

**Identifying Best Practices
During the COVID-19 Pandemic:**
A GUIDE FOR RESTAURANTS &
FOOD SERVICE

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ABOUT US



Scan this QR code to visit the [Impact Studio for Local Business website](#)!

Throughout the summer, 37 students from the Michigan Ross School of Business and the Ford School of Public Policy have worked with the restaurant, retail, and personal services sectors to identify common pain-points and opportunity spaces for **scalable solutions** in the wake of COVID-19.

Within eight weeks, these U-M students conducted interviews with local businesses to **understand the most pressing issues** that the +Impact Studio for Local Business could address. Students' work centered around incorporating new technologies, navigating new business models, and changing supply chains, all while keeping health and safety as the top priority, to **alleviate the workload of local businesses**.

The following guide and its accompanying graphics, videos, and financial models was produced by a team of fourteen students, led by Professor Christopher Mueller with guidance from stakeholders with the University of Michigan, Detroit Means Business, and TechTown, among others.

To find out more information about this program and to see other student-produced projects, visit the [Impact Studio for Local Business website](#).

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Through this short guide, we hope to help you identify what works best for your business and ensure that you thrive even under these less-than-ideal conditions.

INDOOR DINING

Indoor dining is the closest way for customers to **return to pre-pandemic dining conditions**. According to the Centers for Disease Control and Prevention, indoor dining poses the **greatest risk** of COVID-19 transmission of all dining options. However, for businesses with **little to no space available for outdoor seating or limited resources** to invest in alternative options, indoor dining may be necessary for a restaurant's survival.

CURBSIDE PICKUP

Curbside pickup is a **low-cost and safe alternative to traditional dining** in the era of COVID-19. If your business services families or students and offers a casual dine-in atmosphere, curbside pickup is a compatible option to continue reaching your market. Curbside pickup replaces the dine-in experience, while still giving customers access to your menu. Offering curbside pickup is **low cost, or no cost** if you have an online ordering system and takeout supplies on hand. This option can **quickly increase volume of sales as customers of varying risk profiles can continue to support your business** with minimal contact.

THIRD PARTY HYBRID

The third party hybrid model is great for businesses looking to get the **marketing and logistics of third party apps, without the high commissions**. While businesses will have to take on the costs of hiring their own drivers, this can potentially be more cost-effective and help create a strong revenue stream with apps such as Uber Eats and Doordash. This option is particularly **attractive for restaurants that serve food to younger customers**.

OUTDOOR DINING

Outdoor dining provides additional square footage to increase capacity and revenue. Its design allows for open space, which increases natural ventilation and **safety for customers and staff**. Outdoor dining mimics a pre-pandemic dining experience. The opportunity spaces from local and state municipalities mitigate many of the structural barriers to having an outdoor dining space. With the flexibility of permits and outdoor dining options, restaurants can **maximize their dining revenue by increasing capacity and space** without the need to make any structural changes.

