

SUPREME LEADERSHIP



SL SESSION #1

Factors that Impact Profitability

Facilitator's Guide

Before the Session Outline



Pre-Session Game Plan:

The Supreme Leadership training session is designed to help shift leaders enhance their leadership skills, equipping them with the knowledge and strategies to effectively lead their teams, drive performance, and achieve operational excellence. The purpose of this workshop is not to just read the information out loud, but instead review the content as a group and reinforce the subject matter knowledge through group discussion and break-out group activities.

Keep in mind that this session is intended to not only teach the skills of an effective leader, but also an opportunity for you to get your team all on the same page and discuss store and area specific topics.

Please read all of facilitator's notes carefully and thoroughly, as these will assist you in holding a fun and impactful leadership session. The goal is to allow you the opportunity to celebrate your team and take your area's leadership to the next level.

Preparation for this meeting will take you some time. The better prepared you are, the bigger the impact you will have, and the better quality of the leadership in your area will be. Make sure that your session has the WOW factor!

Supplies Needed:

- Link to the SL Supreme Leadership Facilitator Folder (Presentation)
- Facilitator's Guide
- Participant's Guides (one each per participant)
- Extra Pens
- Name Tag Stickers
- 48 Dollars & 48 Donuts – Dollars to Donuts Activity
- Candy & Snacks
- Raffle Tickets (To hand out for participant participation)
- Swag or Prizes for Participation

Facilitator Basics:

- **Be well-prepared:** Know the workshop content and activities beforehand.
- **Create a friendly atmosphere:** Make participants feel comfortable and welcome.
- **Encourage participation:** Ask questions and ask participants to raise their hands to share their thoughts or ideas.
- **Listen actively:** Pay attention and show interest in what participants say.
- **Use clear language:** Speak in a way that everyone can understand, avoiding complex terms.
- **Manage time wisely:** Ensure enough time for discussions and activities.
- **Foster collaboration:** Encourage participants to work together and learn from one another.
- **Embrace feedback:** Be open to suggestions and use feedback to improve your facilitation.
- **Reflect on your own style:** Consider how you can improve and grow as a facilitator.
- **Enjoy the process:** Have fun and create an enjoyable learning experience for everyone.

Remember, by incorporating these simple techniques, such as encouraging participants to raise their hands, you can create an engaging and participatory workshop environment.

Supreme Leadership – Slide 1



Supreme Leadership

Shift Lead Session One

Talking Points:

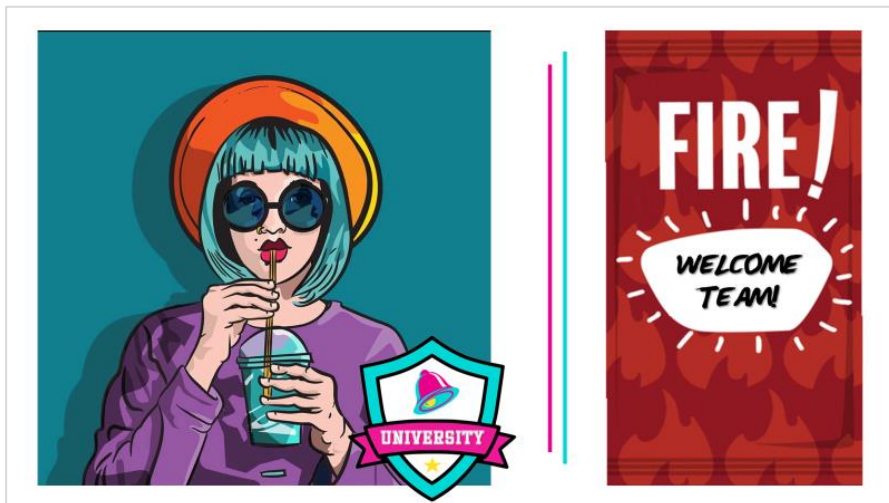
SAY: We are choosing to invest in your elevated leadership training and continuous learning for so many reasons:

DISCUSS:

- **Skill Enhancement:** Investing in leadership training allows you to develop essential skills for personal and professional development.
- **Empowerment and Engagement:** Offering continuous learning opportunities demonstrates commitment to the knowledge and resources needed to excel in your role. We want to empower you, boost your confidence, and foster a sense of sincere engagement.
- **Succession Planning and Career Growth:** By investing in your development, we can create a talent pipeline for future leadership positions. Our elevated training and continuous learning platform will not only prepare you for their current roles but also equip you with the skills necessary for future career advancement within our organization.

Notes:

Supreme Leadership – Slide 2



Talking Points:

DO: Fire up your team and set the expectations for today's session. Be saucy with it!

DO: Be Authentic: Be genuine and authentic in your delivery. Share your own experiences, vulnerabilities, and lessons learned. Audiences connect more with speakers who are relatable and transparent. Avoid trying to be someone you're not, as authenticity is key to building trust. Use Powerful Body Language: Non-verbal communication plays a significant role in your delivery. Stand tall, maintain good posture, and use confident gestures. Make eye contact with the audience to establish a connection. Move around the stage or utilize appropriate gestures to emphasize key points and maintain audience engagement.

REMEMBER: "You're the superhero of your teams! Believe in your powers and inspire your fellow food warriors to conquer new levels of success!"

Notes:

Supreme Leadership – Icebreaker Ideas



Deserted Island:

Instructions:

- 1) Explain to the team that they are stranded on a deserted island and can only bring three items with them.
- 2) Ask each team member to think about and write down their three chosen items on a piece of paper.
- 3) Once everyone has written down their items, go around the room and have each person share their choices, explaining why they selected those specific items.
- 4) After everyone has shared, encourage the team to discuss and debate their choices, allowing for lighthearted banter and conversation.
- 5) To add a twist, you can also ask team members to form pairs or small groups and have them collectively choose three items that they would bring as a team.

This icebreaker activity encourages creative thinking and sparks discussion and collaboration among team members. It's a fun way to learn more about each other's preferences and priorities while fostering teamwork and communication.

Two Truths & One Dream:

Instructions:

- 1) Ask each team member to come up with two true statements about themselves and one dream or aspiration they have.
- 2) In a round-robin fashion, have each person share their three statements with the team, mixing them up so that they don't reveal which one is the dream.
- 3) After sharing, the rest of the team can take turns guessing which statement they believe is the dream or aspiration for each person.
- 4) Once everyone has made their guesses, the person can reveal their dream statement and explain the true ones.
- 5) Encourage the team to ask questions or share their thoughts on each other's dreams, fostering conversation and connection.

