SpotOn

A LABOR GUIDE THAT ACTUALLY HELPS CUT COSTS

How to keep your restaurant's labor budget in check—automatically.

How to tackle the labor dilemma

Restaurants are all about people serving people. So, it's understandable why high labor costs feel like a given. You can modify the menu to lower food costs. You can raise prices to offset inflation. But it feels like nothing can be done about labor. In their latest 2024 report, The National Restaurant Association found:

98%
of owners say high labor costs are a problem

45%
of operators need more staff to meet demand

38%
of restaurants were not profitable last year

For many restaurants, reducing labor costs will be the key to unlocking profitability. We're here to tell you it can be done, and it's easier than you think. That's because the key to lowering labor costs for the long term is **creating systems that automatically keep your labor budget in check.**

With systems, you can keep schedules on budget, expedite tip distributions, simplify payroll, and automate labor compliance. Once these are in place, staying on top of labor costs becomes much easier, and profitability is much more reachable. But to do this, you need the right tech.

Calculate your labor on the next page

Where's the money going?

With so many variables, tracking labor costs in restaurants can be tough. When it comes to your operation, see if you can answer these questions.

☐ Do you know how much you spent on labor yesterday?

☐ Can you see when employees forget to clock out?

☐ How much did you spend on overtime last month?

☐ Which employees had the most overtime?

☐ How many employees did you hire this year?

☐ How many hours per week are your managers working?

If you don't like the numbers you see, that's ok. We'll show you ways to effectively reduce your labor budget later on. But before that, let's figure out where your labor budget should be.

What's your target labor percentage?

Enter your monthly sales and labor costs into the calculator. Look at your current labor percentage and determine your target. (E.g., If your current percentage is 35% shoot for around 32% for your target percentage.) Then see how much money you need to save monthly.

Current monthly sales: $ _____

Current monthly labor costs: $ _____

Current labor percentage: _____ %

Target labor percentage: _____ %
(Aim for around 30%)

Target monthly labor costs: $ _____

Amount needed to save monthly: $ _____

Percentage to reduce labor budget: _____ %

Is your current labor percentage over 35%? Ideally, it should be between 28% and 33% of your total revenue. Labor management software integrates with your POS to help you reduce those costs by 1% to 2%—or even more. Let's see specifically how SpotOn Teamwork can do this.

*The calculator is best experienced in Adobe Acrobat or Google Chrome.

Scheduling for profit

Spreadsheets are expensive bargains

The schedule is where your labor budget is spent. Once it's posted, you're committed to paying employees for those shifts according to your state's minimum compensation laws. And with wages steadily going up, each hour on the clock costs more. That's why it's crucial not to overstaff. But when you're understaffed, you strain your employee and guest relationship. And you usually end up paying in discounted or comped food.

Also, for shifts to be profitable, managers need to schedule within a budget. If your labor costs are consistently too high, your bottom line is in jeopardy. That's why schedules done in spreadsheets can be costly. Sure, the software is free, but you're scheduling blind. Managers don't know how much will be sold in a week or how much a schedule will cost in labor. So, they make an educated guess. And it's expensive when they get it wrong.

Stop guessing if and when you'll be busy

Restaurant scheduling software eliminates the guesswork. It pulls sales data from the POS, taking into account the day of the week, holidays, upcoming events, and last year's data to give accurate sales forecasts. Daily and weekly labor costs are also calculated and gauged against your budget. With all this data in the schedule, managers have the information they need in real time so they can staff shifts adequately without overspending.

> " SpotOn Teamwork provides key metrics, like forecasted labor percentage. In the past, you would take a pen and pencil to figure it out. Now, you just have to make a schedule, and the metrics will populate daily. It saves nearly two and a half hours on most work days.