THIRD PARTY DELIVERY

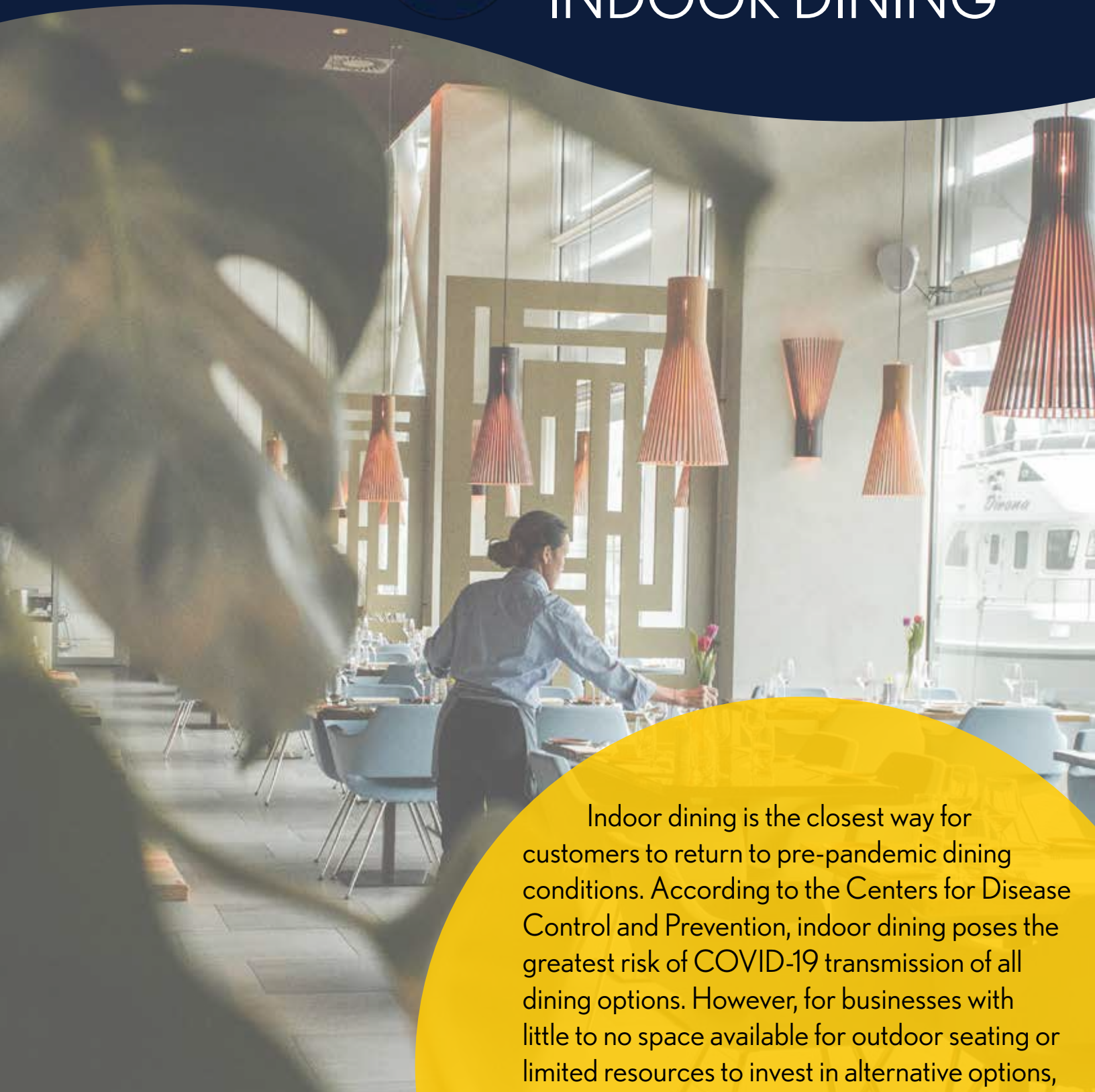
Tend to the needs of your cautious customers by bringing the food to them. In the COVID economy, third party delivery apps provide restaurants an opportunity to **reconnect with traditional customers and advertise to a new market** – all without having to handle the specific logistics of delivery. Apps like Doordash, Grubhub & UberEats are ideal for restaurants who can remain profitable given the various commissions taken from these apps. But calculating profitability is tricky, so we built a specific financial tool to help you decide if you are, or have potential to be, profitable using any of these delivery apps.

IN-HOUSE DELIVERY

The in-house delivery model allows businesses to **control every aspect of their operation** from the moment the order comes in, all the way to the door of the customer. This option works particularly well for businesses with small and tight-knit consumer bases that are receptive to your promotion and communication. While it is costly to get a system, vehicle, and employee, the **ability to retain one hundred percent of revenues** can make this a long term profitable investment.



TRADITIONAL INDOOR DINING



Indoor dining is the closest way for customers to return to pre-pandemic dining conditions. According to the Centers for Disease Control and Prevention, indoor dining poses the greatest risk of COVID-19 transmission of all dining options. However, for businesses with little to no space available for outdoor seating or limited resources to invest in alternative options, indoor dining may be necessary for a restaurant's survival.

WHAT'S NEEDED TO IMPLEMENT IT?



PHYSICAL BARRIERS

Restaurants must implement physical barriers at areas where maintaining six feet of separation is difficult, such as at sneeze guards and partitions at cash registers, host stands, and limit the number of employees in shared spaces including kitchens, host stands, break rooms, and offices. Some examples of physical barriers include plexiglass barriers, tape markers, or tables.

SIGNAGE + COMMUNICATION

Restaurants must post signage at store entrances informing customers not to enter if they are or recently have been sick and instruct customers to wear face coverings until they get to their table. Communication materials (e.g. signs, pamphlets) are needed to make customers aware of changes to restaurant practices and to explain precautions being taken to prevent infection.