This activity allows team members to share personal aspirations and dreams with each other, creating a deeper understanding and connection within the team. It encourages active listening, empathy, and supportive communication.

Notes:

Supreme Leadership – Slide 4



Today's Learning Objectives



- ✓ Discuss elevated leadership skills including the results pyramid and the accountability ladder principles
- ✓ Understand the principles of profitability including target labor, sales versus transactions and accountability for roadblocks
- ✓ Explore leadership skills surrounding how a Shift Lead can coach and teach their fellow Team Member and impact profitability
- ✓ Gain insights into being a champion for profitability through daily operational success routines

Talking Points:

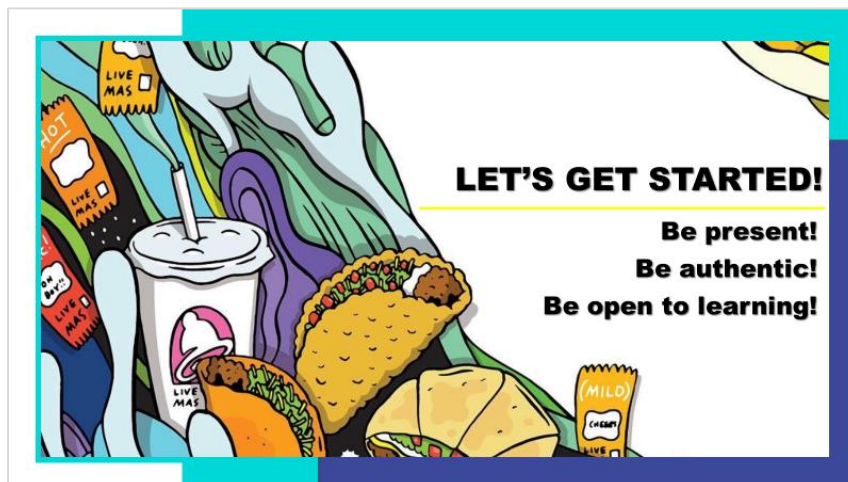
READ: Today's Learning Objectives:

- Discuss elevated leadership skills including the results pyramid and the accountability ladder principles
- Understand the principles of profitability including target labor, sales versus transactions and accountability for roadblocks
- Explore leadership skills surrounding how a Shift Lead can coach and teach their fellow Team Member and impact profitability
- Gain insights into being a champion for profitability through daily operational success routines

ASK: Does anyone have any questions or thoughts they would like to share before we get started?

Notes:

Supreme Leadership – Slide 5



Talking Points:

SAY: Why is continuous learning so important? Well, It's the reason that we are all here today! So, if you want to stay ahead of the curve, be successful in your career, and have a lot of fun along the way, you need to make continuous learning a part of your life.

Imagine you're playing a video game where you start as a beginner and work your way up to becoming a superhero. Continuous learning is like gaining experience points in that game. The more you learn, the more experience points you earn, and the stronger and more skilled you become.

In the real world, continuous learning means constantly gaining new knowledge and skills throughout your life, just like a superhero leveling up. It's about never settling for what you already know and always seeking new challenges and opportunities to grow. You see, the world around us is always changing. New technologies, ideas, and ways of doing things pop up all the time. If you stop learning, you'll quickly fall behind and become like a dinosaur in a world of smart-devices.

But when you embrace continuous learning, you become a knowledge sponge, soaking up information and skills. You become adaptable and flexible, ready to tackle any challenge that comes your way.

Continuous learning is like adding new tools to your superhero utility belt. Each new skill or piece of knowledge you acquire becomes another superpower that you can use to solve problems, overcome obstacles, and achieve your goals.

It's not just about gaining knowledge for the sake of it. Continuous learning helps you become a better version of yourself. It boosts your confidence, expands your horizons, and opens up new possibilities.

It's like discovering a whole new world right in your backyard. So, whether you're a shift lead or an aspiring superhero, continuous learning is your secret weapon. Embrace it, and you'll always stay one step ahead, ready to conquer any challenge that comes your way.

Notes:

Supreme Leadership – Slide 6



Talking Points:

SAY: Our overall purpose in conducting these training sessions is to Elevate your Leadership skills.

- First, we look at What I Know.
- Then, we examine What I Consistently Do.
- Finally, we make sure we're always aware of How I Make Others Feel.
- When we seek constant feedback at each step, we make our interactions more purposeful, and we begin to elevate our leadership skills.

Notes:

Supreme Leadership – Slide 7



Today's Learning Agenda

- ✓ Authentic Leadership Behaviors
- ✓ Principles of Profitability Overview
- ✓ Product: Food & Supplies & Product Sales Mix
- ✓ People: Labor Costs & Labor Processes
- ✓ Operating Procedures: Food Waste & Restaurant Systems
- ✓ Protection: Loss Prevention & Equipment Maintenance

Talking Points:

SAY: Here is today's learning agenda. We will go into more detail in each topic throughout the day. Please keep in mind that your participation is the key to your leadership development. So, let's make a commitment to stay engaged.

Notes:

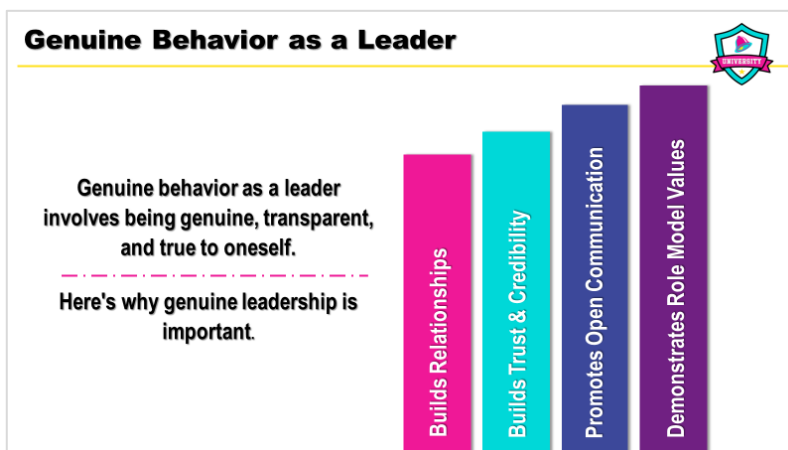


Talking Points:

SAY: Up first is a discussion on understanding the characteristics of authentic leadership behaviors and the impact on your team.

