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\$ Payroll & the Restaurant Industry

Among all the industries employing people in the United States, fewer have a tougher time with payroll than the restaurant industry. The nature of restaurants and hospitality can make payroll processing a nightmare for restaurant owners, particularly those that operate independently.



70%

The rate of employee turnover in the hospitality sector



27%

The percentage of restaurant employees who are also students



33%

The percentage of workers whose first jobs were in restaurants



1.6M

The number of teenagers employed by restaurants



500K

The number of seasonal jobs in the restaurant industry

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Full service restaurants
should spend

30-35%

of gross sales
on payroll

Limited service restaurants
should spend between

25-30%

of gross sales
on payroll

Restaurants with more

**FRONT-END
STAFF**

will spend more
on payroll

Payroll costs are not limited just to weekly wages. They include:



- Wages, salaries, and tips (where applicable)
- Payroll taxes
- Unemployment insurance and taxes
- Benefits (e.g.: health insurance, life insurance, etc.)
- Payroll processing costs

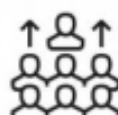


Working against Restaurant Owners

The nature of the restaurant industry actually works against restaurant owners when it comes to payroll. Here are just a few things that cause payroll headaches for restaurant owners:

1

High employee turnover rate



2

The high rate of seasonal employees



3

Having to account for both wages and tips



4

The prevalence of single





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Instead of labor cost alone to determine spend amounts



Analyze prime cost based on restaurant traffic, adjusting as necessary (weekly monthly, and seasonally)



Transition to an online payroll solution for greater efficiency and accuracy



Work with a payroll provider, like **BenefitMall**, offering a customized restaurant payroll solution



SOURCES:

National Restaurant Association — http://www.restaurant.org/Downloads/PDFs/News-Research/Pocket_Factbook_FEB_2017-FINAL.pdf

Houston Chronicle — <http://smallbusiness.chron.com/percentage-should-restaurant-spend-payroll-24851.html>



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www.employers.benefitmall.com

Among all of the industries employing people in the United States, few have a tougher time with payroll than the restaurant industry. The complex nature of operating a restaurant can make payroll processing a challenge for restaurateurs, especially those that are independently operated.

The overhead costs are high, including rent, equipment, licenses and insurance. In addition, there is a myriad of state and local regulations that must be navigated.

Restaurant owners need to maintain a strong cash flow position to remain viable.

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Payroll is a time-consuming and complicated task. For any restaurant owner who does not fully understand accounting and payroll reporting, running payroll can be tremendously frustrating.

Consider what restaurateurs have to deal with:

High Turnover – It's no secret that profit margins in the restaurant business are extremely tight. High turnover makes payroll more complicated for the restaurant owner. This is a transient workforce where the number of employees, pay frequency and variable pay rates tend to fluctuate regularly.

Server Tips – No other industry has to deal with the complicated matter of server tips. Servers tend to make less than minimum wage with the expectation that their tips will make up for the lower pay. All those tips have to be accounted for so that they are accurately reported and taxed appropriately.

Online Payroll Can Be The Solution for Your Clients – Determining how your clients do payroll can help significantly. The complexity and nature of tip reporting, and successfully dealing with staffing shortages to free up time for other things are all things to consider when helping your clients select a payroll service. For example, accessing payroll services online makes it possible to streamline everything so that the restaurant owner's only responsibility is logging into their account and entering employee data once a week.

To further examine payroll in the restaurant and help your clients make an informative decision about the best path to take, visit

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