CLEANING

To ensure that indoor dining is as safe as possible, restaurant staff must be cleaning thoroughly and frequently. Frequently touched surfaces (door handles, cash registers, sink handles, etc.) must be cleaned at least daily and shared objects should be cleaned between each use. Limit the sharing of items, use touchless payment options as much as possible, and avoid using reusable items-- for example, consider switching to paper menus or disposable silverware.

Learn how to generate a forecasted income statement and estimate your profits for the next six months. VISIT [Impact Studio for Local Business](#), click on "Restaurant Service Options," and proceed to the bottom of the page to use our FREE Forecasted Income Statement Model.

PROS

- Can increase sales
- Good for restaurants that have limited/no space for outdoor seating
- Attracts customers who are nostalgic for the pre-COVID dining experience

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CUSTOMER APPEAL

Indoor dining appeals to customers who want to return to a pre-pandemic lifestyle and aren't as wary of the risk of transmission. They are comfortable taking off their masks and being in enclosed spaces. However, news outlets have reported on customers who defy restaurants' public health regulations and disrespect employees.

SOME GOVERNMENT POLICIES TO CONSIDER

1

Restaurant patrons must wear a face covering except when seated at their table or bartop.

2

Patrons must be seated except when entering, exiting, ordering food, or using the restroom. Alcohol may only be sold using table service.

3

Business owners must cut off access to common areas where people usually dance or gather.

CONS

- Customers may not follow rules, further increasing risk
- If restaurant is linked to cases, very negative press/reviews (see: Harper's Bar in East Lansing)
- Some employees are uncomfortable returning to work (Washtenaw County restaurant industry workers started a petition to extend closure of dine-in services) and may quit
- Many states are suspending indoor dining again after cases spiked
- Risky to depend on indoor dining in business model



OUTDOOR DINING



Outdoor dining provides additional square footage to increase capacity and revenue. Its design allows for open space, which increases natural ventilation and safety for customers and staff. Outdoor dining mimics a pre-pandemic dining experience. The opportunity spaces from local and state municipalities mitigate many of the structural barriers to having an outdoor dining space. With the flexibility of permits and outdoor dining options, restaurants can maximize their dining revenue by increasing capacity and space without the need to make any structural changes.

WHAT'S NEEDED TO IMPLEMENT IT?



SPACE AVAILABILITY

Parking lots, alleyways, and sidewalks are all approved spaces for outdoor dining pending the city's zoning laws and regulations.

OVERHEAD COVERINGS

Overhead coverings may be required in your city. To limit additional costs, consider cheaper options like umbrellas or tents depending on need and preference.

BOUNDARIES FOR PERIMETER

Service areas must be clearly marked by either a physical or non-physical barrier. If you serve alcohol, you must have a physical barrier (fence, plants, etc.). Otherwise, you can use chalk, cones, or some other non-physical marker. A city may require restaurants to submit a diagram of application to define its approved service area.

SEATING SPECIFICS

Include a pedestrian path of at least six feet between the restaurant and the defined outdoor service area. Maintain eight feet between tables and six feet from any designated carryout or curbside space.

Learn about the costs of building or improving your outdoor dining space & generate a six month forecasted income statement. VISIT [Impact Studio for Local Business](#), click on "Restaurant Service Options" and proceed to the bottom of the page to use our FREE Outdoor Dining Cost Calculator & Forecasted Income Statement Model.

PROS

- Increases dining capacity and revenue
- Safest on-site dining option
- Government accommodations improve opportunity spaces for outdoor dining
- The additional operating space provides servers with more tables without requiring more staff
- Ideally, customers only have contact with their table and dinnerware, which reduces contact as well as exposure risk

CUSTOMER APPEAL

Outdoor dining appeals to customers who want to return to restaurants, but are still cautious of the virus and may not feel safe eating indoors. Patrons who prefer this dining service have the health and ability to do so given risk factors and weather conditions. Outdoor dining's atmosphere appeals to customer segments of all ages and demographics, except those who are at high risk of contracting COVID-19. Outdoor dining can be made casual or formal, depending on the restaurant. Outdoor dining's unique strength in today's market is its ability to mimic pre-pandemic dining with safety measures in place, emphasizing atmosphere and socialization.