Notes:

Supreme Leadership – Slide 9



Talking Points:

SAY: Genuine behavior involves being genuine, transparent, and true to oneself. Here's why genuine leadership is important:

CLICK & SAY: Build Relationships: Being genuine helps in building strong relationships with team members. When leaders show genuine care, empathy, and respect, it strengthens the bond between them and their team members. This can lead to increased loyalty, motivation, and productivity.

CLICK & SAY: Trust and Credibility: Being genuine builds trust among team members. When team members perceive their manager as genuine, they are more likely to trust their intentions, decisions, and guidance. This fosters a positive work environment and enhances collaboration and engagement.

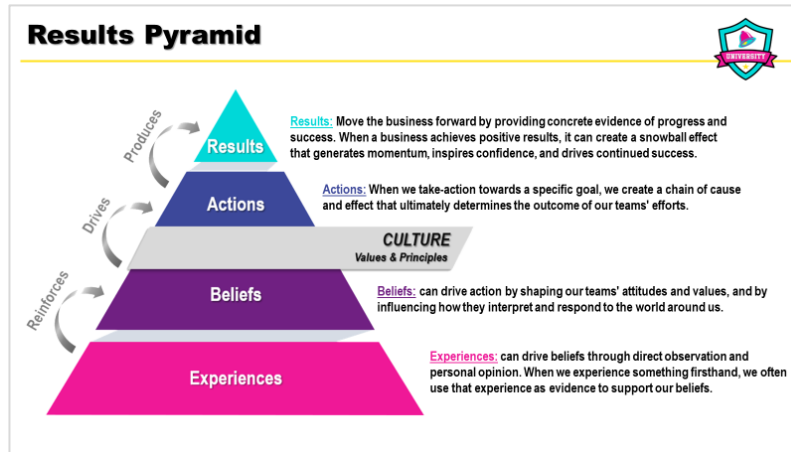
CLICK & SAY: Open Communication: Genuine leaders encourage open and honest communication. They create a safe space where team members feel comfortable expressing their opinions, concerns, and ideas, fostering a culture of transparency and inclusivity.

CLICK & SAY: Role Modeling Values: Genuine behavior allows leaders to demonstrate their core values and ethics consistently. When team members see their manager living by their values, it inspires them to uphold those same values and contributes to a positive organizational culture.

SAY: By embodying accountability and genuine behavior, leaders create an environment where team members feel valued, motivated, and supported. These qualities promote trust, collaboration, and team member development, ultimately leading to higher performance, engagement, and overall success for both individuals and the organization.

Notes:

Supreme Leadership – Slide 10



Talking Points:

SAY: Building culture in your restaurants leads to results and that all starts with the experiences that we create for ourselves, our customers, and especially our teams.

CLICK & READ: Experiences: can drive beliefs through direct observation and personal opinion. When we experience something firsthand, we often use that experience as evidence to support our beliefs.

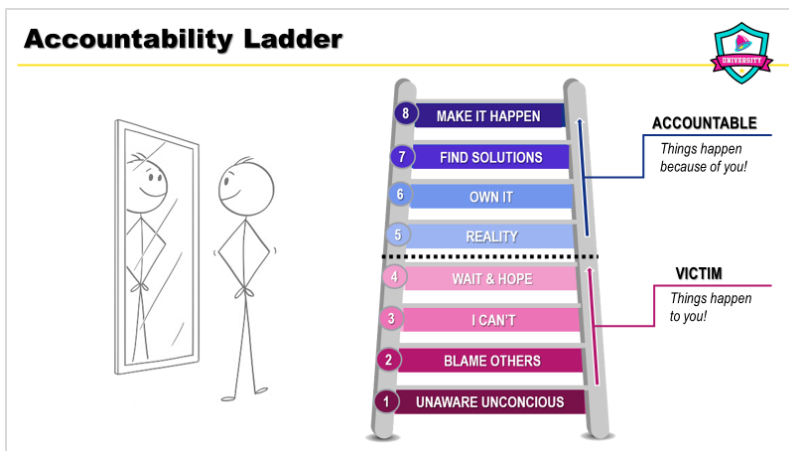
CLICK & READ: Beliefs: can drive action by shaping our teams' attitudes and values, and by influencing how they interpret and respond to the world around us.

CLICK & READ: Actions: When we take-action towards a specific goal, we create a chain of cause and effect that ultimately determines the outcome of our teams' efforts.

CLICK & READ: Results: Move the business forward by providing concrete evidence of progress and success. When a business achieves positive results, it can create a snowball effect that generates momentum, inspires confidence, and drives continued success.

Notes:

Supreme Leadership – Slide 11



Talking Points:

SAY: Accountability is accepting responsibility for one's actions. At work, that might look like owning a mistake and sharing it as a learning experience or setting a standard and holding your team accountable to uphold that standard.

SAY: When we talk about the Accountability ladder, we often want to talk about accountability as it relates to holding others to account, but it's even more important to look at ourselves in the mirror.

ASK: Where would you place yourself on the accountability ladder?

Notes:



Attitude of Authenticity

Productively putting into words what you're experiencing on the inside, in the moment you experience it

LOSE **LOSE**

No one benefits when there isn't authenticity!

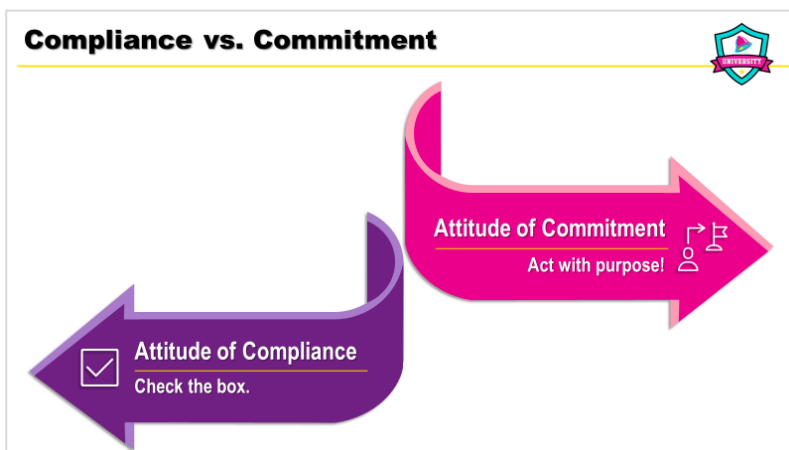
Talking Points:

SAY: Our overall purpose in conducting these training sessions is to Elevate your Leadership skills. This requires Authenticity. What do we mean by Authenticity? Authenticity means productively putting into words what you're experiencing on the inside, as you're experiencing it.

