

Small businesses with bigger problems

How locally-owned business have survived the Covid-19 Pandemic

March 16, 2020 changed the restaurant world in a drastic way. Governor Gretchen Whitmer ordered the shutdown due to the COVID-19 pandemic, and with no clear date of when this order would end, most restaurants prepared for the worst.

Restaurants in Michigan are a driving force in the economy. According to the [National Restaurant Association](#), “every dollar spent in the table service segment contributes \$1.90 to the state economy.” The source also states that in 2019, right before the pandemic caused a shutdown, there was 447,200 restaurant and foodservice jobs in Michigan which equates to 10% of employment in the state. Since the pandemic close to 3,000 of those restaurants have permanently closed.

According to the [National Restaurant Association](#), more than 110,000 eating and drinking establishments closed in the year 2020. They also state that the industry sales fell by \$240 billion, which normally would be at \$899 billion. Locally-owned businesses getting the worse of it all.

One locally-owned business, Café Muse of Royal Oak weathered the restaurant shutdown in their own way. “When the shutdown order was announced, we immediately started an aggressive carry-out and delivery system something we’ve previously never had time to develop,” co-owner David Smith exclaims. For businesses like Muse, any little business could help.

The Michigan Restaurant and Lodging Association ([MRLA](#)) put out a press release that more than one-third of Michigan restaurants were expected to close six months after the order was

released. Which is 33% of the Nations restaurants, which equates to roughly 5,600 restaurants that would be permanently closed due to the Covid-19 pandemic.

For most locally-owned restaurants, relief did eventually come. The U.S. Small Business Administration (SBA) released the [Restaurant Revitalization Fund](#). This Fund was established by the American Rescue Plan Act which would “help provide funding to restaurants and other eligible businesses to keep their doors open.” These grants and others helped most locally owned business stay afloat until the shutdown was lifted.

Although restaurants survived one storm, another was shortly on its way. When restaurants were allowed to reopen in June 2020, the owners never thought that the new problem employment.

With unemployment giving out an extra [\\$600](#) a week, the workplace was no longer a desired position. Faced with this new dilemma, business had to find new ways to attract employees.

For Café Muse, owners David Smith and Greg Reyner immediately put initiatives out to attract new hires. “We immediately doubled the wages of servers to supplement the loss of tips, plus began using a tip pool system. The tips were then divided amongst all employees, everyone from the dishwashers to the bartenders”. Reyner says “We hoped this would bring about a feeling of teamwork and cooperation amongst the staff, and we were not let down.”

Does this method of higher wages and shared tips work?

Four-year employee and manager, Ashley Lacy, thinks so. “What brought me back to the restaurant was of course the new pay, but also the family aspect of the job. I came back and stayed because when you work, your coworkers become your family. Also, this restaurant has a lot of regulars and I had missed them during the time we were closed and was excited to see them again.”

Another employee, Rob Moore, who has been with Café Muse for over a year, says why he also stays: “Honestly my bosses were a huge impact, they were more than willing to up the tip percentage, and even implemented automatic gratuity. I stay because I love the environment and the clientele. We all work together and it’s more like a big family than just co-workers.”

Café Muse isn’t the only restaurant that has upped the wages and benefits to bring in new hires. Even big corporate restaurants are offering higher wages, restaurants like [McDonald’s](#) are offering their new hires up to \$17 an hour while also offering \$20 for managing positions. They also announced that new hires essentially will now be able to pick their own schedules, which is usually unlikely at food-chains.

“The hardest part of all this is dealing with the rush of people and being to under staffed to keep up” Moore says, “I’m ready for people to start working and having that help, that we so need again”.

Interviewees

David Smith and Greg Reyner

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