SAFETY CONSIDERATIONS

- Prioritize guest communication through signage, social media, and verbal introductions by informing patrons of all safety practices and procedures.
- Design traffic flow to improve efficiency and safety in seating areas.
- Maintain social distancing in all dining and waiting areas and allow for pedestrian foot traffic.
- Most importantly, the "style" of dining is not as crucial to your restaurant as your safety and hygiene measures, so make sure these are standardized and consistent.

CONS

- On-site dining is the riskiest dining option and puts the restaurant under heightened pressure to maximize its safety and cleaning procedures
- Additional supply costs can vary, however, in some cases those can outweigh the benefits for a short opportunity window
- Unpredictable weather is the most inhibiting force for outdoor dining success
- Table turnover time is ~50% longer than pre-COVID



CURBSIDE PICKUP

Thank you > 😊 with love!

Curbside pickup is a low-cost and safe alternative to traditional dining in the era of COVID-19. If your business services families or students and offers a casual dine-in atmosphere, curbside pickup is a compatible option to continue reaching your market. Curbside pickup replaces the dine-in experience, while still giving customers access to your menu. Offering curbside pickup is low cost, or no cost if you have an online ordering system and takeout supplies on hand. This option can quickly increase volume of sales as customers of varying risk profiles can continue to support your business with minimal contact.

WHAT'S NEEDED TO IMPLEMENT IT?



ONLINE ORDERING SYSTEM

Most POS systems will come with a free, basic online ordering system. These systems may be limited in features, but can get the job done if you are looking to quickly transition to offering curbside pickup. Purchasing additional online ordering software may be worth the long term investment if you plan to continue offering curbside after COVID-19 is contained. Knowing this from the start and planning accordingly can reduce potential customer confusion if ordering procedures change. Taking orders by phone is another cost-saving method to start offering to-go orders, but require customers to come in and pay when they arrive. **See Appendix A for a comparison table for three online ordering systems.**

TAKEOUT SUPPLIES

It's important to have appropriate takeout containers for to-go orders that will preserve the heat of the food or prevent spills. If certain foods are too difficult to package, then it may be worth limiting the carry-out menu.

CONTACTLESS PICKUP AREA

Once the order has been placed, customers must have a clearly designated area to wait for and pick up their orders. Signs should direct customers where to wait and how to go about picking up their order while abiding by store policies and state mandates. How and where customers go to pick up their orders can vary depending on the setup and design of your store location.

PROS

- Quick sales preserves customer loyalty
- Most cost-effective service option
- Encourages COVID-19 cautious customers to support your business within their comfort zone
- Minimizes contact between customers and employees for safety
- Streamlines the ordering process and reduces wait times for customers
- Operable with a small staff

CUSTOMER APPEAL

Curbside pickup caters to customers who are uncomfortable taking off their masks or being in public for long periods of time due to COVID-19. These customers have higher risk aversion than those who are willing to dine-in. Patrons who use curbside pickup are willing to commute for their order, as long as they won't need to wait much longer for their order once they arrive, so it is important to have a streamlined method of processing these orders as they come in.

ADDL. CONSIDERATIONS

1

Your online ordering system should notify a customer when their order is ready and provide a phone number to contact if they would like to make any changes. If you are unable to provide a progress tracker, offering time estimates for order preparation is essential.

2

Setting up a designated pickup window can help direct the flow of foot traffic around your store, especially if you are also providing indoor or outdoor dining. A pickup window should be clearly labeled and allow customers to directly swipe their cards on the payment machines without handing anything to the employee.

3

You can utilize your parking lot or nearby free parking to reduce crowding around your entrance if your store location allows you to.

CONS

- Contactless pickup procedures can be confusing or hard to find
- Customers may not abide by store policies upon arrival or raise objections
- Additional responsibility for employees to track curbside orders and run them outside to customers
- Not all menu items may be travel-friendly

SEAMLESS CURBSIDE PICKUP

STRATEGIES FOR A SUCCESSFUL PICKUP

PARKING SPOTS

Take advantage of your parking lot and designate several Curbside Pickup Only parking spots to make it easier for employees to locate cars and deliver orders faster. If you have customers call when they arrive, have a visible sign outside with your phone number.



NOTIFICATION SYSTEM

Communicate to customers the estimated preparation time as they order and provide a notification when it is ready for pickup if your system allows. If you are updating them by phone, text your customer to keep the line open for potential incoming order calls.