Lack of authenticity helps no one. In this case the individual with the idea is potentially wasting time on a bad idea. And the individual not being authentic may have to live with the outcome of a bad idea because he wasn't willing to say what he was experiencing on the inside. What could he have said that would have been authentic, but been productive enough to not hurt her feelings?

Notes:

Supreme Leadership – Slide 13



Talking Points:

SAY: There are two ways to approach things that need to be done.

- **Attitude of Compliance** – *Have to because I was told to. Get it done so I don't get in trouble or doesn't hurt my metrics.*

- Puts out fires
- Everything is important
- Waits to be told what to do
- Solutions are self-serving
- Get it done so they don't have to do it anymore

- **Attitude of Commitment** – *Do it because it's the right thing to do, leads to the right kinds of behaviors, helps serve our customers, helps develop our people...etc. Do it for the why.*

- Proactively prevents problems via success routines
- Focuses on what's most important
- Does the right thing without being told
- Solutions serve our customers
- Get it done because they believe in it

Notes:



Principles of Profitability

Impact Factors

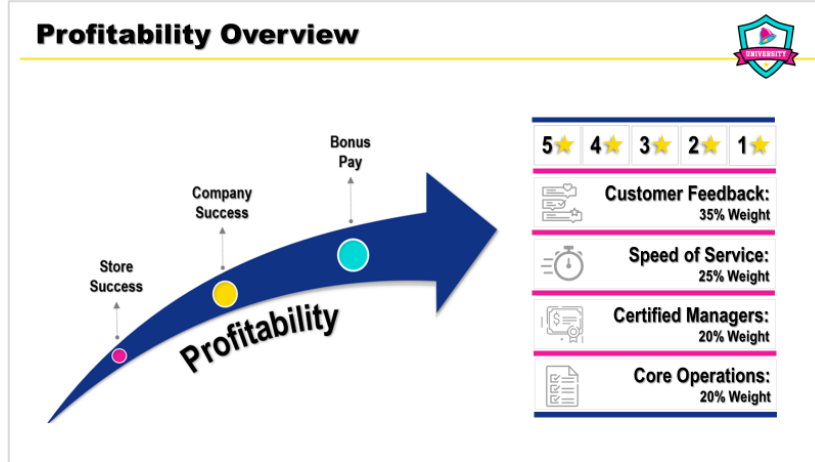
An illustration of a woman with curly brown hair and red lips. She is wearing blue-rimmed glasses. The reflection in the left lens shows a Taco Bell restaurant. The reflection in the right lens shows a university building. A small version of the university logo is visible in the bottom right corner of the illustration.

Talking Points:

SAY: Now let's discuss the factors that impact profitability and how you can contribute to profit and loss in your daily operations.

Notes:

Supreme Leadership – Slide 15



Talking Points:

SAY: Profitability determines your store's success, the overall company's success and bonus pay.

Notes:

Supreme Leadership – Slide 16



Profitability Measures & You

What contributes to profit & loss and how does that impact the business?

The diagram consists of two circular icons connected by a curved line. The left icon is pink with a white hand cursor pointing up. The right icon is purple with a white hand wearing a glove. A dashed line is above the icons.

Talking Points:

SAY: Let's review the basics. What contributes to profit and what contributes to loss, and how do both factors impact the business and it's overall success?

What are the costs that impact our business?

- Food & Supply Costs
- Labor
- Rent & Utilities
- Maintenance
- Other Costs

How can we offset these cost during our daily operational standards?

- Managing Productivity of our Team
- Hiring Fit over Need
- Product Loss, Supply & Inventory
- Effective Time Management & People Power Planning

Notes:

Supreme Leadership – Slide 17



The Bank of Our Business

More Money to the Bottom Line = More Profits – For Example...

$$\begin{array}{r} \$30,900 \text{ COMING IN} \\ - \$10,000 \text{ GOING OUT} \\ \hline \end{array} = \$20,000 \text{ PROFIT}$$

Talking Points:

SAY: More Money to the Bottom Line = More Profits & Less Loss! Let's review a business cost versus profit scenario. Think of the P & L like a bank account. Think about what comes in and what goes out. Some things are always going to come out, but there are some things you have full control over to control cost and how much goes out.

DISCUSS: Factors that make an impact:

- Food & Supply Costs
- Labor
- Rent & Utilities
- Maintenance
- Other Costs

Notes:

Supreme Leadership - Slide 18



Profitability Impact Examples

The diagram illustrates the flow of money in and out of a business. On the left, a money bag labeled 'MONEY COMING IN' is shown with several gold coins falling into it. On the right, a money bag labeled 'MONEY GOING OUT' is shown with several gold coins falling out of it. In the center, a list of six examples is provided, each with a colored background and a corresponding arrow pointing to either the 'MONEY COMING IN' or 'MONEY GOING OUT' bag.

New Popular, Seasonal Menu Item/LTO has Increased Overall Sales	→
Refrigerator Failed – Need New & All Food must be Wasted	→
New Kiosk Has Helped to Increase Sales	→
Hourly Workers Get a \$1 Raise	→
Price of Produce Increased by 5%	→
Price of All Menu Items Increases by 3%	→

Talking Points:

SAY: So, what are some of the different things that affect the amount of money we have coming in and going out? Let's look at each of these examples and decide whether it's more likely to affect income or expenses, and how (more income? Less income?)

<CLICK for animation on each one as it's discussed>

- New Popular, Seasonal Menu Item/LTO has Increased Overall Sales: This affects money coming in. Money coming in increases.
- Refrigerator failed: This increases money going out
- New Kiosk Has Helped to Increase Sales: This affects money coming in. Money coming in increases.
- Hourly workers demand a raise: more money going out.
- Price of produce increased 5%: more money going out.
- Price of all menu items increases by 3%: This affects money coming in. Money coming in increases.

Notes:



Profitability & Leadership

Profitability is important in a leadership role for lots of reasons!

Talking Points:

DICUSS: Importance of profitability in a leadership role:

Profitability is crucial in a leadership role for several reasons.

