
SUCCESS STORY

P.F. Chang's China Bistro, Inc.





Their Story

Founded in 1993, P.F. Chang's China Bistro has spent nearly 30 years at the forefront of upscale casual dining. A HotSchedules customer since 2005, the brand expanded its partnership with HotSchedules in 2019 by implementing HotSchedules' Labor Optimization module to reduce labor costs across the business through advanced forecasting.

Challenges

- Labor costs 2-6% higher than competitors'
- Large gaps in labor cost between similar stores
- A non-standardized approach to forecasting

Solutions

- HotSchedules, Now Powered by Fourth
- Labor Optimization Module

Results

- 1% reduction in labor cost across the business
- Upwards of 2% labor savings in certain stores
- 1.5% improvement in scheduling variability

P.F. Chang's China Bistro is an iconic brand. Since 1993, the full-service upscale casual dining restaurant has served guests creative, authentic Asian cuisine made from scratch — every day — with fresh ingredients. Patrons can also enjoy a wide range of drinks from the brand's impressive beverage program, all in a warm, inviting dining environment.

P.F. Chang's strives to give guests the same great experience in each and every one of their more than 200 full-service restaurants in the United States (plus nearly 100 international locations).

In addition to being a brand whose name garners instant recognition, P.F. Chang's is also one of the original adopters of HotSchedules, Now Powered by Fourth. The brand fully implemented the industry-leading scheduling solution across all of its stores in 2005, and 15 years later, they still use HotSchedules to schedule their nearly 20,000 employees.

But labor is a major cost to any restaurant, no matter the strength of the brand. And in an ever-evolving restaurant industry, P.F. Chang's found themselves facing labor costs that were simply too high — market research revealed that the brand spent anywhere from 2-6% more on labor than its competitors.

That's why P.F. Chang's tasked then-Senior Director of Operations Services Candice Barnett with finding and implementing an advanced forecasting technology solution that would help the business optimize its labor spend — and why Barnett ultimately chose HotSchedules' Labor Optimization module.

Through activity-based forecasting, Labor Optimization gave P.F. Chang's the power of predictable scheduling and staffing, empowering managers to put the right people in the right place at the right time.

AN ICONIC BRAND



CANDICE BARNETT

Senior Director of Off-Premises Dining Operations

"We have markets that have upwards of 2 whole percentage points in labor savings because operators understood completely and bought into the HotSchedules system."

Labor Challenges from Inside and Out

A variety of factors contributed to the brand's increased labor costs, some internal and some external.


Like the rest of the industry, P.F. Chang's is adapting to minimum wage increases across the nation. And while some localities are taking a phased approach to these wage increases, others are implementing big increases quickly.

P.F. Chang's has over 20,000 employees — most of whom are in the field — and those increases pose a significant challenge. On top of that, the brand has multiple stores in localities with predictive scheduling laws.

These new legislative issues make compliance a challenge, but the low unemployment rate has increased the difficulty of finding talent.

"While low unemployment is great for everybody who wants a job, it's a huge challenge for our teams," Barnett said. "You really can't pay minimum wage anymore if you want to recruit the best people to work in your restaurants."

Ineffective scheduling practices also contributed to higher labor costs. "Some managers were using the templates within HotSchedules to build schedules, but many were simply copying and pasting schedules from week to week. It didn't work well for us because you're not reacting to business as it's coming in," Barnett said.



Although P.F. Chang's is a veteran HotSchedules adopter, there was an opportunity to truly use the solution to their advantage. So, with a goal to more effectively schedule labor where and when they needed it — which they knew would lead to savings — leaders decided it was time to find an advanced forecasting solution that could help.

Expanding a Longstanding Partnership

The P.F. Chang's team looked into a few technology solutions with activity-based forecasting features, including HotSchedules' Labor Optimization module. But after reviewing the capabilities of each solution, there were a few key things that made Barnett stay with HotSchedules.

The brand did its due diligence and evaluated the competitive market before making the decision to stick with HotSchedules. "We didn't find any competitors who beat what HotSchedules offered," Barnett said.

