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How to ensure you have enough cash for 2021

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AS I'VE WRITTEN ABOUT MANY times, but bears repeating: There are a number of government programs, grants and other help that have provided cash for the restaurant industry, particularly the independent restaurant owners who have been hurt as much as anyone in the pandemic. When assessing your 2021, which is hopefully a ramp-up or at least a reopening of your concepts, think of the following seven items:

1. Recheck to ensure you've taken advantage of all of the government programs, including the second round of PPP and the new restaurant relief bill, which is still in the infancy stage. Make sure you've used your employee retention tax credits, if available, and taken advantage of all the state and local grants. This was designed to provide an appropriate cushion, but make sure the funds you have received can be used for the items that are necessary to either ramp up your business or reopen it. You may have some issues if you are going to reconcept, close and relocate as opposed to doing just a remodel.
2. Check with your bank to see if you qualify for a line of credit. If you already have a line of credit, check to see if it is still available and that it can be used for the remainder of this year for things necessary to reestablish your business.
3. Continue to discuss rent with your landlord. In light of the unknown sales in the future, do not automatically jump back into the old rent structure, if possible, particularly if it was high. Be upfront with your landlord. Provide appropriate pro formas that show the ability to pay rent and at what level. In general, structure something that is not going to burn your cash and end up with any kind of default with your landlord.
4. Look at ways to share services, particularly support services, like accounting, marketing, human resources and even operations, with other restaurants. A pooling of resources and cooperation is going to be a new way of thinking for independent restaurant owners. It is a way to cut down your overhead and also get the best-of-class talent when resources are pooled together.
5. What is imperative in going forward is that you have a concept that can be operated with lower cost than pre-pandemic. That means efficiency in the food side of operations, such as transitioning from fine dining to a little more polished casual, and adding or continuing takeout, delivery and meal replacement programs. Also look for dishes that require a less volatile cost of protein. Additionally, new concepts should allow for lower labor costs, by cross training staff so employees can do more than one job. The labor model should be flexible and more of a flat type of labor structure than the normal vertical approach. Work the numbers to ensure your concept is cost effective and test and model your concept until you know that it's something the consumers want, but is cost effective and efficient. Build a flexible concept that allows for unforeseen issues, and especially for the possibility of having to close down again, cut back, or surviving other types of

government regulations that may be imposed upon restaurants again.

6. Be ready for the Restaurant Revitalization Fund (RRF) application start date (unknown at the date of publication). The Small Business Administration has released details, so have all your information ready to go, including tax returns, PPP applications, POS reports and other details outlined by the SBA. It may be helpful to file your 2020 tax returns for verification of revenue.
7. Have a rainy day fund. Whatever you do, don't spend your last dollar thinking more money will be coming or that sales will automatically get back to their pre-Covid level. Even if sales start off very high when you fully reopen, don't assume they will remain at that level during the next six to nine months. Keep as much cash as you can.

Good luck this year. If we've learned anything over the past several months, it's that owning a restaurant means rarely being on autopilot.

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