1. Growth of the Business: Profitability is a fundamental aspect of ensuring the long-term viability and growth of a business.
2. Creates Value: Profitable businesses can provide better pay, invest in team member development, and can keep delivering high-quality customer experiences.
3. Risk Management: Profitability provides a cushion for unforeseen challenges, economic downturns, or industry disruptions.
4. Leadership Effectiveness: Leaders are responsible for setting financial goals, driving operational efficiencies, and maximizing profits. Effective leaders align their teams' efforts with profitability objectives, fostering a culture of accountability and results-oriented performance.

SAY: Overall, profitability is essential for the survival, growth, and success of a business. Leaders (YOU) play a critical role in championing profitability and guiding their organizations towards financial sustainability and prosperity.

Notes:



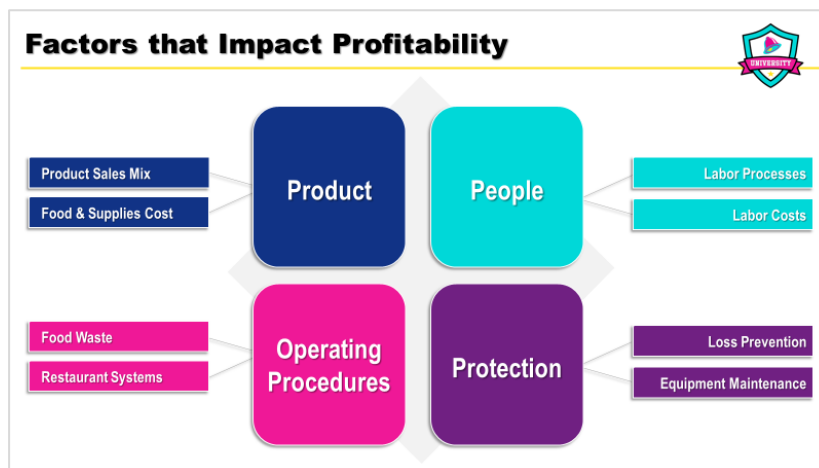
Impact Factors!
Let's Discuss & Practice

Talking Points:

SAY: Now let's discuss some of the factors that impact profitability and practice some labor cost scenarios.

Notes:

Supreme Leadership – Slide 21



Talking Points:

SAY: We've grouped the main factors that influence profitability into four areas: Product, People, Processes, and Protection.

Product:

Food & Supplies Costs – ingredients, supplies, utensils

Product Sales Mix – at each given price, each item will have a different profit margin. How much we sell of each type of product affects the profit.

Operating Procedures:

Food Waste – efficient use of materials can cut down on food waste. In our business, food = money, so wastage is just throwing money/food into the garbage.

Restaurant Systems – keeping up with stock, paperwork, reporting, etc.

People:

Labor Costs – direct and indirect costs. Staffing (interviewing, hiring, vacations, bonuses) and scheduling (efficient use of labor)

Labor Processes – making the food, taking the orders, overall individual efficiency at tasks as well as training

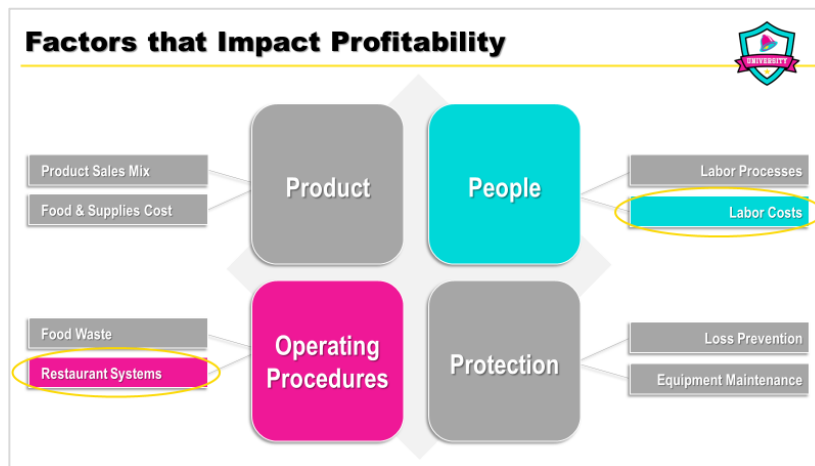
Protection:

Loss Prevention – prevent losses through theft or other illegal means

Equipment Maintenance – monitoring age and function of equipment in store and making sure it's serviced/replaced according to schedule

Notes:

Supreme Leadership – Slide 22



Talking Points:

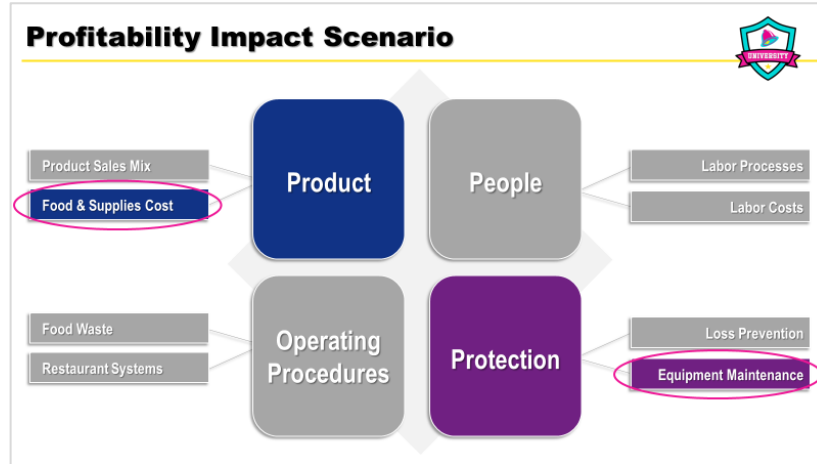
EXERCISE: Discuss how these factors impact profitability. <click to add in transitions>

CLICK & ASK: How does the failure to run labor reporting and lack of focus on managing shift levels during the shift affect profitability? <wait for group response>

CLICK & SAY: By not properly monitoring or managing labor based on sales volume will result in higher labor costs.