And with all of the different technologies now available to restaurant operators, Barnett said that consolidation was an important factor to her. Disparate systems create difficulties for both IT teams and managers, from multiple logins to different data calculations and much more.

"I think it's really difficult for an IT team to be tasked with getting vendors to integrate with one another in the way that we need," Barnett said. "The more things that you can get into one system, the easier it is for the end-user. It's also really hard to get your data to

calculate exactly the same in each system. People start fixating on small discrepancies."

Plus, switching to a competitor would severely increase the training time for employees.

"If we were going to go to something different, that meant not only training a new forecasting tool with activity-based forecasting, but it would mean training an entirely new scheduling tool," Barnett said. "That would have lengthened our timeline dramatically."

Finally, HotSchedules' user interface factored into Barnett's decision. With the industry's increasingly tech-savvy workforce, Barnett needs her brand's solution to be intuitive and easy to use.

"It really needs to be something where, with minimal training, somebody can get up and running quickly. I think HotSchedules has the best UI for that purpose," she said. "It's incredibly intuitive."

Implementing Advanced Labor Forecasting

Once they decided to move forward with HotSchedules' Labor Optimization module, Barnett and her team set to work on collecting the data and configuring the business rules that would go into the system. To help with that process, Barnett brought in consultant group National Retail Concept Partners.

"They were our dedicated resource to go in and run and tag multiple rules configurations and then show us what the outcomes were to make sure they were what we wanted. That helped us a lot," Barnett said.

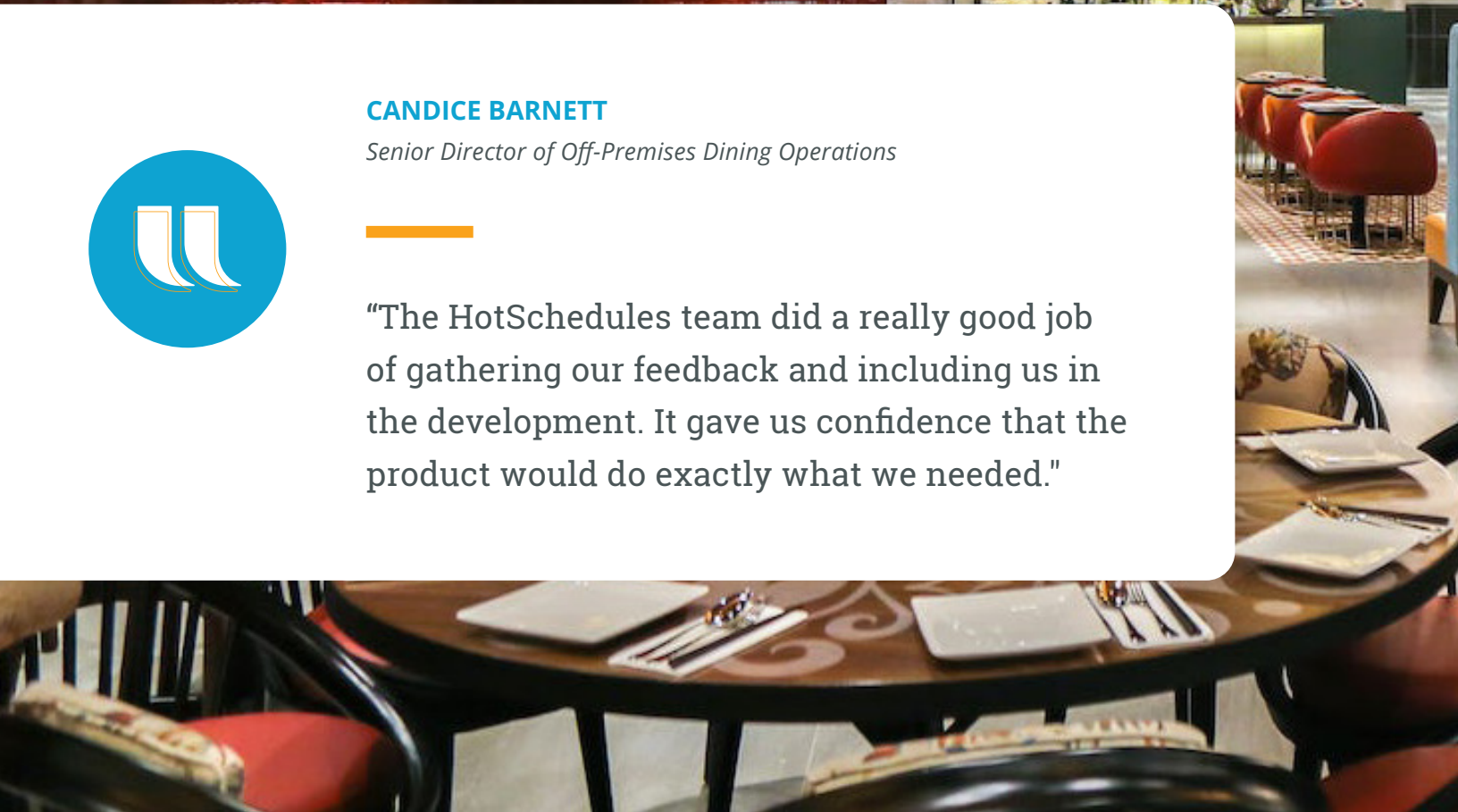


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Implementing Labor Optimization required the P.F. Chang's team to establish business rules that would then be applied to historical data for the most accurate forecasts possible.

"You really have to understand your own data before going into this process," Barnett said. "If you're only putting in info that's inaccurate, you're not going to get the outcome you wanted. Don't be afraid to outsource it if you have to."

The strength of the partnership between P.F. Chang's and HotSchedules was incredibly important to the implementation process. Barnett's team stayed in regular contact with their customer success manager and their dedicated account specialist, who addressed any issues right away. But more than that, Barnett notes the collaborative nature of the partnership.

"The HotSchedules team did a really good job of gathering our feedback and including us in the development. It gave us confidence that the product would do exactly what we needed," Barnett said. "If we think there are ways the product could be improved, we want to be able to work together and get those features into a future release."

Be Strategic About Change Management

To implement the system successfully across a large number of stores, Barnett needed to make sure she had all hands on deck. It's crucial to include key stakeholders early on in the project, she said.

"Get as many of your field leaders involved as early on in the process as possible. The people we included early on in the implementation process became our trainers, became our advocates," Barnett said. "They implemented the system much faster than anyone else, and they continue to use the system in the most optimal way."

Training sessions on the new system were done in waves, and both HotSchedules and P.F. Chang's representatives were made available to go through every single step, answer questions, and watch managers build a forecast.

"You just have to be there to answer every question and engage every manager in the process," Barnett said.



A Successful Result and Focus on the Future

Since fully implementing Labor Optimization in January 2019, P.F. Chang's has surpassed their goal.

"We reduced our overall labor cost by 100 basis points (1%), and our labor variability — the difference in labor costs for locations with similar sales — is down 150 basis points (1.5%)," Barnett said. "It's a huge win for us. We have 200-plus locations and are a billion-dollar brand. That's a lot of savings."

She continued, "We have markets that are upwards of 2 whole percentage points in labor savings because operators understood completely and bought into the HotSchedules system."

For other operations professionals who may be undertaking a similarly large project, Barnett offers some wisdom from her time both in restaurants and the corporate office:

"If you're going to be implementing a big project, the people who are leading that project should have the ability to build relationships, whether it's in the field or in your office because other people have different priorities," she said. "The partnership aspect with HotSchedules is huge. It's something we often look for in our vendors. It's not just about the product. It's about your relationship with the vendor and the strength of your partnership."

Since the success of the implementation, Barnett has since moved into a new role as P.F. Chang's Senior Director of Off-Premises Dining Operations, where she is optimizing the brand's to-go operations. That means everything from scheduling, to staffing, to overseeing the launch of the company's new quick-service concept, P.F. Chang's To Go.

"Every brand is trying to innovate and figure out how we can adapt to changing customer expectations," Barnett said. "We're launching P.F. Chang's To Go so that we can meet our guests where they are."



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