GENERAL MANAGER, THE BUNGALOW KITCHEN
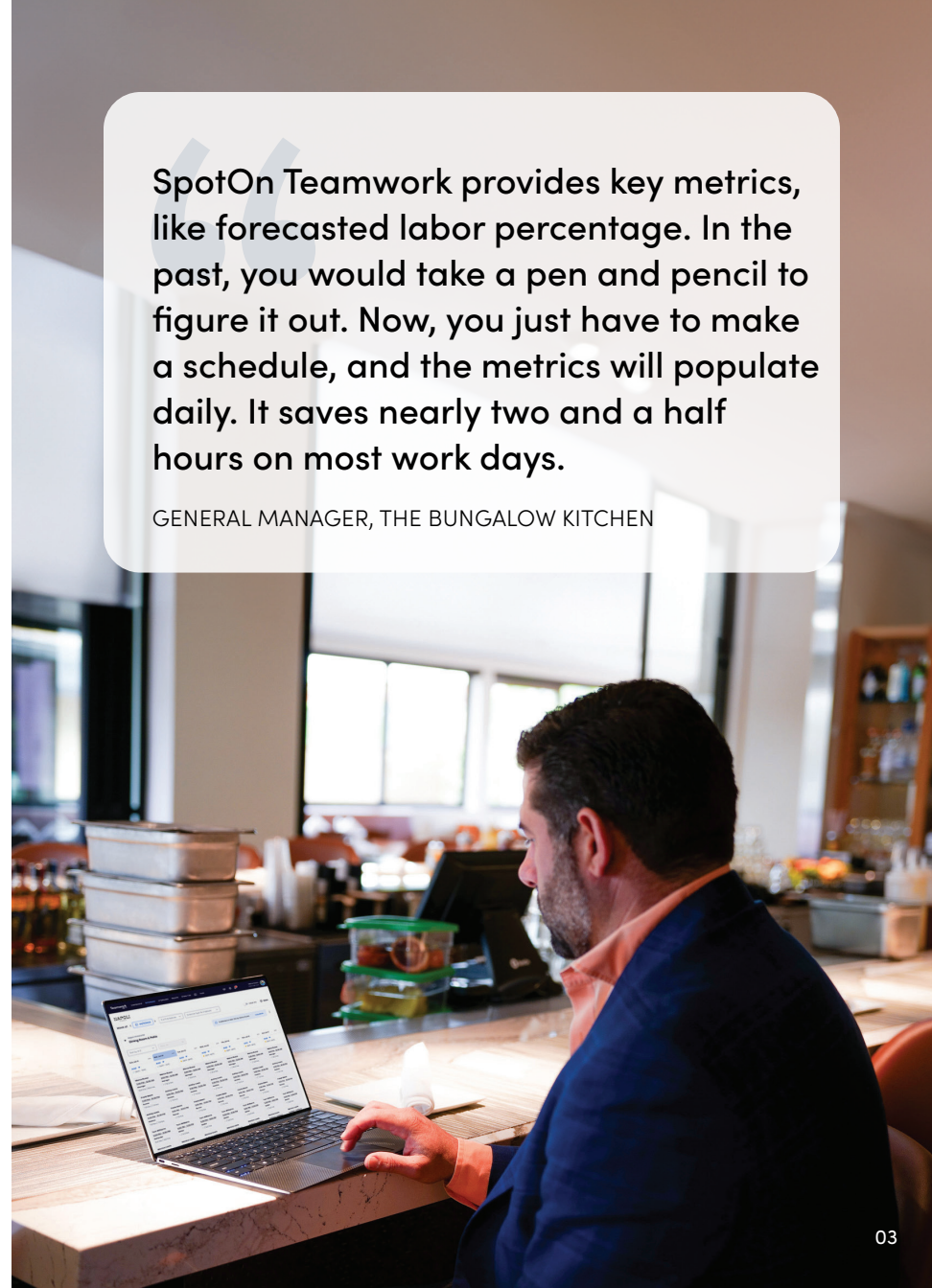
Do your weekly schedule in minutes

A manager's time is the most valuable of everyone in a restaurant. They can help employees in the weeds, troubleshoot situations on the floor, and make sure guests are taken care of. But none of that can happen when they're stuck behind a desk working on a schedule. With so many variables at play, restaurant schedules are probably the most challenging to create.

Scheduling software lets managers get that work done ten times faster. They can create templates, duplicate past schedules, drag and drop shifts, rotate sections and times, and publish directly to your team. They can even see daily sales forecasts, house shifts that need to be covered, and staff availability across multiple locations. When it's all in one place, scheduling happens in a snap.

Explore scheduling software

"Using the schedule enforcement with SpotOn Teamwork, we have saved roughly between $500 and $800 per week on labor management alone.

PETER LOPEZ | GENERAL MANAGER, ADALINA

"By saving time with SpotOn Teamwork, there's more time to spend together as a team on more creative endeavors. We can come up with other ways to optimize the business and make our operations more efficient when we're not stuck in the weeds with payroll and scheduling.