PICKUP WINDOW

If you have no parking space or don't want employees running out to cars, designate an area at an entrance for pickup. There should be a barrier at face level for safety, posted signs about your rules, and 6 feet spacing indicators if multiple customers are waiting.



CURBSIDE EMPLOYEES

There should be a clear employee in charge of processing orders and tracking arrivals for streamlined communication and reduced confusion with the customer. You should assign more employees if necessary during rush hours to ensure all orders are prompt.



ONLINE PRESENCE

Customers need to be informed that you have curbside pickup in order to utilize it. Send out a notice through your marketing channels and post detailed instructions on how the curbside pickup will work on your website and any existing social media to simplify the process.



IN-CAR VS WALKUP SERVICE

Different characteristics of your business suit varying curbside strategies and it can be difficult to decide which one to use. How do the two most common strategies compare?

Walkup service is easier to implement. It's a good first step to curbside service. Walkup doesn't require parking, a notification system, or a handheld payment machine.

In-Car service requires more setup, but rewards include a safer customer experience and a more streamlined process for employees.



	In-Car	Walkup
Fast on-site transaction	✓	✓
Customers and employees feel safer	✓	✓
Less in and out of restaurant for employees	✓	✗
Reduces crowding outside restaurant	✓	✗
Saves employees from time on the phone	✗	✓
Works in the absence of nearby parking	✗	✓
Easier to notify customer when order is ready	✗	✓



IN-HOUSE DELIVERY



The in-house delivery model allows businesses to control every aspect of their operation from the moment the order comes in, all the way to the door of the customer. This option works particularly well for businesses with small and tight-knit consumer bases that are receptive to your promotion and communication. While it is costly to get a system, vehicle, and employee, the ability to retain one hundred percent of revenues can make this a long term profitable investment.

WHAT'S NEEDED TO IMPLEMENT IT?



VEHICLE

Vehicles should be insured with commercial insurance, and employees' vehicles can sometimes be covered by these policies. In addition to commercial insurance, restaurants should keep gas costs in mind.

EMPLOYEES

Most small restaurants can function with one employee as the delivery order manager. This employee is responsible for picking up the phone, packing and handing off food to the driver, and resolving any customer delivery issues. Delivery hours should only be during busy times, and restaurants should only drive during those times.

LOGISTIC CONSIDERATIONS

What's your delivery radius?

- Most restaurants only deliver within 5 miles so that no round trip is longer than 10 miles.

How much will you charge?

- Delivery fees should be a mix of a flat fee based on fixed cost, and an added fee proportional to the order size and location of customer

How will you communicate with your driver?

- Some restaurants can function by writing down orders and calling their drivers on the phone. If a restaurant wants a more integrated option, GloriaFood provides a free delivery infrastructure.

PROS

- Retain one hundred percent of your revenue
- Maintain complete control over the consumer ordering experience
- Control how many or how few orders you can handle at a time
- Set your own delivery fee

CUSTOMER APPEAL

In-house delivery is a great option for small businesses that have a tight-knit consumer base. If you know your consumers personally and have clear lines of communication with them, generating awareness of your in-house delivery offering should be relatively simple and effective. If your business generally appeals to a younger demographic or is trying to capture a new market, utilizing third party apps and their marketing features may make more sense.

RECOMMENDATIONS

1

KNOW YOUR CUSTOMER

In-house delivery works particularly well with consumers who are loyal to your business, and have a connection with it outside of the physical location.

2

CALCULATE YOUR DELIVERY FEE

Lay out the costs associated with your delivery service, establish a base fee, and make sure customers are being charged proportionally to their location and order size.

