

Growing Out of the "Small Deli Blues"

Step up to the challenge with a 13-part approach

BY ALLEN SEIDNER

"Small deli blues" -- I once heard this phrase from a prepared foods manager describing the difficult balance of simultaneously needing to cook in and manage his department. I related easily, having been the leader a decade ago of a 15-person natural foods deli near Chicago with weekly sales of \$7,200. We earned respectable gross margins, but an obscenely high labor rate kept our contribution to store overhead at a miserly 11 percent -- less than half the amount needed to break even.

Just two years later we had tripled our staff to 45, were attaining a gross margin of 67, and had shrunk our labor rate to under 35 percent. Sales climbed consistently to a weekly average of \$19,700, and we were contributing almost 32 percent of our sales to store overhead. Even after Fresh Fields opened blocks away and grabbed 15 percent of our store's sales, our deli sales continued to grow.



Besides the one-time effect of a modest renovation, how did we achieve such development? We grew out of the "small deli blues" by continually examining our weaknesses and opportunities, by setting standards of excellence, by rewarding effort and creativity, and by otherwise developing staff so that they brought increased value to themselves and to the department. While we suffered a lost step for every two or three that we gained, we did grow our staff and our sales through continuous incremental improvement.

Here are 13 focused areas to improve for deli leaders working to grow out of the "small deli blues." The sum of successfully implementing four or six of these should show clearly in your department's lasting growth!

Dress the part

This is the stuff of first impressions. Capture the opportunity to present a cohesive message to your customers by dressing in uniform.

It can be fun and colorful, like the tie-dyed T-shirts and hats worn by Ben & Jerry's service staff, or the more professional look of crisp, culinary whites. Whatever your image and uniform, simply having one tells customers that you have your act together and that they can probably count on that in your food and customer service. If uniforms help communicate a message to customers, they do even more to help focus staff attitudes.

Assure satisfaction

We grew sales by making sure our customers knew we would accept any return for exchange or refund. Under the larger aim of ensuring that customers left our deli



satisfied, staff members were allowed to override our official policy requiring a receipt and the returned product. We posted colorful signs saying, "The Only Taste That Matters Is Yours" and developed a service mantra, "Our cooks love to bring you new foods and we want you to try them. But it's your taste that matters. So buy it. And if you don't like it, bring it back-and you can pick something else." That mantra sold a lot of new foods because shoppers knew their purchase was risk-free-and

they rarely took advantage of liberal return policy. (Download and use this sign at: http://cooperativegrocer.coop/images/2003/OnlyTasteThatMatters_yrlog.jpg)

Amplify sample

Most of your customers don't know what many of your foods taste like. With a small investment of time and food you can develop a passive demo routine of always having something available for customers to taste. Locate packages of the food being sampled immediately adjacent to the tray of samples. Sampling works. A recent Food Marketing Institute study found that 94% of grocery shoppers think sampling is a risk-free way to try new foods, and 72% said they often buy products they sample. And sampling doesn't simply increase one day's sales: when shoppers taste and buy a new food, they often come back and buy it again! Many vendors will return a credit for records documenting even quick and passive sampling.

Keep it full

Abundance sells, and nothing gets sold from the walk-in. Find the time and creativity to keep all your cases full, always. Switch to wider shallow bowls to improve the visual appeal of smaller-sized batches. Filling the holes with product is, of course, preferred. But go ahead and use wheels and bricks of cheese, colorful bottled juices, props, or even raw ingredients to take up space in an under-filled case. (Download the word doc,

"Strategies for Enhancing Your Full-Service Case" at:
http://cooperativegrocer.coop/images/2003/deli_strategies.doc)

Look in the mirror

Make it somebody's job to grab a sanitary wet towel and make hourly rounds to look at the department from your customers' eyes. Are any serving utensils missing or signs askew? Is there soup that needs a wipe? Does the grab and go case need fronting and facing? Take a few moments every hour to keep your appearance sharp!

