

BACK TO BUSINESS IOWA PODCAST

A partnership of Iowa State University Extension and Outreach and America's SBDC Iowa

SEASON 1 | EPISODE 47: Restaurant and Bar Industry Update

(54:01; published Dec. 3, 2020)

Description: *Jessica Dunker, President and CEO of the Iowa Restaurant Association, returns to the program to speak about the state of the restaurant and bar industry, one of the hardest hit by this pandemic. Listen to Ms. Dunker speak about the dire situation facing many of these small business owners as we enter the winter and what you can do to help.*



[music]

Steve Adams, host 00:10

Hello, and welcome to the Back to Business Iowa podcast from Iowa State University Extension and Outreach. This podcast is a collaboration between Iowa State University Extension and Outreach and the programs including Community and Economic Development, Farm, Food and Enterprise Development, and the Iowa Small Business Development Centers. These podcasts cover relevant topics for businesses and individuals related to education, research and technical assistance during and post COVID-19.

Steve Adams, host 00:54

I'm Steve Adams, field specialist three at Iowa State University Extension and Outreach, part of the Community and Economic Development unit, and of course, your host for these podcasts. Our guest today is Jessica Dunker, President and CEO of the Iowa Restaurant Association. And I should say a returning guest on this program. Welcome back, Jessica.

Jessica Dunker, IRA 01:16

Oh, so glad to be here. Thanks for having me.

Steve Adams, host 01:19

You bet. Well, we first had you on our program back on May 11 of this year, and certainly your forecasts I wouldn't say we're just particularly upbeat, but when restaurants were just beginning to reopen after the initial outbreak and shutdown because of COVID-19, which I believe happened in and around St. Patrick's Day. In fact, during that discussion, you were talking about how restaurants could reopen safely during the pandemic. Can you describe just a little bit for our listeners, your experience as leader of the Iowa Restaurant Association?

Jessica Dunker, IRA 01:56

Yeah, so thank you, first of all, for inviting me back on. And you know, I would not be lying if I said my hair has not been on fire since March 17. You know, our industry, at the very beginning of this, we said health care workers were on the front lines of, absolutely on the front lines of COVID. But we have been the tip of the spear on the economics as an industry and the numbers have borne that out. Unfortunately, we've lost a billion dollars this year already in revenue.

Jessica Dunker, IRA 02:32

We had the kind of capstones early on in the process of losing St. Patrick's Day, the largest bar holiday of every year. For 77 counties we lost Mother's Day, the largest restaurant holiday of the year. And so

to say that we needed a good summer is to put it mildly. I would say we got a tepid summer. Certainly anyone who had a patio was able to get revenues up—not in the normal range, not even close to the normal range. But I did hear reports of people up at around 75% of expected summer revenues if they had a patio.

Jessica Dunker, IRA 03:17

And the reason that it will not be 100% is that restaurants and bars, just like any other business, build a business model based on a number of people through their business spending a certain dollar amount on certain days. And even though capacity limits were lifted for us in the summer, we were not able to step away from the social distancing mandates of six feet between individuals or groups dining or drinking around. And just that six feet alone kept people essentially, many people actually, at 50% capacity, some were able to do 60% capacity.

Jessica Dunker, IRA 04:04

And fortunately, as the state got more experience writing the proclamations, we were able to do things like, they allowed us to expand patio seating beyond what had been our original patio seating. So that's when you saw communities getting creative and letting people put patios in places we never thought we'd see anyone eating or drinking, but they were sure doing it—on sidewalks and parking spaces and in parking lots. So summer was a bit of a relief for a lot of folks.

Jessica Dunker, IRA 04:42

But we started saying as we saw the public health measures moving on and on and on into the fall, you know, in a very frightening way, winter's coming. And, um, you know, while I appreciate Game of Thrones, I was not appreciating, you know, just how dire that spelled for our industry. Because winter is coming at the same time that we're seeing surges in pandemics—not related to restaurants, but certainly scaring people out of restaurants. And so we find ourselves back here in December 2020, back in this unenviable position of just saying to people, please don't get weary of supporting your local restaurants through carry out—you don't want to come inside, we think we can serve you safely inside. But if you don't want to come inside, do that carry out.

Jessica Dunker, IRA 05:41

So, you know, have restaurants been able to serve safely? I haven't received any data that shows any widespread pandemic breakouts leading back, you know, any hotspots or super spreaders leading back to restaurants specifically. So I think we've been very successful at that. Since the last time we talked to you, we have worked with the state to actually, we asked for reform enforcement for our own industry to help us keep an even playing field for all the players. So we've seen ramped up enforcement efforts by the Iowa Alcoholic Beverage Division and they've worked with operators really well.

