Foodservice CEO

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Set your succession plan

Even if you've never watched an episode of the television series "Succession," you're likely aware of the kinds of conflicts that can arise around succession planning for a business. Despite that awareness, however, succession planning is a task that business leaders often neglect. According to research from AIIR Consulting, only 35 percent of organizations have a formalized succession planning process for key roles. As a result, more than 74 percent of leaders say they feel unprepared and lack training for the challenges they face in their roles.

Christopher Flis, a certified financial planner and Burger King franchisee, understands the risks that can accompany a lack of planning around business succession. In remarks at the annual Restaurant Finance & Development Conference in Las Vegas this month, Flis shared his own story, in which his parents died unexpectedly, leaving their franchisee operations to Flis and his brother well before they anticipated it happening. "Our succession plan, which we thought was going to be some years in the future, snapped into place," Flis said, as reported in Franchise Times.

Looking at your own business, do you have a thorough continuity plan that will provide a blueprint for people to operate the business in the absence of key leaders? Your succession plan should outline how power will be transferred and to whom, what accounts are available to fund that transfer, and how to access critical information about the company's finances and other details pertaining to day-to-day operations.

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Reduce fraud by increasing friction

Amid all of the steps restaurant operators have been taking to remove friction from processes ranging from payment to staff scheduling, there is one area where friction is your friend: preventing fraud in your business. According to Kroll's 2023 Fraud and Financial Crime Report, 69 percent of global executives and risk professionals expect financial crime risks to rise over the next year, with cybersecurity and data breaches being the biggest drivers.

The spike in digital transactions in recent years has made it easier to commit fraud – but you can take steps to minimize your risks. Bank of America's State of the Restaurant Industry report advises restaurants to monitor anomalies in their accounts and other back-office operations, as well as take stock of areas of vulnerability. For example, note requests for refunds or payment voids, overpayment notices, digital payments that seem unusual in size or that are arriving from new sources or out of sequence, and communications that seem unusual.

You can protect your largest areas of vulnerability by incorporating some extra checks that need to happen before transactions can be processed. That can include adding verification steps on invoice receipts and matching invoices to purchase orders, for instance. When onboarding a new vendor, verify their identity and key details. When you receive an account change request, require wait times or hold payment pending verification. If you receive a payment outside of the expected cycle or if you receive a large payment amount, you can establish review protocols and use protections such as multifactor authentication to make sure the transaction is legitimate. By adding some extra friction in the form of verification checks, you can make your business a less appealing target for fraud.

Seeing signs of the old "normal"

Economic conditions provide reasons for optimism in 2024

Could it be time for a cautious sigh of relief? Inflationary pressures have been easing, along with challenges related to labor and supply chains. As a result, many restaurant owners and operators are finding that lately, the day-to-day operating environment feels a bit less frantic, tumultuous and unpredictable than it has in several years.

It's a moment to not only celebrate but also seize. To survive and thrive, restaurants will have to carry forward the processes that have helped them operate leanly and efficiently in the past few years, while fine-tuning their methods of collecting, analyzing and acting on their data. In Bank of America's newly released State of the Restaurant Industry report, Cristin O'Hara, managing director of the bank's Global Commercial Banking Restaurant Group, said the smartest companies in the industry are using these relatively stable times to invest in the tools that will help them better understand their guests, what they're buying and how often, and how to use their data to make even stronger decisions about such functions as inventory management and menu development. "Every restaurant can benefit from being able to not only collect data on every transaction, every item, but to analyze it so you can maximize your sales," she says in the report. "A lot of folks aren't spending the time and money on that to stay ahead of the curve, and that's going to be so important going forward."

She predicts that tech innovation will continue to be a game-changer in the industry, helping restaurants more efficiently manage such tasks as answering phones, taking orders, upselling customers and managing inventory. Restaurants that are able to improve their capabilities in these areas will be in a stronger position to grow and adapt to changes in the landscape. For example, online ordering may plateau in 2024, requiring operators to develop marketing efforts to drive more business online or seamlessly shift gears to other sales streams. Further, guests' desire for restaurant meals that feel like a good value will call for restaurants to continue to innovate their menus and provide new experiences to guests.