LAUREN SCHAEFER | GENERAL MANAGER, GIUSTO NEWPORT

Set guardrails for your staff

With scheduling software, operators can also automatically restrict schedules from being posted if they're over budget. This ensures your schedules aren't taking more labor dollars than what's available. And to enforce schedules, you can prohibit employees from clocking in early without manager approval. If you have issues with staff showing up late, you can either require manager approval if they try to clock in after a specific time or require them to enter a reason why they were late. The right scheduling software will integrate with your POS and let you set rules that work for you to keep your budget and profits intact.

Making schedules match the budget

The goal

Adalina needed a multifaceted solution to simplify team management, streamline the ordering process, and provide in-depth business insights. In a shifting compliance landscape, Adalina wanted to remain ahead of the curve while providing their team with more schedule visibility and flexibility.

The solution

With SpotOn Teamwork, Adalina's general manager staffs shifts more efficiently and saves time on scheduling to benefit everyone's bottom line. Detailed, accessible reporting helps Adalina's operators set relevant KPIs right away—and create schedules that help meet them, too.

$500 – $800

Weekly labor savings

1 hour

Per week saved on clock-in-review

> SpotOn Teamwork allows you to intelligently forecast your labor and scheduling moving forward, which is a huge win in the current environment.
>
> JONATHAN GILLESPIE | PARTNER, ADALINA

SUCCESS STORY

> "Our staff loves SpotOn Teamwork because everything is directed straight to their phone rather than an email. The Teamwork App makes it very easy for them to swap shifts, pick up shifts, or change their availability on the fly."

TERRY MARTIN | GENERAL MANAGER, JOE MUER

Building a loyal workforce

Make it so employees want to stay

Hiring new staff isn't cheap. A 2023 study from the Society for Humane Resource Management (SHRM) places the [average cost per hire at $4,700](#). For restaurants, those expenses are in interviewing, onboarding, training, and meal discounts. And when too many people quit, your labor budget is significantly drained.

The solution? Create an environment where good workers want to stick around. That's done by empowering your staff to manage their schedule, make more money, and see their earnings in one place. You can do that with a mobile app.

Empower staff to control their schedule

An employee scheduling app lets team members offer up, pick up, or swap shifts with just a few taps on their phones. Managers can then review and approve requests from anywhere. Here's how it works.

Let's say Jill wants to get a night off this week to go to a concert. So, she puts up the shift on the employee app. Jack then sees the shift and offers to pick it up. After that, the manager, John, reviews the request and approves the swap. Everyone is notified, and no one had to go into the restaurant. That's how you keep employees.

Taking back time from the back office

The goal

Callie's Hot Little Biscuit wanted to minimize labor costs and the headaches associated with payroll and tip calculation. Their ideal tool would also improve communication between managers and employees, ultimately increasing retention.

The solution

Since SpotOn Teamwork works in sync with their SpotOn Restaurant POS, Callie's general managers and HR person get hours back in their weeks that they used to spend calculating tips and poring through spreadsheets. Employees clock in on the POS, streamlining the clock-in process and providing management with all the data needed to make staffing decisions in one intuitive platform.

2 – 3 hours
Saved per week for managers

6 – 8 hours
Saved per week for human resources staff

> "Teamwork allows me to control how much I want to spend on labor every week. I can see what we sold over time, the sales forecast over the past four weeks, and what we sold over the last week. I look at where we will be sales-wise and then give my managers a percentage they must meet to keep our labor at a minimum.

MICHAEL LOTZ
DIRECTOR OF OPERATIONS, CALLIE'S HOT LITTLE BISCUIT

SUCCESS STORY

Expediting tip distributions

Cash is costing you

Part of your staff's pay is in tips. Sorting those tips and making sure everyone gets paid correctly costs you in labor. In full-service restaurants, that's paying servers to stay on the clock to get change, calculate percentages, and sort cash. Then those tips go to a manager who has to verify, record, and distribute them to your support staff. And if a staff member's tips are accidentally given to the wrong person, your restaurant has to cover the loss.

Cash also costs you in bank runs. If servers get tipped primarily on the card, you must pay them those tips in cash at the end of the shift. And with guests using less cash than before, you often pay servers instead of them paying you. If you go to the bank more than once a week, chances are, you've become a bank for your staff—and that's more stress on management.