Jessica Dunker, IRA 06:21

And that's proven out that, you know, as we suggested, 96 to 98% of operators were doing everything they were supposed to, and then 2% that weren't, 1 or 2%, I would say, they're getting fined and seeing licensed being revoked, you know, revocations and license suspensions. And so I think our industry has really risen to the occasion, and we just need people to continue to believe in us and support our businesses.

Steve Adams, host 06:53

I think you touched on it, but what were your primary concerns then and what are your primary concerns now for the restaurant and bar businesses in Iowa?

Jessica Dunker, IRA 07:04

Yeah, well, we're just at a place where we are reaching the point of unsustainability. You know, when these first pandemic closures hit the state, which was March 17, and that was nine months ago. And really, the state of Iowa rose to the occasion quickly and provided some support to restaurants and bars and other small businesses. That helped get us to the moment when federal aid came along. And then when the federal aid came along, we got, you know, 8 to 10 weeks of support.

Jessica Dunker, IRA 07:39

But when you add all of that up, we were an industry that had on average 16 days of cash on hand. We received, you know, anything from two to three weeks of support from the state of Iowa in the form of cash grants—not everyone, but many people—and then 10 weeks maximum on the paycheck protection program. So the PPP, so that gets you to, you know, June, and then we get through the summer at not our full revenue levels. And now we're facing winter, and we have greater restrictions or back to more restrictions, we have this [unclear] restrictions in our industry. And honestly, our biggest worry is we don't have—it's a pretty simple worry with some pretty complicated solutions—we don't have enough revenue to stay afloat.

Jessica Dunker, IRA 08:41

I mean, and we received essentially, what, at the most 10 or 12 weeks of aid, when we're nine months into having our business models mandated to not operate in an efficient or profitable way. So you know, a small business owner in Iowa, particularly in the restaurant and bar industry where margins are so slim, even in good times, this is just unsustainable. And so when we first spoke back, you know, before the summer, we were projecting at that time that there were going to be 1000 locations across the state of Iowa, restaurants and bars, that would close permanently, and that that would happen by March of 2021.

Jessica Dunker, IRA 09:27

And I have never in my life hoped to be so wrong. I really just wanted to be so wrong and have everyone come back and say, oh, that woman in the Restaurant Association, she's just crying wolf, right? Because look, all these places are fine. And now as we look at December of 2020 and heading into the winter, I hope I'm that right. I have never wanted to be so right. Because if we can keep our closures at under 20% about across the state, we will be so far ahead of so many other states. And as the advocate for an industry, I can't believe that I'm hoping to be right about a 20% closure rate, because of fear of what more could be coming. It's just, like I said, it's a dire financial situation for our industry. And finding those revenues is going to be really difficult heading into winter season.

Steve Adams, host 10:33

Well, you talked a little bit about the CARES Act, specifically the Paycheck Protection Program. And you know, you said 8, 10, 12 weeks, but you know, 12 weeks is three months, and here we are nine months into a pandemic. So it really wasn't the panacea that restaurants and bars were hoping it could be. Can you talk just a little bit about the challenges with the administration of that program initially, and where do you think that program stands today, and what should be done?

Jessica Dunker, IRA 11:00

Yeah, so thanks for asking that question. Because there are some very specific things that as an industry we're asking for. So the paycheck Protection Program, while not perfect by any stretch of the imagination, and part of the reason it was not perfect is it was very specific about how you had to use money. And the initial hit of the Paycheck Protection Program, the first set of forgivable loans that people got, they had to use, like up to 70% of the money for payroll. And, you know, that sounds well and good, except that for most of the time that cash was on hand with people, we were closed. And so we could pay people, but we were paying them to not be working.

Jessica Dunker, IRA 11:54

And so when once restaurants started to reopen back up in the state of Iowa, and I'm talking specifically about Iowa and other states, they had to hold on to it even longer. Um, you know, at the very time we needed the money to rehire in place and get people back to work, we had been mandated to have already used it all up, because the original set of money had to be used up by the end of June. So that was the real issue with it.

Jessica Dunker, IRA 12:24

Today, the issue is that there's a, well, there's several issues, but one of them is that there's \$138 billion that was approved, allocated, and it's just sitting there. And because people have already used the Paycheck Protection Program once, you're not allowed to take a second loan now from it. And that is probably the most infuriating and single most upsetting thing about the Paycheck Protection Program. There's money that was allocated, it's sitting there, there are businesses that desperately need it, they've already been approved the first time around, they got it done the first time around.

