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April 16, 2020

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NEW SURVEY: Only 1 in 5 Restaurant Owners Are Certain They Can Survive the COVID-19 Crisis Despite Stimulus Assistance, Putting at Risk 11 Million Workers and \$1 Trillion Industry Without Urgent Fixes to Paycheck Protection Program

Restaurants Reported Laying Off More than 90% of Hourly Workforce, Nearly 70% of Salaried Employees In Survey Released Today by James Beard Foundation and Independent Restaurant Coalition

Over 25,000 Chefs, Independent Restaurant Employees Call for Increased Funding for Paycheck Protection Program, More Flexibility to Allow Restaurants to Reopen After Pandemic Subsides

WASHINGTON, D.C. — Nearly 80% of independent restaurant owners said that government stimulus assistance provided in the CARES Act will not save the more than 500,000 independent restaurants — employing 11 million people — from shutting down permanently, in [new survey data](#) jointly released by the James Beard Foundation and the [Independent Restaurant Coalition](#). The survey further indicated that as of April 13 restaurant owners reported laying off 91% of their hourly workforce and nearly 70% of their salaried employees, and that without important fixes to the Paycheck Protection Program (PPP) independent restaurants won't be able to reopen, putting at risk an important \$1 trillion driver of the economy or 4% of the nation's GDP. The survey — which included over 1,400 restaurant owners across the country — was conducted nearly a week after the Paycheck Protection Program began accepting applications, and indicates the program is doing little to assure independent restaurant owners will be able to reopen and rehire once the pandemic subsides.

“The data is clear: The Paycheck Protection Program isn't working as designed for restaurants and Congress needs to fix it,” **said Clare Reichenbach, CEO of the James Beard Foundation.** “The stakes have never been higher for our treasured independent restaurants. Since our survey in March, independent restaurants are laying off more workers and feeling more uncertain about their own future. We hope Congress listens to the Independent Restaurant Coalition and passes needed changes to the Paycheck Protection Program to assure restaurants that money will be there when they can safely reopen.”

As of April 13, restaurant owners reported laying off 91% of their hourly workforce and nearly 70% of their salaried employees. This is a significant increase from [March](#), when restaurant owners reported they had let go of 78% of their hourly workers and 58% of their salaried employees.

Other findings of the [new survey](#) include:

- **Only 1 in 5 restaurant owners in cities that are shutdown are certain that they will be able to sustain their businesses** until normal operations resume.
- **Paying rent (39%) and paying vendors (35%) are seen as bigger challenges to reopening than making payroll (34%) or rehiring staff (15%).**
- **41% of restaurants ranked the slow return of customers as the biggest challenge to reopening**
- **51% of restaurants responding have taken at least \$50,000 in new debt obligations** as a result of COVID-19.
- **Nearly 6 in 10 restaurants thought they could survive only one more week or one more month** given the current decline in sales and before a government order to halt business.

“The James Beard survey shows what many of us already know: restaurants that have not already permanently closed are on the precipice of going under,” **said Tom Colicchio, Chef & Owner of Crafted Hospitality and a founding member of the Independent Restaurant Coalition.** “Even with the Paycheck Protection Program at their disposal, almost 80% of restaurants aren’t certain they will survive this crisis. If Congress can give special treatment to industries that employ far less Americans, they can level the playing field for a business that directly employs over 11 million Americans and contributes nearly \$1 trillion to the GDP. Saving independent restaurants will be crucial to getting the U.S. economy back on track.”

In a [letter to Congress](#) last week signed by over 25,000 chefs and restaurant owners, the Independent Restaurant Coalition said the Paycheck Protection Program was “written in such a way that prevents restaurants from taking advantage of the program’s benefits.” It calls for:

- Pegging the origination date of a PPP loan to the first day that restaurants, in any given entity, can legally open fully.
- Extending the maximum loan amounts to three months after restaurants are allowed to reopen and operate at full capacity.
- Pushing back the end of the program to after June 30th.

