What Restaurant Owners Should Expect in 2019

Act now to solidify your bottom line

Restaurant owners make early preparations for 2019

BIRMINGHAM, AL, USA, November 1, 2018 /EINPresswire.com/ -- Tick. Tick. Tick.

As the clock winds down on 2018, 2019 looks to be another year of challenges for restaurants across the country, with mandatory minimum wage hikes and rising food costs.
To keep those increasing expenses from chewing into already thin profit margins, owners and managers have to take action now.

"If there isn't a sense of urgency, there should be," said Grace Vasa, CEO of technology firm Juke, which has become a leader in self-ordering kiosks and tabletop devices. "Weathering a potential financial storm requires preparation. And ensuring those safeguards are in place takes time."
Labor and food represent the largest operating expenses for all restaurants. And it doesn't appear their share will change anytime soon.

After several states in 2018 legislated increased hourly minimum wages, nearly another dozen and major metropolitan areas will follow suit in January by mandating that employers pay more to their lowest earners. They include:

• San Jose, Calif. Increase to $15 an hour from $13.50
• Chicago. Increase to $13 from $12
• Minnesota. Increase to $9.71 for employers with an annual revenue of more than $500,000 from $9.65
• Missouri. Increase to $7.90 from $7.85
• Montana. Increase to $8.65 from $8.30
• New Jersey. Increase to $8.97 from $8.60
• New York. Increase to $15 for employers with less than 11 employees from $12
• Ohio. Increase to $8.70 for employers with an annual revenue of more than $305,000 from $8.30

While tips cover the bulk of the hourly minimum wage for servers and wait staff, restaurants must supplement the difference when those contributions don't equal the state or local mandate. New hikes in those minimums put greater financial burdens on business to either devise ways to entice customers to give larger gratuities or make their operations more fiscally efficient.

"A lot of owners don't understand that they're responsible for covering the difference," said Leyla

Colon, district manager for payroll and human resources solutions company ADP Small Business Services. “That can lead to fines by the Department of Labor. It only takes one fine to become a high liability and lead to potential losses.”
Adding to restaurants’ struggles to balance the financial scales is the growing food costs that have been on an upward trek.

In fact, the U.S. Department of Agriculture expects that food prices will rise faster than the rate of inflation for at least the next few years, effectively ending what some economists hail as the “end of cheap food.”
Prices are ballooning due to several factors:

• High oil prices that are raising shipping costs.
• Climate changes that have created more droughts.
• Government subsidies for production have reduced the availability of some items from the public supply – namely corn, which is used to make ethanol.
• Demand for meat has risen, meaning more grain is needed to feed the animals. Higher demand for meat means higher grain prices.

So what’s the solution for staving off higher labor and food costs? Juke holds the key.
Over the next three parts of this series designed to help restaurants survive – and thrive – in the face of an increasingly difficult marketplace, we’ll detail the ever-changing landscape and offer solutions that enable operators to realize their vision and, most importantly, produce positive results.
Stay tuned. Help is on the way.

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