Jessica Dunker, IRA 13:07

And just because of some rules that were built, not assuming that all of us would still be closed due to pandemic, we can't go and access the funds. Congress doesn't even have to put more money in it [laughter], we just need to access the stuff that's sitting there. And so that would be, you know, that would be the biggest worry that we have as a organization right now is, can we just, short term, if Congress could just get something passed there it would really help.

Jessica Dunker, IRA 13:42

And, you know, I have to say all of our Iowa congressional delegation, from both Senator Grassley and Ernst to all of our congressional members, or House members, everybody agrees that something needs to be done. And so even asking them to support it isn't the issue. It's, they just all have to come to terms, the House and Senate have to come to terms on something to really save a number of small businesses, including our restaurants.

Steve Adams, host 14:12

So you are frequently then in touch with our representatives in Congress.

Jessica Dunker, IRA 14:17

Yeah. Yeah, we sure are. And you know, and I have again, you know, there are so many positive things about being an Iowan, and one of them is how accessible our congressional delegation at the federal level makes themselves to us. And so we do talk to them, and Joni Ernst is on the Small Business Administration oversight committee and the folks in her office are so in touch in particular, on on these issues, and they do, they're very proactive and reaching out to us. But at the end of the day, as much as I appreciate and like all of our congressional members, these people gotta pull it together.

Jessica Dunker, IRA 14:59

I mean, from all over the country. They cannot let small businesses and particularly the restaurant community just die, because they don't want to give one another a win. There has to be a win for Iowa's restaurants and for the nation's restaurants, and for Iowa's small businesses and the nation's small businesses, and who cares what political party gets credit for it? They've got to meet in the middle somewhere and get this done now. We can't wait until there's a new administration. Because truly people are hanging on by a thread. And you know, we're also asking beyond that, to build on the success of the PPP and go ahead and do things that would make that like, it's a six-month long program beyond this, and hopefully get more of those restaurants, you know, just over the hump to survive.

Steve Adams, host 15:58

So I guess, again, you touched on this, if there is, and I'm not holding out a lot of optimism here, it seems like that a new stimulus spending bill is not going to happen any time before the first of the year, which is unfortunate. But when there is a new stimulus bill, what would you like to see in the next iteration of that stimulus bill? I know you said the six months—are there other things that you would be looking for also in a stimulus package coming out of DC?

Jessica Dunker, IRA 16:28

Yeah, so if there was, so like you said short term, which is that, you know, honestly, as a restaurant, you cannot really think beyond the short term because it is such a difficult time. And there's one other short-term thing that's really important to us, I might just note, and that is that the PPP loans are not currently tax deductible. So a small business right now is unable to deduct eligible expenses that were paid for by a forgiven PPP loan. And that is going to be a substantial tax liability for these already hurting businesses. So that's something we're hoping to see just fixed at, again, as a one off on the existing programs.

Jessica Dunker, IRA 17:14

But moving forward and looking at what we would like to see in a next round stimulus package, in addition to a long-term program beyond the PPP like, you know, a six-month loan program that you can just get operating expenses and supports, we'd like to see an expansion of the employee retention tax credit. We're hoping for some more EIDL loans, which is the economic injury disaster loan that the SBA has put out, and a lot of organizations were able to get an EIDL as well as a PPP, and so that was very positive.

Jessica Dunker, IRA 17:56

We also are looking for things like, could they provide customer and employee wellness tax credits, to help with significant capital investments for employee-guest safety, for example. There are a lot of interior airflow systems that, if we could get some tax credits for people to switch out some of those interior airflow systems, people might be more comfortable coming back into restaurants. Again, and we've been talking about this since the very beginning, address that business interruption insurance claims. There have been about 1200 lawsuits across the country that have been filed by restaurants and bars against insurance companies for denying business interruption insurance claims.

Jessica Dunker, IRA 18:45

And you know, there's a couple of reasons that people felt like they couldn't take these forward. A business interruption claim for a restaurant normally happens when you physically can't use your property because there's been some property damage. There's been one lawsuit that was in favor of restaurants, that was in North Carolina, where the judge saw that because they were denied the ability to use their physical property to make money, that the business interruption insurance should be honored. So I don't know if that will set precedent. Most of the claims have not.