Let tip-outs take care of themselves

Tip management software automates the entire tip distribution process, immediately getting servers off the clock. Here's how it works. Servers run their daily sales to see if they owe the house. If they do, they turn in the cash to a manager. If the restaurant owes them, that amount goes to their bank account. Goodbye, bank runs. The tips they owe the support staff are automatically calculated from their daily sales and distributed to each employee's account—no matter how unique or complicated your tip distribution rules are.

If a server wants to tip a busser extra for pre-bussing their tables, they can do it digitally before closing out for the day. At the end of a shift, a manager just needs to review and approve the tip-out—a task that only takes a few minutes. On top of that, those tips are synced to your payroll, so you can ensure that every employee's withholdings are accurate. With everything handled automatically, you save a ton in labor.

> " Tip distribution takes up a significant portion of our end-of-the-night closeout, so when we found that SpotOn Teamwork helped us decrease our time from one hour to ten minutes, we knew it was a no-brainer for our restaurants.

MICHAEL MINA | OWNER, MINA RESTAURANT GROUP

How much can be saved with tip software?

Let's say a restaurant has an average of 5 servers on every shift. And there are 2 shifts a day—lunch and dinner, making 60 shifts a month. At the end of a shift, servers are pretty tired, so on average, they get their tip-out done in 15 minutes or ¼ (.25) of an hour. This restaurant pays their servers $14.00/hour—the state's minimum wage. By multiplying these numbers (5 x 60 x .25 x 14 = 1,050), we see they're spending over $1,000 a month in labor just to tip out staff. That's money that could be saved with tip management software.

What are tip-outs costing you?

How long it takes each server to do their tip out: _____ mins

_____ hrs

The number of servers on a shift: x _____

Their hourly wage: x _____

The number of shifts in a month: x _____

Monthly cost of tipping calculations: _____

Explore tip-out software

Automating payroll & compliance

Let your POS and payroll talk to each other

Every week or two, payroll happens. For most restaurants, that means inputting time clocks and tips into a payroll platform—a job usually given to a busy manager or an expensive accountant. If those numbers are misentered, you wind up overpaying or underpaying your staff. The first mistake costs you in labor dollars. The second costs you in time and fosters employee mistrust. That's why getting payroll right every time is critical for your labor budget.

Payroll prep software that integrates with your point-of-sale can automatically pass on that information accurately to your payroll platform. No more data entry. No more triple-checking the numbers. And most importantly, no more incorrect paychecks. Just review the data and click a button. That's it. Paying staff has never been so easy or so cost-effective.

Explore payroll prep software

Set up your tech for labor compliance

Ensuring your schedules and employees adhere to state laws can be a headache or, worse, a lawsuit. Labor management software can help out. Here's how:

1 **Automate break reminders** so employees remember to take breaks required by their shift length and state laws.

2 **Have employees complete a clock-out survey** confirming they have taken mandated breaks. This gives you peace of mind—and a written record—that you're staying compliant.

3 **Modify your clock-in and clock-out surveys** to reflect new guidelines as your local labor laws change.

4 **Connect your tip distributions to your payroll**, ensuring that every team member's withholdings are accurate.

Learn more

Thousands of dollars (and hours) saved in labor

The goal

Boqueria needed just one platform to keep manager labor costs in check, minimize back office time, and avoid costly manual errors. Their ideal labor management software had to be a one-stop shop that would save managers time and help employees increase guest face time instead of back-office screen time.

The solution

With SpotOn Teamwork, managers have redirected over 2,500 hours of admin time to more productive work. That $100,000 of labor hours has been transferred to high-value tasks like coaching employees. Additionally, they have the peace of mind that labor numbers are error-free and onboarding time is drastically minimized.