Notes:

Supreme Leadership – Slide 23



Talking Points:

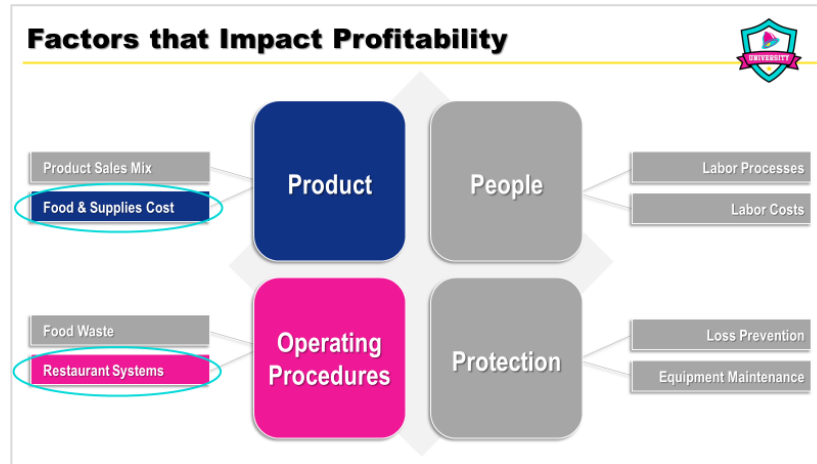
EXERCISE: Discuss how these factors impact profitability. <click to add in transitions>

CLICK & ASK: If we fall behind on our maintenance of our coolers, freezers or walk-in, what might happen? <wait for group response>

CLICK & SAY: Food waste goes up! More waste = higher cost of supplies.

Notes:

Supreme Leadership - Slide 24



Talking Points:

EXERCISE: Discuss how these factors impact profitability. <click to add in transitions>

CLICK & ASK: If we fail to accurately adhere to our prep or inventory procedures, how will that effect food & supplies cost ? <wait for group response>

CLICK & SAY: Our cost goes up! This leads to a negative impact on profitability. (COST UP leads to PROFIT DOWN)

Notes:



Let's Practice!

+%

-=

Scenario #1:

Seven team members are working a shift, and each needs a 30 min break.

How many labor dollars does that equal if your average wage is \$17 per hour?

Let's say you gave seven breaks this shift, how many labor dollars were saved for team member breaks?

Talking Points:

Scenario #1:

Seven team members are working a shift, and each needs a 30 min break.

How many labor dollars does that equal if your average wage is \$17.

Let's say you gave seven breaks this shift, how many labor dollars were saved for team member breaks?

Answer:

- To calculate the total labor hours, we need to determine the total duration of breaks for all 7 people combined.
- Since each person gets a 30-minute break, we multiply 30 minutes by 7 to find the total break duration:
- $30 \text{ minutes/person} * 7 \text{ people} = 210 \text{ minutes}$
- Now, we convert the total break duration from minutes to hours by dividing by 60:
- $210 \text{ minutes} / 60 \text{ minutes/hour} = 3.5 \text{ hours}$
- So, the total labor hours spent on breaks for the 7 people is 3.5 hours.
- To calculate the labor cost, we multiply the total labor hours by the average wage per hour:
- $3.5 \text{ hours} * \$17/\text{hour} = \59.50
- The labor cost for the breaks of the 7 people is \$59.50.

Notes:

Supreme Leadership - Slide 26




Scenario #2:

Six team members are working a shift, each team member is scheduled to work six hours each.

How many labor dollars total does that equal if your average wage is \$17 per hour?

Let's Practice!



Talking Points:

Scenario #2:

Six team members are working a shift, each is scheduled to work six hours each.

How many labor dollars total does that equal if your average wage is \$17 per hour?

Answer:

- To calculate the total labor hours, we multiply the number of workers by the number of hours worked:
- $6 \text{ workers} * 6 \text{ hours} = 36 \text{ labor hours}$
- Now, assuming the average wage for fast food workers is \$17 per hour, we can calculate the total labor cost:
- $36 \text{ labor hours} * \$17/\text{hour} = \$612$
- The labor cost for the 6 team members working a single shift of 6 hours each, at an average wage of \$17 per hour, would be \$612.

Notes:



Product
Food & Supplies and PMIX

Talking Points:

SAY: Let's get into more detail on product cost and product sales mix (PMIX) and how each factor impacts profitability.

Food & Supplies Costs – ingredients, supplies, utensils

Product Sales Mix – at each given price, each item will have a different profit margin. How much we sell of each type of product affects the profit.

Notes:

Supreme Leadership – Slide 28



Talking Points:

SAY: Product Quality is the standard we use to ensure our food is safe, fresh & accurate for our customers. It's the responsibility of our Shift Leads to observe how the team is executing on product quality & that all deliveries received meet our product quality standards.

SAY: Your Role Has Shifted From Prepping And Making Food To:

- Making decisions on how much food to prepare
- Coaching the team on prep, ingredient quality & making food
- Overseeing final products and ensuring they are acceptable for our customers

SAY: The SL role in the store for product quality is very different from your role as a TM. Changed from preparing ingredients and food to making decisions on how much to prepare, coaching the team on prep, ingredients and making the food. And helping them make decision about what is acceptable and not acceptable to serve to customers. Keep the standards for serving up Mas

Notes:

Supreme Leadership - Slide 29



Coaching Team Members

Coach on great product quality by making corrections, providing suggestions and giving recognition. *These are the tools to help coach your teams:*

The diagram consists of three overlapping circles: a yellow one on the left labeled 'BUILDS', a pink one at the top labeled 'TRAINING', and a teal one on the right labeled 'STANDARDS'. Below these circles are two icons: a blue rectangle labeled 'Product Build Cards' and a blue square labeled 'Product'.

Talking Points:

SAY: Coach on great product quality by making corrections, providing suggestions and giving recognition. These are the tools to help coach your teams:

DISCUSS:

New Hire and Experience Training:

- Provides Team Members with a foundation of Food and Product Quality
- Consistent training for each role & Experience
- Ensures Team Members are working in their certified positions and trained properly

Standards Cards:

- Step-by-step instructions on how to prepare each menu item
- Use the cards to reference for coaching & recognition

Menu Item Builds:

Team Members can use the Menu Item Build Cards in OneSource or the copy in their restaurant to reference what product is in each restaurant

Notes:

Supreme Leadership - Slide 30



Talking Points:

DISCUSS: How a shift leader can impact food and supply costs during their daily job operations, along with some easy best practices to control these costs:

Monitoring inventory levels: Leaders should regularly check inventory levels to avoid overstocking or running out of essential supplies. By keeping track of inventory, they can order only what is needed, preventing unnecessary expenses and reducing food spoilage.