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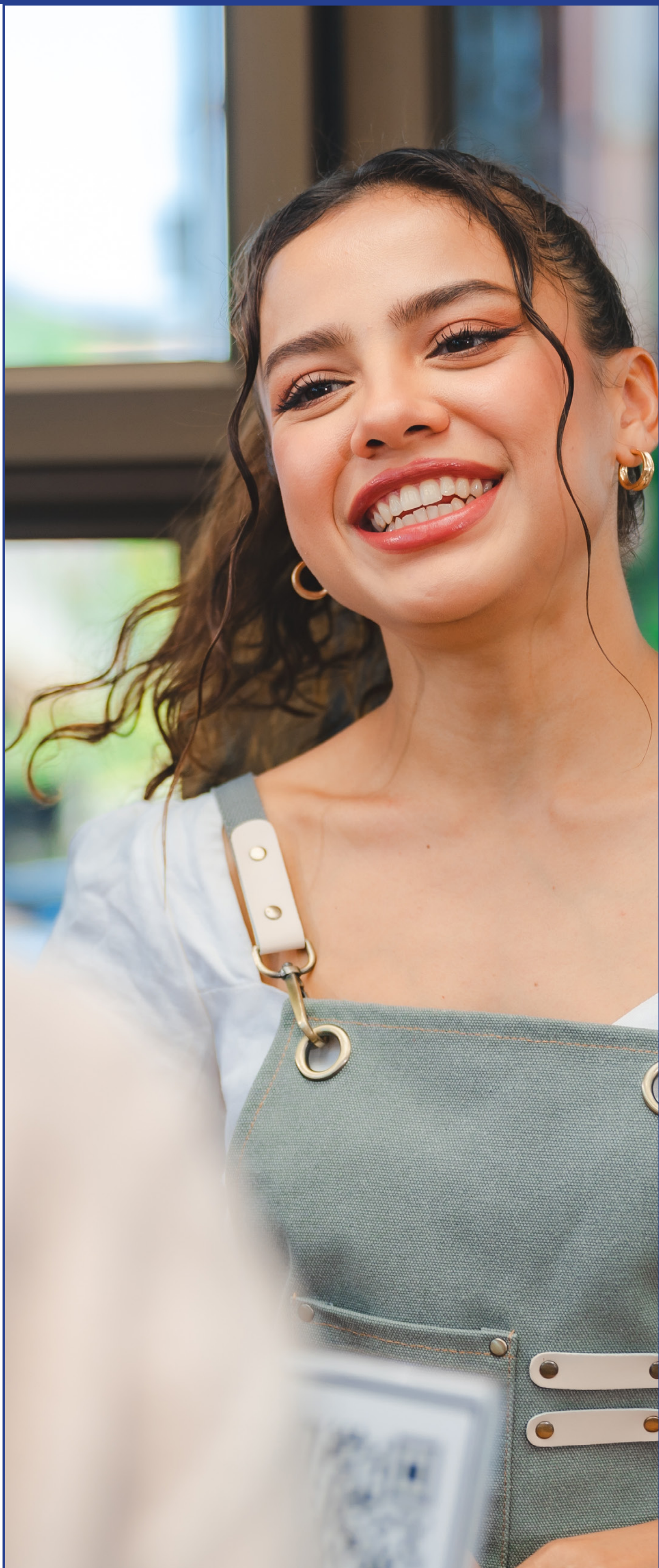

New rule on franchising broadens definition of “joint employer”

Changes due to take effect in late December

In recent years, labor law has protected corporate franchisors from liability for practices at individual franchise locations. But that changed on October 26, when the National Labor Relations Board (NLRB) broadened the definition of a joint employer, deciding that both franchisors and franchisees can be held liable for unfair labor practices.

Under the new definition, the NLRB will consider franchisors and franchisees joint employers if each has “an employment relationship with the employees” and “share or codetermine one or more of the employees’ essential concerns or conditions of employment.” For example, franchisors will become joint employers if they have the potential to influence activities including:

- Setting wages, benefits or other compensation
- Scheduling and hours worked
- The assignment of duties
- Supervision of duties being fulfilled
- Defining job responsibilities and how they’re fulfilled, as well as disciplinary practices
- Hiring and firing
- Conditions of the workplace

The National Restaurant Association has expressed concern that as a result of this change, corporate restaurants could face lawsuits and be held accountable for risks outside of their control – such as a manager not paying overtime or a franchise employee harassing a coworker. It could also make it easier for franchises to unionize and organize when negotiating with their corporate parent. Unless the rule is rejected during the congressional review process, it will take effect on Dec. 26.

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