3

MEASURE YOUR EFFICIENCY

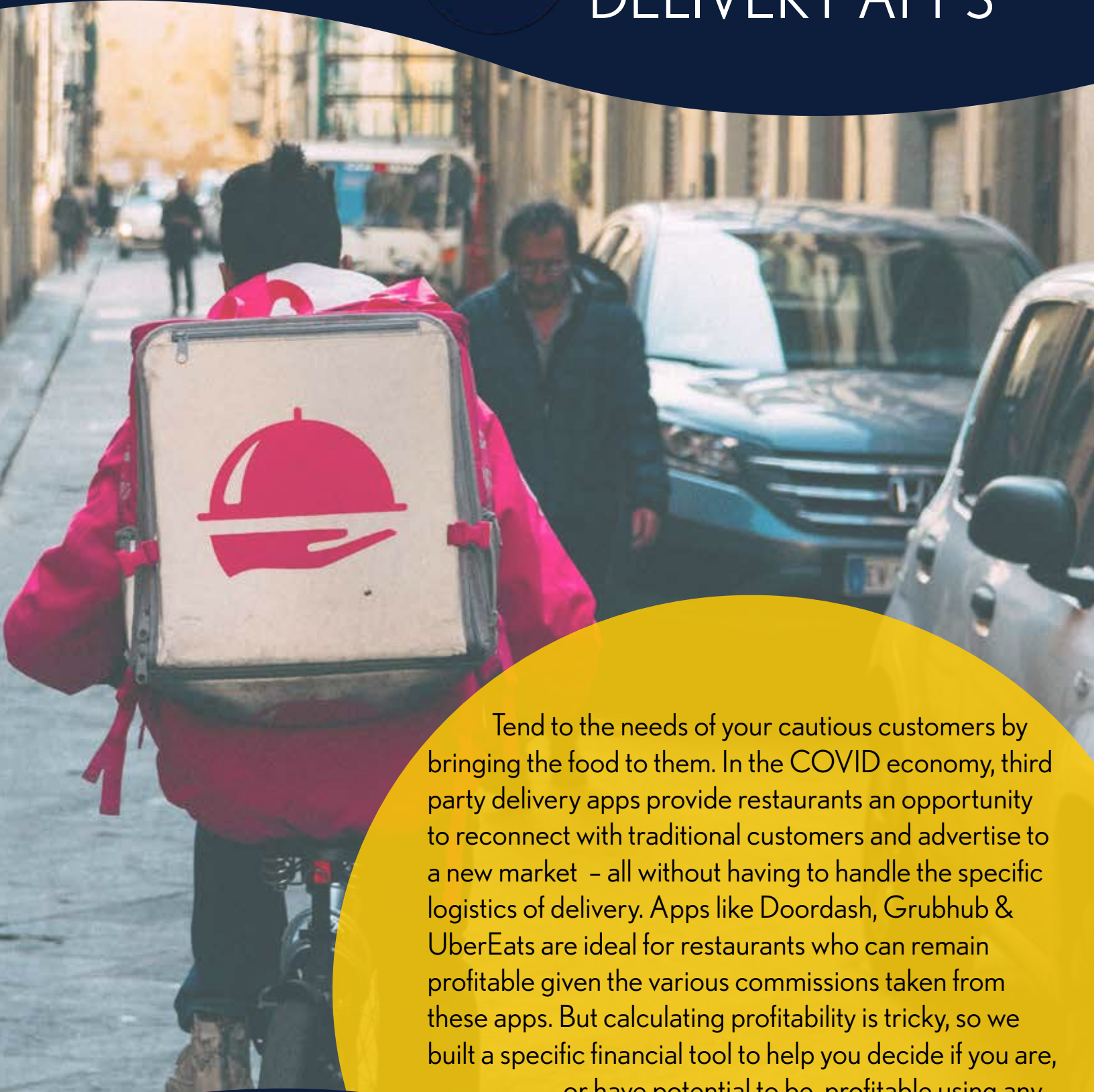
Decide on what factors best measure the efficiency of your system, and monitor those factors as you launch your system. Some factors to consider are: average delivery revenue, average delivery time, average calls/hour, and average cost/order.

CONS

- Need vehicle for deliveries
- Need employees and infrastructure in place to work phones, manage orders, and deliver food
- Requires large financial, managerial, and time investment



THIRD PARTY DELIVERY APPS



Tend to the needs of your cautious customers by bringing the food to them. In the COVID economy, third party delivery apps provide restaurants an opportunity to reconnect with traditional customers and advertise to a new market – all without having to handle the specific logistics of delivery. Apps like Doordash, Grubhub & UberEats are ideal for restaurants who can remain profitable given the various commissions taken from these apps. But calculating profitability is tricky, so we built a specific financial tool to help you decide if you are, or have potential to be, profitable using any of these delivery apps.

WHAT'S NEEDED TO IMPLEMENT IT?



CALL AN AGENT

Getting started with any of these apps is just a call away. The representatives of each delivery app will answer your questions or concerns. They can even walk you through the sign up process step-by-step if you would prefer. Make sure to ask questions if you have any, as they are very receptive to business owners' concerns. **See Appendix B for a chart comparing third party delivery apps.**

MINIMAL STARTING COSTS

Small business owners barely have any time or money to spare right now. Luckily, there is little to no initial commitment across these apps. It's quick and easy to sign up, and in light of COVID-19, these apps have waived most startup fees. One small initial investment can grow your business in a vital way.