Yesterday, it was reported the Small Business Administration would likely run out of cash for the Paycheck Protection Program and last week Congress failed to pass an increase in funding.

“More money for the Paycheck Protection Program is useless unless Congress changes the rules to guarantee loans when restaurants are able to reopen.” **said Naomi Pomeroy, owner of the James-Beard Foundation Award-winning restaurant Beast in Portland, OR, and a founding member of the Independent Restaurant Coalition.** “Today over 55% of restaurants have at least \$50,000 in new debt thanks to the pandemic– that’s a significant financial burden for most small restaurants that average a 5% profit margin each year. That’s debt that restaurants cannot afford when the restaurant industry faces months of uncertainty and an estimated 50% reduction in sales for at least the next 12-18 months. It’s also a debt the Paycheck Protection Program won’t fix as written.”

These findings come the same day as the U.S. Dept. of Labor’s Bureau of Labor Statistics (BLS) reported an additional 5.2 million new unemployment claims in the last week, bringing the total amount of claims filed to over 22 million. According to BLS, about 60% of the jobs lost in March were from restaurants and bars. BLS also noted that the drop nearly wiped out all the gains in the restaurant business from the past two years.

“This survey makes it clear that restaurants of all kinds face a real risk of insolvency in the months ahead,” said **Kwame Onwuachi, James Beard 2019 Rising Star and a founding member of the Independent Restaurant Coalition.** “The question on everyone’s mind is ‘why reopen in this environment?’ Staying open is going to require a rethinking of our business models. We need more flexibility so we can rehire the right amount of staff, ensure our vendors are paid for past bills, and have the capital to restock our shelves. Congress should take that into account when they modify the Paycheck Protection Program.”

The James Beard Foundation survey was conducted between April 9 and April 13, 2020 among over 1,400 restaurant owners. A majority of the restaurants surveyed employed under 50 people, operated no more than two locations, saw profit margins under 10%, and made less than \$1.5 million in revenue per year. About a quarter of restaurants surveyed made less than \$500,000 in revenue per year.

The [Independent Restaurant Coalition](#) was formed by chefs and independent restaurant owners across the country who have built a grassroots movement to secure vital protections for the nation’s more than 500,000 independent restaurants and the more than 11 million restaurant workers impacted by the coronavirus pandemic. The Coalition’s leadership team includes *José Andrés, Kevin Boehm, Sean Brock, Andrew Carmellini, Ashley Christensen, Tom Colicchio, Suzanne Goin, Will Guidara, Camilla Marcus, Mike Lata, Sam Kass, Nick Kokonas, Kwame Onwuachi, Patrick Phelan, Erika Polmar, Naomi Pomeroy, Marcus Samuelsson, Adam Saper, Steven Satterfield, Michael Shemtov, Nancy Silverton, Frank Stitt, Bobby Stuckey, Caroline Styne, and Andrew Zimmern.*

About the James Beard Foundation

The James Beard Foundation's mission is to promote Good Food for Good™. For more than 30 years, the 501(c)(3) nonprofit organization has highlighted the centrality of food culture in our daily lives. Through the James Beard Awards, unique dining experiences at the James Beard House and around the country, scholarships, hands-on learning, and a variety of industry programs that educate and empower leaders in our community, the Foundation has built a platform for chefs and asserted the power of gastronomy to drive behavior, culture, and policy change around food. To that end, the Foundation has also created signature impact-oriented initiatives that include our Women's Leadership Programs, aimed at addressing the gender imbalance in the culinary industry; advocacy training through our Chefs Boot Camp for Policy and Change; and the James Beard Foundation Leadership Awards, which shine a spotlight on successful change makers. The organization is committed to giving chefs and their colleagues a voice and the tools they need to make the world more sustainable, equitable, and delicious for everyone. For more information, please visit jamesbeard.org and follow @beardfoundation on [Instagram](#), [Twitter](#), and [Facebook](#). For more information about the James Beard Foundation Food and Beverage Relief Fund visit jamesbeard.org/relief.