Minimizing waste: Leaders can encourage team members to minimize waste by practicing efficient food handling techniques. This includes properly storing ingredients, utilizing first-in, first-out (FIFO) inventory rotation and avoiding overcooking or over-preparing food items.

Product Builds: Managers should ensure that team members follow recipes accurately to avoid unnecessary ingredient usage. Strict adherence to recipes helps maintain consistency and reduces the risk of excess food costs.

Training and communication: Providing thorough training to team members on cost-conscious practices and the importance of managing food and supply costs is crucial. Clear communication about cost-saving strategies empowers team members to contribute to the overall goal of cost control.

Staff training and scheduling: Properly trained and scheduled staff can improve efficiency and reduce labor costs. Managers should ensure that team members are well-trained in their roles, avoiding labor inefficiencies that could lead to wasted time and increased costs.

SAY: Remember, effective cost control requires a collaborative effort from the entire team. By implementing these best practices and fostering a cost-conscious mindset, shift leaders can positively influence food and supply costs while maintaining quality and customer satisfaction.

Notes:



People
Labor Costs & Processes

Talking Points:

- SAY:** Let's get into more detail on labor costs & profitability and how each factor impacts the profitability of the business.
- Labor Costs – direct and indirect costs. Staffing (interviewing, hiring, vacations, bonuses) and scheduling (efficient use of labor)
 - Labor Processes – making the food, taking the orders, overall individual efficiency at tasks as well as training

Notes:

Supreme Leadership – Slide 32



Labor Cost Discussion

Total Restaurant Sales:		\$40,000
Total Labor:	\$	% of Total Sales
Team Member Wages:	\$3,400	8.5%
Shift Lead Wages:	\$2,520	6.3%
RGM Salary:	\$2,000	5.0%
Total Labor Cost:		\$7,920 or 19.8%

Talking Points:

SAY: First let's look at the current state of our store's labor breakdown and the associated direct costs for labor. For Direct Labor, we have our Team Member Wages, our Shift Lead Wages, and our RGM salary.

SAY: Look at the impact of labor direct labor for labor cost on total sales. You can make an impact on the profitability of each individual shift that you manage when you carefully plan for aces in places and managing shift labor for sales volume.


SAY: Our direct labor includes maintenance wages, training wages, Area Coach Salary, bonuses, vacation pay, and payroll taxes. As it stands right now, our total labor costs for this store are \$10,000 per week, or 25% of total sales.

SAY: Keep in mind that some of these labor costs are fixed and will not go up or down regardless of Sales Volume.

Notes:



Purpose: Labor Targets



Purpose:

- 01 → Ensuring that the right amount of labor is available to meet customer demand and maintain service levels.
- 02 → Controlling labor costs and preventing overstaffing or understaffing situations.
- 03 → Maximizing efficiency and minimizing waste by aligning labor resources with operational requirements.
- 04 → Providing a basis for performance measurement and evaluation of labor productivity.

People → Labor Productivity, Labor Costs

Talking Points:

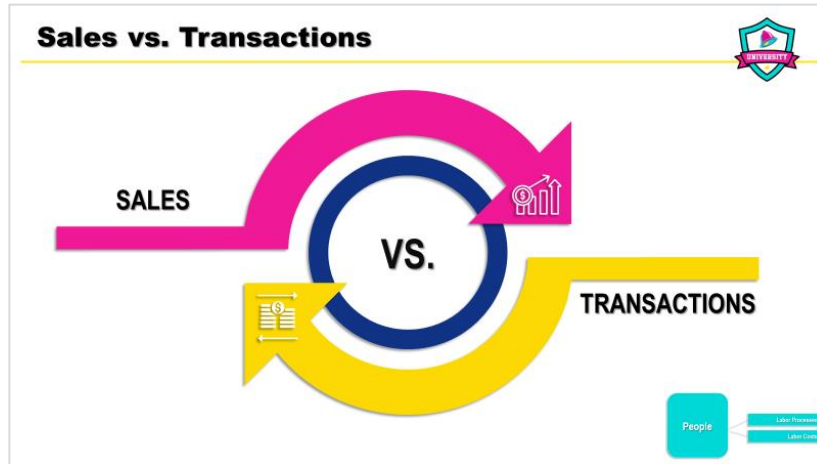
SAY: What is the purpose of labor target?

Labor targets serve as a benchmark or goal for businesses to manage and control their labor costs effectively. The purpose of setting labor targets is to achieve optimal productivity and profitability by:

- Ensuring that the right amount of labor is available to meet customer demand and maintain service levels.
- Controlling labor costs and preventing overstaffing or understaffing situations.
- Maximizing efficiency and minimizing waste by aligning labor resources with operational requirements.
- Providing a basis for performance measurement and evaluation of labor productivity.

Notes:

Supreme Leadership - Slide 34



Talking Points:

SAY: The impact of labor costs on profitability can also be seen by looking at the relationship between sales and transactions.

DISCUSS: Sales versus transactions:

- Sales and transactions are related but different. The key differences are as follows:
- Sales typically refer to the monetary value of products sold over a specific period. It represents the revenue generated from customer purchases. Sales figures are often reported on income statements and are a key performance indicator for assessing the financial health and growth of a company.
- Transactions represent individual customer interactions. Transactions provide a more specific view of the operational activity within a business. The number of transactions can help understand customer demand, operational efficiency, and staffing levels needed.

ASK: Why is it important to know the number of transactions?

SAY: Because when your transactions (or sales volume) goes up, your labor also goes up!

Notes:

Supreme Leadership - Slide 35



Sales vs. Transactions

SALES = Total amount of money you ring in at the registers
TRANSACTIONS = Number of times a cash register rings up a sale

Talking Points:

SAY: Sales versus Transactions: Let's look at a specific example!

Example:

- One customer buys six tacos at once. The order total is \$12.54.
- Six separate customers come in and individually order one taco each, also totaling in \$12.54.
- What is the impact on labor?
- How does that effect how you manage your shift and control labor costs?

ASK: If you have more transactions, but the same sales total, how does that effect how you manage your people and impact profitability? Do you need more staff when you have more transactions?

Notes:

Supreme Leadership – Slide 36



Labor Target: Sales

Does it take more labor to make the same taco?