ADDITIONAL OPERATIONS

You will need an employee capable of managing the new ordering system. This may require some employee training, but the systems are relatively simple to operate. You will also need to consider the additional supply costs of delivery and sales growth.

PROS

- Opportunity for growth in sales
- In-app-marketing allows you to reach new consumer markets and retain traditional customers
- Analytic tools to track sales and revenue growth will help you decide if these apps are profitable for you in real time
- You don't have to handle the logistics of delivery

CUSTOMER APPEAL

If you generally serve younger customers, college students, work-from-home employees or individuals worried about leaving their houses, this model may be a good fit. Additionally, third party delivery apps can potentially market to new customers who fall into these categories if you're looking to reach new consumer groups.

IS THIS AFFORDABLE?

1

VISIT the [Impact Studio for Local Business](#) website for FREE financial tools.

2

Click on the tab "Restaurant Service Options." For immediate use of the financial tool, proceed to the bottom of the page. Click on "Delivery Services Revenue Calculator."

3

Input some of your restaurant's financial data and your app of choice. You will then find out your incremental revenue – a key metric in calculating your profitability while using third party delivery apps.

CONS

- Various commission rates may eat into profit
- Added employee tasks may require an additional employee if needed.



THIRD PARTY HYBRID



The third party hybrid model is great for businesses looking to get the marketing and logistics of third party apps, without the high commissions. While businesses will have to take on the costs of hiring their own drivers, this can potentially be more cost-effective and help create a strong revenue stream with apps such as Uber Eats and Doordash. This option is particularly attractive for restaurants that serve food to younger customers.

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WHAT'S NEEDED TO IMPLEMENT IT?



THIRD PARTY SERVICE

Currently, Uber Eats is the only service that offers the option to use your own delivery drivers. The app allows you to decide on your preferred distance for delivery, and also allows you to switch all orders to UberEats drivers whenever you'd like. You're able to set your own delivery fee, and Uber takes a fifteen percent cut of every order. Door-Dash is beginning to offer the same service, and more information about this can be found by contacting a representative.

DELIVERY RUNNER

It is the responsibility of the restaurant to get the orders to customers. Therefore, you must have an employee and vehicle on hand to run orders. Additionally, restaurants should have a delivery order manager. If your order volume is relatively high (more than 30 orders per day), you will probably need to bring on a new employee as a delivery order manager. This employee is responsible for receiving the orders, preparing food for the driver, handing off food to the driver, and resolving any issues related to the third party app.

PROS

- Control the product from the kitchen to the consumer and ensure a standard of quality
- In-app marketing and new consumers through the app
- Flexibility to switch to/from using third party drivers

CUSTOMER APPEAL

If you generally serve college students or don't have a consistent consumer base, this model may be a good fit. Third party apps are more likely to be utilized by young consumers, and will also provide the marketing to bring in a fresh set of customers.

IS THIS AFFORDABLE?

1

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3

Input some of your restaurant's financial data and your app of choice. You will then find out your incremental revenue - a key metric in calculating your profitability while using third party delivery apps.




CONS

- Need to have a vehicle and employees to handle orders
- Apps take 15% of revenue from new orders placed through third party apps

APPENDIX A

Curbside Online Ordering Services*

Online ordering saves employee time and reduces contact during pickup vs. ordering over the phone.

Service	Price	Notifications	Online Payment	Benefits
	\$60/month & 2.9%+\$.30 per order	Can indicate when order is ready to pick up	Included	Full Point of Sale Tool
	Toast Now starts at \$50/month, no commission fees	Can text when ready if also using Toast POS system	Included	Schedule orders ahead of time and order on Toast app
	Free	Doesn't offer real-time updates beyond time estimate	\$29/month	Order through website or Facebook

* All rates current as of August 1, 2020.

APPENDIX B

	DOORDASH	GRUBHUB	UBEREATS
No Start-Up Costs	✓	✓	✗
No Tablet Rental Fees	✗	✓	✓
Adjustable Level of Marketing & Commission	✓	✓	✗
No Commission on Restaurant Website Orders	✗	✓	✗
Delivery Fees Paid Only by Customer	✓	✗	✗
No Commission on Pick-Up Orders	✗	✗	✓