$100,000+

Labor hours redirected
to high-value tasks

2,500 hours

Administrative hours
optimized

"SpotOn Teamwork eliminated ten platforms and multiple processes, making everything more automatic for our administration and teams. To quantify that, it has saved us over $100,000 and 2,500 hours of labor in the first year.
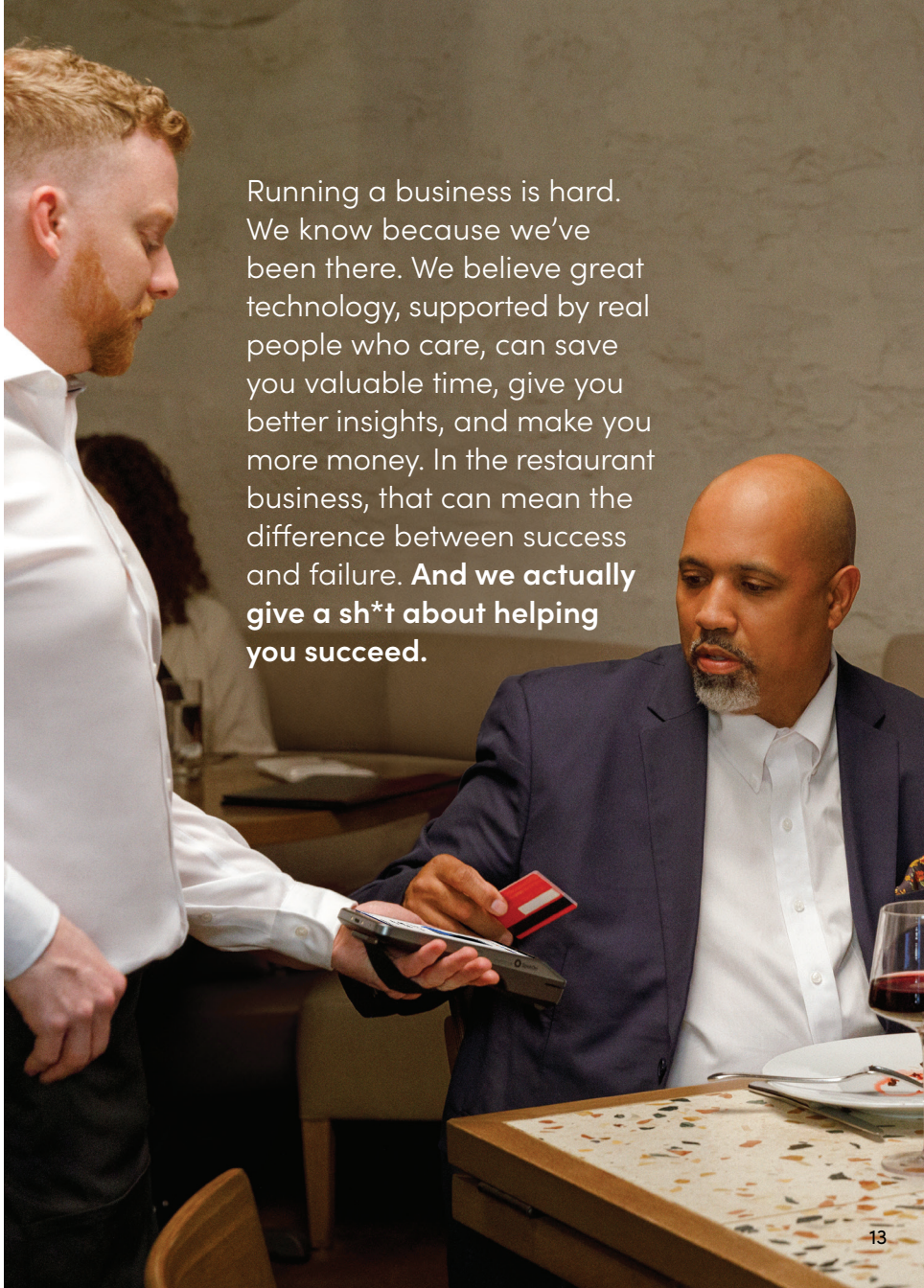
EMMA BLECKER | CHIEF OF STAFF, BOQUERIA

SUCCESS STORY

Cut labor costs with Teamwork

When your point-of-sale and labor management software are in sync, coordinating your staff becomes effortless. SpotOn Restaurant POS integrates with SpotOn Teamwork to make this happen. POS time clocks, daily sales, tips, reporting data, and profile information flow seamlessly to Teamwork and vice versa—cutting out all the manual work your staff has to do. That gives them more time to focus on the guest experience and puts more profit back into your bottom line.

"With SpotOn Teamwork, we've adjusted our closing procedure for the back-of-house. It has helped us reduce our overall labor spend by about 5%.

DOMINIC VICARI | OPERATING PARTNER, JOE MUER

Get a demo

Running a business is hard. We know because we've been there. We believe great technology, supported by real people who care, can save you valuable time, give you better insights, and make you more money. In the restaurant business, that can mean the difference between success and failure. **And we actually give a sh*t about helping you succeed.**

SpotOn

Integrated restaurant technology