Taco price for customer in 2022 \$2.09

Taco price for customer in 2023 \$2.19

People

Unit Process

Unit Cost

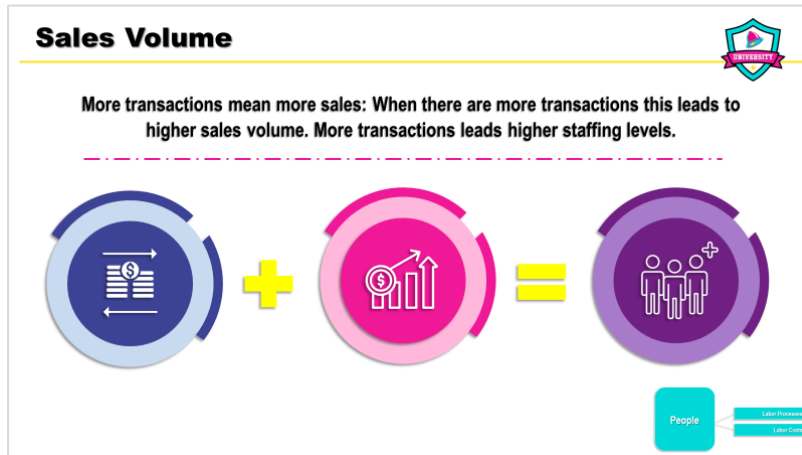
Talking Points:

SAY: Does it take more labor to make the same taco? Why or why not? And what can cause a difference?

ANSWER: No, it does not take the same amount of labor dollars to make the same menu item if the price of the menu item increases from one year to the next. The labor cost of a menu item is determined by the amount of time it takes to prepare the item and the hourly wage of the team member who prepares it.

Notes:

Supreme Leadership – Slide 37



Talking Points:

SAY: When looking at sales volume, the total amount of revenue, transaction volume plays an important role in determining the level of sales.

SAY: More transactions mean more sales: When there are more transactions this leads to higher sales volume. More transactions leads higher staffing levels.

Notes:

Supreme Leadership - Slide 38



Impact of Transactions on Labor Dollars

Here's how transactions influence labor percentages.

Monitoring transaction data with labor costs can help your business maximize staffing levels and improve profitability.

Talking Points:

SAY: Impact of transactions on labor percentages:

DISCUSS: Transactions refer to the number of customer interactions or activities that take place within a business, such as sales, orders, or service requests. Transactions have a direct impact on labor dollars, which is the ratio of labor costs to sales or transactions. Here's how transactions influence labor dollars:

- More transactions require more labor to handle customer demands, resulting in higher labor dollars.
- Declining transactions may lead to excess labor capacity and lower labor dollars.
- Variations in transactions can affect labor scheduling and staffing decisions, influencing labor dollars accordingly.
- Efficient transaction handling and process optimization can help manage labor percentages by reducing the time and resources required for each transaction.

SAY: Monitoring transaction data with labor costs can help your business maximize staffing levels and improve profitability.

Notes:

Supreme Leadership - Slide 39



Objective: To teach and discuss the impact of price increase as well as, labor factors.

Supplies Needed:

- 48 “Donuts” (You can use anything, but donuts are the sweetest.) ☺
- 48 “Dollars”

Instructions:

Let’s look at a real-life experience around price increases versus transactions and the labor that is actually needed to produce. We’ll need some (3?) volunteers.

<set up a makeshift line with a few volunteers, someone working the “cash register,” and someone pulling the Donuts, packaging them, and handing them to the guests>

1. First round, charge one dollar for each donut. Then, have 12 people order, one donut at a time.
2. After the round, count the till \$12. Then, pay the employees and all other bills... put the rest of the money in a profit jar.
2. Second round, charge two dollars for each donut (price increase). Have 12 order, one donut at a time.
1. After the round, count the till \$24. Then, pay the employees and all other bills... put the rest of the money in a profit jar.
2. Ask the questions surrounding labor factors (which will be obvious)
3. Third round, we will add one extra worker to assist in pulling the donuts, packaging them, and handing them to the guests. We charge two dollars for each donut (no price increase). Have 24 people come up and order one donut at a time.
1. After the round, count the till \$48. Then, pay the employees and all other bills... put the rest of the money in a profit jar.
2. Ask the questions surrounding labor factors necessary to produce the extra transactions. It should become evident at this point when additional transactions are added; additional labor dollars are provided, subsequently allowing additional employees to be scheduled to handle the influx of business needs. We can also utilize these rounds to discuss other tactics that need to be deployed around profitability. Examples could be rush-readiness, deployment charts, talks around transaction-based projections



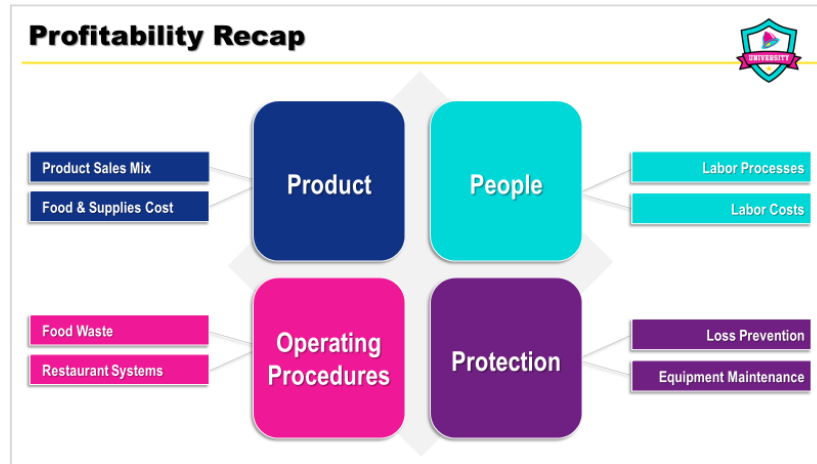
Closing Thoughts
Trivia Time & Homework

Closing Thoughts:

- Profitability Recap
- Homework & Action Steps

Notes:

Supreme Leadership - Slide 41



Talking Points:

SAY: All of these things are connected. If you are down in one area, other areas of your business will be affected. Understanding these principles will help you as you look at your business as a whole.

ASK: So, what did we learn about profitability? <wait for group response>

RECAP: There are 4 main factors and within each of those factors are levers that can directly impact each factor. We need to understand when one of these factors is off, which lever we can pull to offset that factor and bring our profitability back into balance.

REVIEW: We've grouped the main factors that influence profitability into four areas: Product, People, Processes, and Protection.

Notes:



Talking Points:

SAY: "We're not just serving tacos; we're dishing out excellence! Let's sprinkle each task, each interaction, and each customer experience with a dash of Sauceness!"

Notes:
