



**A Beginner's Guide to  
Workforce  
Management  
for Restaurants**

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# A Beginner's Guide to Workforce Management for Restaurants

Small restaurant operators across the United States face significant challenges in managing their workforces. Turnover is high, hiring is competitive, and restaurant HR presents a complex landscape of possible pitfalls and violations.

The exciting news is that the restaurant industry is growing rapidly. Restaurants are expected to add **200,000 new jobs by the end of 2024**. This growth promises a bright future for the restaurant industry. Still, it also comes with a new set of struggles for employers, who must fight harder than ever to create experiences that will encourage customers to return.

Building customer loyalty—and long-term, sustainable profits—starts with managing your team

effectively. When you're struggling to get through each week with enough people, even one employee calling out sick can change a shift from profitable to unprofitable. And this problem tends to self-perpetuate. If you're short-staffed, your existing workers are probably stressed and overworked. This can lead to increased absenteeism—and, eventually, to your workers quitting in favor of less stressful jobs.

That's where workforce management comes in. A well-managed team makes running a restaurant easier, from hiring new workers to improving profit margins. With the right strategies and technology, you can make decisions that both protect your workers and improve your operational efficiency.



# The Current State of the Restaurant Industry

Although the market **dipped this spring**, restaurant employers may still see a business boom in the second half of the year. In February, experts projected that **restaurant sales would top \$1 trillion** in 2024—a record-breaking statistic. If early projections hold true, restaurants can expect to keep serving diners—and hiring workers—at an **elevated rate**.

This is exciting news for the restaurant industry but also introduces new challenges for employers. **Currently, 79% of restaurant operators say they're having a hard time filling their vacancies.** The high rate of restaurant growth translates into an extremely competitive hiring market.



**\$1 Trillion**  
estimated industry  
sales in 2024

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This degree of competition is also making it more difficult for restaurants to satisfy the increasing demand from customers. Currently, **62% of operators say their restaurant can't meet demand with their current workforce.** Restaurant employers need to increase the size of their workforce if they want to ride the wave of the industry's growth. However, the industry's growth is also exactly what makes hiring and retaining employees so challenging.

Although the state of restaurant staffing can paint an intimidating picture, you can absolutely gain control of your workforce, increase job satisfaction for your workers, and continue to delight your customers.

Effective workforce management strategies help on two levels: firstly, by ensuring your restaurant is fully staffed and prepared for an increase in demand. And secondly, by giving you better control over the labor pool you already have. With this degree of oversight, you can be sure that you're protecting your workers, your time, and your bottom line.



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# Workforce Management Challenges for Restaurant Owners

## High Turnover

The restaurant industry comes with a set of highly specific workforce challenges. For one thing, it's **one of the highest-turnover industries operating in the United States**. In 2023, the **average turnover rate for a restaurant was 74%**—shockingly high compared to many industries.

Some of this turnover is to be expected. Restaurants often employ seasonal workers, for instance, who might only be needed during the busiest months. Students who are part of the workforce might also have fluctuating periods of employment.

But dealing with chronic turnover can have an incredibly harmful effect on your long-term revenue

and reputation. As a general rule, **replacing a worker costs 1.25 to 1.4 times the worker's annual wages**. In addition to the new worker's wages, this expense may include job ads, federal unemployment tax (FUTA), and **federal payroll tax**. For businesses operating on slim margins, replacing even one worker can threaten profitability.

Investing in a current employee is almost always more cost-effective than hiring a new one. That's easier said than done, however. Restaurant workers know they have options and may be quick to jump ship if they feel they aren't being respected. It is vital to keep these workers informed, well-trained, and paid in an accurate and timely manner. Only then will workers feel valued and empowered—and, therefore, invested in their workplace.





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## Labor Laws and Wage Calculations

While all employers must follow federal and local laws regarding labor and minimum wage, the regulations surrounding restaurant employment are particularly complex. In restaurants, employers must juggle rules specific to tipped employees, **workers under the age of 18**, and employees who earn varying pay rates depending on the work being done.

Many of these labor laws are frighteningly easy to violate, even with the best intentions. Take, for instance, rules that apply to typically tipped workers doing untipped labor. You might claim a tip credit for these workers (in other words, you might pay them below the standard federal minimum wage with the assumption that their tips will make up the difference). But for this to be allowed, **these workers must spend at least 80% of their time doing tip-producing work**. If a worker spends more than 20% of their weekly hours on untipped labor (or 30 continuous

minutes in a single shift), they become ineligible for the tip credit.

Let's say you claim a tip credit for a bartender, but at the end of every shift, she closes the bar and spends some time tidying up. This tidying is considered untipped labor. If this work takes more than 30 minutes (or 20% of your bartender's time throughout the week), you must raise her pay rate to at least the federal minimum wage. Failing to do so is a severe labor violation and could land you in legal trouble.

Tracking every nuance of every labor law is difficult work. If you use workforce management software designed for the restaurant industry, however, these regulations should be automatically reflected in payroll, scheduling, and time and attendance. The more you can automate compliance, the more sources of anxiety you can eliminate for yourself and your team.





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## Communication and Training

Restaurants are fast-moving by nature. There's almost always something new to communicate to staff; keeping this communication open and effective is as vital as it is difficult.

Staff communication starts from the moment you make a hire. New hires should be welcomed with clear resources, such as employee handbooks and other important documentation. They should also understand where they can turn if they need support from the beginning.

Taking the time to lay out these resources and training opportunities pays off in the form of a happier, more engaged workforce. **49% of**

**workers across industries say they want to increase their skills and grow their careers but aren't sure how to do so.** That sentiment has particular resonance in a high-turnover industry like hospitality, where many workers expect their roles to be temporary.

While initial training is important, communication cannot stop there. Employees will become frustrated and disgruntled if they aren't offered an easy way to ask questions or review schedules. Collaborative scheduling software, easy-to-use time and attendance trackers, and reliable payroll software can all help ease internal communication going forward.





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# Solutions for Effective Workforce Management

The right software tools can set you on a stronger path toward sustainable and efficient workforce management. Let's explore some of the options.

## Hiring and Applicant Tracking Systems

Hiring restaurant workers is an increasingly competitive process. Only a few years ago, employers could evaluate candidates based on their willingness to go the extra mile. The reality of the hiring landscape has changed. Now, introducing extra steps into the hiring process is risky. Candidates for restaurant roles know they have many options and are less likely to complete an application if it requires multiple complicated steps.

The most popular (and most effective) software employers can use to ease hiring is an **Applicant Tracking System (ATS)**. An ATS platform allows you to aggregate applications, review and take notes on candidates, and send communications from a centralized place.



An ATS is a one-stop shop for managing all your hiring tasks and reviewing data insights. By understanding what is and is not working, you can change the hiring process from a series of uncertain guesses to a set of confident choices. Without the data to inform decision-making, restaurant operators are forced to guess which job board to focus on, how to format their job ads, and how and when to contact applicants. An ATS simplifies all of this, offering a standard, optimized hiring process for employers to follow.

Ideally, an ATS should offer a user-friendly interface, communication tools that make it easy for managers to reach out to applicants, and onboarding tools to ease the transition once the manager makes a hire. Your ATS might offer mobile-friendly application pages, support for video interviews, candidate texting, and automated follow-ups. It might also include programmatic bidding—a process by which your software understands your hiring needs and allocates your advertising budget strategically. Fourth's ATS, **PeopleMatter**, offers all of these services, built to address common restaurant hiring challenges with advanced workflows, applicant management, and automated pre-screening.

There are plenty of ATS options on the market, but only a limited number of them are built to meet the specific demands of the restaurant industry. Decide the tools most important to you, then dive into ATS software demos. Perhaps most importantly, look for an excellent customer support team who understands your business needs. Superb support is your greatest guarantee that you'll see the best possible return on your ATS.



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## Scheduling Software

Building shift schedules in Excel might work for a while, but it rarely works forever. In many cases, employers discover the limitations of manual scheduling exactly when they can least afford to slow down. Many restaurant operators don't even realize how much time it takes to create and manage schedules—from accounting for paid time off to accommodating people calling out sick to incorporating preferences and availability.

Once a restaurant grows in scale, it is next to impossible to remember every pay rate, schedule preference, and relevant labor regulation to your workforce. Fortunately, scheduling software can remember all of this for you.

Scheduling software, like [HotSchedules](#), allows employers to quickly fill shifts that honor both employee preferences and local labor regulations. Employees may even be able to directly bid on shifts, request time off, or coordinate pre-approved shift swaps themselves. With this software, restaurant operators can **create optimized**

**schedules in 45 minutes or less, which reduces their scheduling-related admin time by 75%.**

Scheduling software can also help you manage edits to punches in and out and can remind employees to take their scheduled breaks. With all this data stored and reflected in a central place, you can see exactly how much every employee is working throughout the week. As a result, you can make sure shifts are distributed fairly and equitably, enforce breaks, and avoid unnecessary overtime expenses.

As with an ATS, picking the right scheduling software will depend on your needs and desires. If you are focused on saving time and improving efficiency, look for software with automated scheduling features. These may include automated labor forecasting, instant schedule generation, and the ability for employees to log shift preferences. If you leverage Fourth to grow your business, you can even [tap into AI to identify trends](#) and automatically forecast your labor needs.



With scheduling software like HotSchedules, restaurant operators can create optimized schedules in **45 minutes or less.**



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## Payroll Software

Small businesses usually can't afford the kind of benefits that larger corporations can. But even with that being the case, you can get ahead by offering your workers flexible and reliable ways of receiving their wages.

At its worst, a poorly managed payroll system can result in delayed payments, employee frustration, turnover, and even lawsuits that are destructive to both your reputation and your bottom line. Many small business operators feel that they have no choice but to become part-time HR people, doing the best they can to operate payroll, even if that task would not traditionally fall within the scope of their job.

Needless to say, the duct-tape-and-crossed-fingers approach to payroll management can have painful results. Between calculating overtime, paying out earnings from tip pools, and understanding variable pay rates, there are all too many opportunities for serious problems. In fact, the IRS estimates that **33% of employers make regular payroll errors**. Even honest mistakes could violate labor laws or end with your employees quitting en masse.

Effective payroll software can help restaurants manage this process with ease. These systems are designed to accommodate multifaceted payroll rules, so you don't have to worry about making major errors. A good payroll system will automatically adjust for overtime rates and tip credits. It should also offer or integrate with

other tools, such as time and attendance trackers, so payments can be calculated with the best data available.

While it's important to follow payroll regulations with a high degree of precision, the truth is that most small businesses don't need a full-time HR person. They just need to be able to access an HR or payroll expert at the right time for the right task. That's where a solution like **Fourth's HR and Payroll service** comes in. By outsourcing critical HR tasks, you can spend less time on payroll, reduce costs by 27.3%, and grow your business 7-9% faster.

Look for a payroll service that includes expert guidance and advice, preferably from a team that understands the restaurant industry. By asking a partner to take on these tasks, the restaurant owner or operator can spend their time running their restaurant—not an HR program.

Check out our eBook  
**How PEOs Can Boost Restaurant Ops Success**  
to learn more about  
outsourcing HR concerns  
with a Professional Employer  
Organization (PEO), why  
restaurants select a PEO  
partner, and how the  
partnership works.



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# Choosing the Right Workforce Management Software

Given the breadth and diversity of employee management software, how do you choose the right tools for your restaurant? Here are a few more features to consider when evaluating a possible software solution.

## Above Store Console

For HotSchedules users, the [Above Store Console](#) provides powerful oversight across a single or multiple locations. This gives you a birds'-eye view of all your locations and how they are operating. You'll be able to see things like daily overtime, location schedules, and other key labor insights.

By reflecting real-time data, this console makes it easier to understand exactly how your business is performing—and to resolve any workforce issues as they occur.

