

NATION'S *Restaurant News.*

Restaurants manage through winter challenges

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Operators are upbeat on the possibility of a speedy recovery from the negative effects of harsh winter weather during past two quarters.



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Restaurants have made much of this winter's unusually harsh weather and its effect on sales and traffic, but its impact on unit development, hiring and staffing, and ability to operate through supply chain issues has also been severe.

Nonetheless, several brands spoke about the opportunities they seized to market effectively and provide timely, albeit limited, service to their customers in need of a port in the snowstorms. While several chains had some plans for the past two quarters delayed and pushed to the spring, most report they will aggressively make up for lost time in the coming months and still make their yearly projections for sales or unit [openings](#).

Officials for Chicago-based Potbelly Corp. estimated that bad weather had a negative effect of 3.1 percent on its same-store sales for the month of December and 1.2 percent for the whole fourth quarter. Despite that drag on sales, the chain still managed to open 13 of last year's 34 new [restaurants in](#) the final period and is maintaining 2014's projections for as many as 40 company-owned openings and five new franchise units.

"We have not changed [development plans], and actually that's one phase of the business weather hasn't impacted," chief executive Aylwin Lewis said during Potbelly's fourth-quarter earnings call. "We have very good visibility on 2014 in terms of what's under lease and construction, and we feel very good about the targets we've got."

Similarly, Checkers Drive In Restaurants vice president of franchise development Jennifer Durham noted that

the Tampa, Fla.-based company would remain on track with its development goals for the year, though many restaurant openings planned for the fourth quarter of last year or the first quarter of this year were pushed back.

“I wish I had some super fun stories of how people persevered to get stores open, but I don’t,” she said. “You can sit and wait for the weather to break, but this year it wasn’t just two weeks, it was ongoing. You can’t break ground when ice is going four feet deep. The two regions leading our growth have been the Midwest and Northeast, and the weather definitely impacted that.”

Not only did construction slow down, Durham said, but so did the responsiveness of local government agencies in charge of inspections and permitting since they had to refocus their efforts on emergencies like restoring power.

While the year’s plans for openings of Checkers and Rally’s units are getting squeezed to a truncated nine-month timetable, no unit development will get pushed into 2015, Durham added, citing the real estate site selection and lease negotiation processes that can [continue](#) even in inclement weather.

The process of staffing those new locations with managers and crew members will also be compressed, but Durham said that it might allow the company “to be more selective in who we’re hiring.”

“Certainly the hiring of managers and crew has been affected, but those costs are being borne mostly by the franchisees that have on-boarded managers but can’t open those locations until later,” she said. “It is pressuring their operating cash flow, so the downside there is on the management side rather than the staffing side.”

For dozens of other restaurant brands, difficulties with the weather have hurt their abilities to hire managers, who in turn hire most of their locations’ hourly crews, said Patrice Rice, founder of Baltimore-based recruitment firm Patrice & Associates. Her placements for management candidates fell slightly more than 20 percent in February alone, as brands either had to delay their new unit openings or reschedule interviews, she said.

“You can’t get people jobs when interviews are cancelled and rescheduled, or people have to drive all over the place in sleet,” she said. “It’s been a nightmare to get somebody through the three- or four-interview process.”

With the pressure on to adequately staff up for peak summer season, Rice suggested to restaurant brands delayed by weather to streamline their hiring processes.

The good news for restaurant operators is that “by the time the second quarter is underway, most of those [weather] effects will be in the rearview mirror,” said Hudson Riehle, senior vice president of the National Restaurant Association’s Research & Knowledge Group.

He noted that the Bureau of Labor Statistics found job openings in the restaurant sector reaching a six-year high of 534,000 positions at the end of January, suggesting that the overall economy has been improving, despite operator concerns over government regulations or bad weather, the latter of which will dissipate in the coming warmer months.

“Looking at where we see the industry heading in the second quarter and beyond, there’s nothing to suggest a lower rate of employment growth would occur than has previously been the case,” Riehle said.

Riehle added that the NRA’s data suggest that industry sales and traffic should pick up along with hiring, as restaurants pivot toward serving pent-up demand that built over the colder months.

“It’s a positive picture for the year going forward, despite the challenges of the later fourth quarter and the majority of this first quarter,” he said. “One of the industry’s inherent competitive advantages is that the consumer wants to use it.”

One chain, Alpharetta, Ga.-based Fresh To Order, already reported a quick rebound after rare ice storms in the Southeast affected all 11 of its locations, chief operating officer Jesse Gideon said.

“Cabin fever helped out in the days and weeks after the storms,” he wrote in an email to Nation’s Restaurant News.

[Staffing](#) the units adequately during the harshest winter days was an issue because public transportation was severely limited in the Atlanta area, Gideon added, but Fresh To Order managed through it with a limited menu. The number of items had to be cut significantly because of supply chain problems, he wrote.

“For future storms,” he wrote, “we’ll focus on just having a sound plan for ensuring our staff is safe and prepared to run with limited menus to ensure a great experience for any guest who braves the weather — lots of fresh, hot soup.”

Checkers and Rally’s also bounced back strong, chief marketing officer Terri Snyder said, owing to the brands’ quick change of their marketing toward value and [coupons](#), plus the efforts of a few franchisees.

“The weather had about 5 points of negative comparable-sales impact through the second week of February, but then we saw an amazing rebound, with a record week for our brands’ average unit volume in early March,” Snyder said.

One operator in Wilmington, N.C., with an onsite Checkers in a Walmart went on the radio to tell local customers who were without power that his location was open and running on generators. That drove his sales up 45 percent, Snyder said. Another in Augusta, Ga., did the same thing and rang up a day with three times the unit’s average daily volume.

“I think the first quarter isn’t going to be as bad as it might have been,” she said. “There’s been a nice sales bounce in late February and early March.”

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