the restaurant business significantly and leads to the layoff of a large number of employees. In more recent years, the economy has begun its much awaited recovery. The United States economy's steady rise to stability has opened the doors to the progress of restaurant growth. Because there has now been a rise in restaurant business, more hands are

needed to accommodatingly serve the growing number of customers. Moreover, it also suggests that scheduling of the kitchen should be more flexible and sensitive to the customer needs and restaurant business volume. By sharing the information of business forecast with front house, and by tracking and analyzing the data from the hotel daily business analysis, the chef who is responsible for the kitchen scheduling can effectively arrange the cooks to make the most of the kitchen's productive employees and provided timely food service standards, especially during the rush hours.

By tactfully implementing these processes, Las Canarias restaurant can be expected of creating a effective employee scheduling; of benefiting in short term of reducing the cost of labor and reducing the employees' turn-over rate, in long term of increasing their satisfaction in their working in the restaurant, and advancing their working skills to constantly provide good service and to ultimately make operations run smoothly.

CHAPTER 5

INTERNSHIP ACHIEVEMENT

It will be evident through my resume that I have made full use of every opportunity during my time abroad in the United States. The precious memories, the people met of different cultures and the friends I have made are innumerable. My English proficiency has improved greatly. My field of vision in the hospitality industry has expanded greatly and I have found my interests of working in the restaurant business become more and more concrete. My managers have noticed and have commended me for the evident growth in my level of confidence. My managers have taken very good care of me. For my efforts, my managers have awarded me with things like NBA tickets and allowing me to join them in Texas Food and Beverage Festival.

The valuable time spent learning from the hands-on experience at Las Canarias allowed me to be familiar the service standards in a luxury hotel and restaurant, and know how to provide effective and efficient service. I learned skills on how to communicate with guests and became more knowledgeable on how to accommodate their needs to their satisfaction. I had the opportunity to learn the Micros system and the Open Table system, and these tools taught me how to use online techniques to run a hotel business. I learned a plethora of food and wine knowledge, and how to be more professional in a restaurant business setting. I was also extremely impressed by the restaurant managers' personality and charisma, and

their advanced managerial skills. They gave me a model on how to be a good manager, and helped me to solidify my leadership abilities. The encouragement from my colleagues and managers granted me a stronger sense of confidence for working in the hospitality industry. With continual support, my confidence grew and allowed me to do things I initially hesitated from but always had the ability to accomplish.

With the constant contribution of myself to Las Canarias restaurant, my efforts help build essential tools that will always be used and become standard procedure to make business run more proficiently. I labored diligently and spend almost every waking hour at the restaurant. My dedication to my work showed my passion, my professional skills, and my loyalty to the restaurant. All of my fellow associates respected me and appreciated the importance I placed on being a good team player. Using academic strategies and techniques helped me to create the beverage requisition sheet and helped managers analyze and control the beverage and labor cost. I worked with experts from wine different companies to create a wine menu and followed up by updating the menu every few months. I single handedly re-organized and rearranged the wine inventory room, along with the wine cabinets to make sure servers can effortlessly find wines amongst hundreds of different wine categories. I was the food and beverage manager's right hand to supervise the restaurant operations in the dining room, and wrote the daily recap to all the managers. My managers appreciated and often asked for my opinion and professional insights on different aspects of the restaurant. I also worked with management team to find ways to solve the issues in the restaurant, such as the timeliness service and Micros system upgrading. At the completion of my internship I was greatly honored by the director of food and beverage when he offer me job. He

informed me that I had the freedom to choose to be a manager in any of his departments. The job offer was not limited to the departments at La Mansion del Rio but also extended to the department at Watermark hotel in which he also was the overseer. Reaching the level of manager after spending only 10 months of working in the restaurant made me feel very proud and has given me a greater hope of a successful future.