Even if you don't use HotSchedules, look for a tool that offers a similar level of oversight. This is important even if you are running a small business, but it's vital if you have multiple locations.

## Time and Attendance Data

Your workforce management software should be capable of recording and reporting on your time and attendance data. That being said, there may be times when you are forced to record this information through another method—say, if you lose power at your restaurant and have to close early.

Prepare for these potentially confusing situations by ensuring your management software supports data uploads. That way, you can simply import your

employees' punches in and out without wasting time reconciling irregular punches.

## Digital Manager Logbook

A manager logbook tool can help visualize store productivity, assign tasks, and improve food and safety compliance. Maintaining a digital logbook can help you gain clear insight into your restaurant operations over time.

These tools help you understand success across locations, tasks that have been completed or that need attention, and opportunities for improvements. This level of recordkeeping and insight is key to creating a fully compliant workplace.





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## End-to-End Integrations

A fully integrated workforce management system has many advantages over a non-integrated option. For one thing, the fact that your systems are integrated means that you won't have to spend valuable time importing the same data into multiple systems. Cutting out this time-consuming process also means eliminating the possibility of human error (for instance, entering payroll data incorrectly after making a new hire).

Integrated platforms are typically also more cost-effective than non-integrated alternatives. After all, it is much simpler to manage payroll, schedules, and compliance from a single streamlined platform than to invest in three separate platforms to manage three separate tasks.

Although every aspect of workforce management comes with its own demands, none of these efforts are entirely discrete. Workforce management is a series of interconnected processes that can make

or break your restaurant operations. By investing in an integrated platform, you're ensuring that your software reflects this process instead of working against it.

## Compliance Management

To be worthwhile and effective, your workforce management tool must consider compliance issues. Automated scheduling tools are useless if they don't reflect pertinent labor laws or overtime rates. Similarly, investing in hiring technology that can't integrate with or support onboarding and background checks is pointless.

The surest way to protect compliance in your restaurant is by selecting software built specifically for your industry. Look for platforms that offer tools focused on resolving restaurant operators' compliance issues. For an even deeper level of security, seek support teams with deep HR expertise in the restaurant space.





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# Conclusion

While evaluating workforce management software, you may want to ask yourself a number of questions to gauge fit. Consider the following:

- ✎ Is this platform designed with restaurants in mind?
- ✎ Does the support team have knowledge and expertise specific to my industry?
- ✎ Has this platform demonstrated its ability to work with restaurants in the past?
- ✎ Has it worked successfully with businesses approximately the same size as mine?
- ✎ What sort of return on investment did other businesses see when implementing this software?
- ✎ Can this platform help me hire, onboard, and train new workers?
- ✎ Will I need to invest in numerous separate pieces of software to manage my workforce, or can I do it all from this single platform?
- ✎ Will this platform help me retain my current workforce with user-friendly scheduling and payroll tools?
- ✎ Does this platform have the tools I need most to drive success in my business?
- ✎ Will it help me communicate with workers, stay compliant with labor laws, and handle employee schedules?
- ✎ Does this platform offer a suite of workforce management tools or integrate with other important HR platforms?

Workforce management software can save restaurant operators time and money, as well as legal issues and plenty of headaches. However, it's important to remember that these platforms are not all the same. They offer a wide range of solutions and features—some of which may be more important to you than others.

Look for workforce management solutions that have helped other businesses address the problems you are facing. This is your best indication that your chosen software will help you save time, stay compliant, and keep your workforce engaged. With those concerns covered by a reliable partner, you can get back to what you do best: creating wonderful, memorable dining experiences for your guests.



A modern restaurant interior featuring several green conical pendant lights with copper-colored rims hanging from the ceiling. In the foreground, there are black metal bar stools with wooden tops. A white marble countertop with a metal mesh backsplash is visible. Potted plants, including a fern and a peace lily, are placed on the counter. The background shows large windows with white vertical blinds.

**Interested in learning more?**

**Contact us to learn how Fourth's  
Restaurant Ops Suite can benefit you  
and your employees.**

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