Perfect your signage

Adopt a zero-tolerance standard for your department's signs and labels. Nothing should be presented to customers without being accompanied by a complete and accurate sign and packaging label. Natural foods shoppers want and deserve to know every last ingredient in everything they're buying-and they get that on every other product in your store. Making it the customer's responsibility to request such info, and the duty of your service staff to find it, puts a high hurdle in the way of a sale.

Broaden your appeal

Rightly or not, natural foods shoppers assume your foods are healthier than conventional products. Precisely what each shopper is looking to avoid-hydrogenated oils, lactose, wheat, etc.-should be in your menu-planning radar and conveyed through labels and signs. But screaming "VEGAN" prominently in your labels and signs deters sales to your broader audience. I watched customers snatch up half a tray of vegan brownies mislabeled as "Double Chocolate Brownies." A day later half the properly labeled vegan brownies sat unsold. Vegans read labels as closely as any shopper, and they will find their foods. The word "vegan" does not appear on a carton of top-selling Silk soymilk. Don't hide your nutritional recipe coups. But you'll ring more sales if you say more about your great food than about your food politics.

Do it yourself

Don't farm out basic high-volume, high-margin deli items like hummus, salsa, and salad dressings. Most markets have good local vendors, and it makes sense to carry their products. But that doesn't mean you can't sell lots of your own "Organic Salsa Fresca." People will pay a premium for your fresh, deli-branded products. Despite the fact that the grocery department in our store carried 10 linear feet of vendors' hummus, our deli sold more than 100 pounds a week of "Organic Garlic Hummus"-at a buck a pound more than the priciest grocery brand! Ounce for ounce, salad dressings are among the costliest items of your salad bar. And you can make great ones in no time for half the cost of buying them.

Challenge the status quo

You can't improve production through a continuous staff conversation about what to make next. Instead, give your cooks the opportunity to exceed existing expectations by starting the day with a list of all production necessary to maximize sales and eliminate out-of-stocks. You and the cooks may not produce everything on that list, but you will come closer than you will if you start with half a list.

Use your whole facility

Many delis contend they're maxed out on time and space, yet their serious production work ends before sundown. If making baked goods or large batches of sandwiches would be done more efficiently during a less crowded evening shift, make it happen. As leader of your kitchen, you need to continually revise the Rubik's scheduling cube to reflect what the department and your customers need-ideally in harmony with, but not subservient to, the needs of individual staff. Develop a team of evening production staffers who are every bit as motivated as your morning crew. You're not truly maxed out on space until you're using every station from 6:00 in the morning until 10:00 at night. Beyond that, be wary of creating an overnight production shift. It's exceedingly difficult to maintain a productive and accountable crew of working night owls.

Create a value image

Given all the labor that delis require, it's critical that pricing allows for healthy margins. Be sure to price 5- to 8-points higher than your margin goal to allow for waste and sampling. (You cannot achieve a 67% margin if you're pricing at three times food costs!) Having strong margins will give you greater flexibility to enhance your value image with customers. In each of your cases, shoppers should see at least one item "on sale." To maximize total sales, implement a variable margin pricing strategy, raising margins on some low-cost items while accepting lesser margins on some wonderful higher-cost foods.

Consider big changes

Always try first to work successfully with what you have. But it may well be that your mission and menu are out of sync with your production and merchandising equipment. Part of envisioning your deli's fuller potential is likely to include fixture or equipment changes. Pave your own way toward renovation funding by ensuring your systems, staff, and organization are in place to make the best use of a future investment.

Surround yourself with stars

Surround yourself with diversely skilled and growth-minded work partners. You may have a decade's worth of great ideas for growing your department, but you're not likely to get very far with them unless you making room on your platter by continually handing off responsibilities and developing more capable staff. Create and continually communicate a vision for your ever-improving department. Capture the creative potential of your entire team-or you will miss the chance to build emotionally and professionally stronger work commitments from staff.