The full findings from the James Beard Foundation Survey are available below. More information about the Independent Restaurant Coalition can be found at www.SaveRestaurants.com.

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TO: Interested Parties
FR: James Beard Foundation
DT: April 16, 2020
RE: State of America's Restaurant Industry

Since the start of the COVID-19 pandemic, the James Beard Foundation has been polling chefs and restaurant owners about its impacts on the food and beverage industry. We conducted two rounds of surveys, the first closed on March 16, one day after the first state-wide mandates for restaurant closures were enacted. The second began on April 9, about a week after the Paycheck Protection Program had been active, and closed this week on Monday, April 13.

Just over 1,400 owners, from predominantly small and independent restaurants, responded to the April survey on SurveyMonkey.

The State of the Industry is Dire

- As of April 13, on average, restaurants have laid off 91% of their hourly workforce and nearly 70% of their salaried employees. Last month, respondents reported that they had let go of 78% of their hourly workers and 58% of their salaried employees.

- More than 38% of restaurants reported this month that they have closed temporarily or potentially permanently and over 77% of respondents reported at least a 50% reduction in sales.
- However, about two-thirds of restaurants are uncertain that takeout or delivery can sustain their businesses until they reopen.
- 28% of restaurants surveyed in cities with mandatory closures don't believe they can survive more than a month of closure (up from 17% in March); 28% believe they can only survive up to two months of closures (up from 10% in March).

Confidence is Low, Need is Great

- Only 1 in 5 restaurant owners in cities that are shutdown are very certain or somewhat certain that they will be able to sustain their businesses until normal operations resume.
- Nearly 6 in 10 restaurants thought they could survive between one more week or one more month given the current decline in sales and *before* a government order to halt business.
- 44% of restaurant owners estimated their own businesses could make it through another month with an infusion of between \$10,000 and \$25,000 cash. Nearly 68% reported needing \$50,000 or less.
- More than 5 in 10 restaurant owners estimated needing \$100,000 or less over the next quarter to remain viable to reopening.
- Less than 1 in 5 restaurant owners reported needing more than \$250,000 to keep operating.

Challenges to Reopening

- Restaurant owners said the biggest immediate cash challenges are:
 - Rent (39%)
 - Payroll (34%)
 - Taxes (9%)
- When looking at the prospect of reopening their doors, the biggest challenge restaurant owners believe they are facing are:
 - Slow return of customers (41%)
 - Cash to pay vendors (35%)
 - Rehiring staff (16%)

- Retraining staff (3%)
- Health Inspections (2%)

New Debt Obligations

- More than 51% of restaurants responding have taken at least \$50,000 in new debt obligations as a result of COVID-19.
- The majority of respondents had applied to one or more loan programs, including small business loans through the Paycheck Protection Program.
 - 80% applied for a new SBA loan
 - 58% applied for an EIDL loan or grant
 - 34% applied for a community-based loan or grant programs in their city or state
- The majority of loan and grant requests were for up to \$50,000 (44%) with 25% applying for between \$150,000 to \$1 million.
 - 27% of women owners have new debt obligations of more than \$150,000.
 - 18% of owners of color have new debt obligations of more than \$150,000.

Snapshot of Restaurant Owners Responding

- About 76% of restaurants surveyed have been in business for an average of 10 years.
- Nearly 60% of restaurants surveyed made \$1.5 million or less in revenue in the last fiscal year— about a quarter had \$500,000 or less in revenue.
 - 65% of women owners operated a business with a revenue of \$1.5 million or less.
 - 67% of owners of color operated a business with a revenue of \$1.5 million or less.
- Over 71% of restaurants had a profit margin of under 10% in the last year.
- About 76% of restaurants normally employ 50 employees or fewer and about 83% of respondents had no more than two units in their operations.
- Nearly 20% of restaurants are now preparing meals for hospital workers, 12% are preparing meals for restaurant workers and 8% are providing meals for school feeding programs.
- Survey respondents were 51% male, 48% female with ~1% not responding to demographic questions.



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