Jessica Dunker, IRA 19:28

Lawsuits have not gone anywhere, because most of them also have a virus, specifically a virus exemption on those claims. And restaurants have argued, well, we don't have the virus in our restaurant, we just have the virus in our community. But we haven't seen courts hold that up either. So we'd like to see a little more collaboration with the insurance industry and our industry to try to help us. And then there are some other things that go beyond just the restaurant.

Jessica Dunker, IRA 20:00

We'd like to see assurances of the stability of America's food supply chain from farm to table with priority testing and vaccine distribution for the food supply chain, and everyone wants the vaccine. And of course, everyone understands why health care workers need it and why the at-risk populations. But

think about the importance of people that work in the food supply chain to everyone being able to eat. And I think if there's any evidence of that, think about what happened to meat prices here, when we had to shut down some of the food, or excuse me, the meatpacking plants, you know, temporarily and then also not having anywhere to have food processed.

Jessica Dunker, IRA 20:47

And so we'd really like to see that as a priority. Payroll tax relief for essential employees. And then, you know, looking at some ways that restaurants cannot just make up revenue, but help our communities. We'd like to see some support for restaurants who are feeding vulnerable populations, and that can be in the form of tax or incentives or payment to restaurants who partner with government nonprofits to prepare meals for folks. And we have seen that on a small level even locally, but we'd like to see that at a larger level.

Jessica Dunker, IRA 21:23

And then also just broadening access to restaurant meals for low-income Americans by helping the state-run programs increase food access points during times of crisis. So um, you know, we have a combination of tax relief tax credits, very specific things we're hoping for. And then again, prioritizing health and well-being not just of employees in our restaurants, but those who influence the food chain. And then finally, just letting us do what we do best, which is feed people, and helping us be able to afford to do that to folks that are either food insecure or are considered vulnerable and need things delivered.

Steve Adams, host 22:09

I noticed that Treasury Secretary Mnuchin has talked about taking that Federal Reserve Program, which was the, I believe it was called Main Street Loan Program, which was there to help support small business. He wants to end that by the end of this year. I know people haven't taken advantage of that like they probably could or should have, but do you see that as being significant, Jessica, at all?

Jessica Dunker, IRA 22:33

Well, you know, I don't know, I have to just be on that, I don't know. Because we are not thinking terribly long term right now because we can't, as much as we want to. We can't, and even the long-term things that we're seeking and looking for, which, you know, you've heard, are short term solutions to two issues. And so, you know, potentially we prefer that access to any kind of program is out there, the less restrictive, the better. Sometimes the mainstream programs require matching funds and such that we just don't have access to right now. And what we need is just access to capital that allows us to sustain our operations, not even improve them, just sustain them at this point.

Steve Adams, host 23:29

Yeah, I also heard on a WHO TV interview that you were a part of that you also thought maybe if the state could forgive liquor license fees for the months that bars couldn't use them and offering spoilage reimbursement for those that didn't have time to cancel their food or drink orders.

Jessica Dunker, IRA 23:49

Yep.

Steve Adams, host 23:49

That's something that could happen on a state level, right, Jessica?

Jessica Dunker, IRA 23:52

Yeah, it sure is and actually, you know, we're looking very forward to the state legislature coming back into session, because I'm from the standpoint of what the governor's office can do with their

proclamation authority under public health measures, as well as what the agencies can do. I think they stretched themselves to the very limit from the standpoint of offering assistance. The Iowa Department of Revenue gave us a number of deferrals on payroll and sales tax, but they aren't in a position that they can give us forgiveness. That's something that only the state legislature can do.

Jessica Dunker, IRA 24:29

The Iowa Alcoholic Beverage Division, they can certainly extend things, but they aren't in a position to just say, Okay, well, you can all have your license fees for one year extended since you had such limited use of them, we'll just, we're going to essentially grant everyone a grace year on that—that takes an act of legislature. And so yeah, and then the spoilage, that would actually be something we would hope maybe the Iowa Economic Development Authority could do, is create a grant program where people could come and apply for spoilage costs.

Jessica Dunker, IRA 25:06

Because part of the great, the frustration was, you know, we don't order food the same day. We're doing business, we're planning ahead for what we project our sales will be. And the loss of food spoilage, I think in that the example I used actually is there was a restaurant in Elkhorn that I'm familiar with, because they won our world restaurant operator of the year award this year. It's called Grace on Main in Elkhorn, Iowa. And their first day of business was March 18, a day after the shutdown.

Steve Adams, host 25:42

Oh, no.

Jessica Dunker, IRA 25:43

And yeah, and so they weren't allowed to have anyone in, they didn't necessarily have to-go packaging ready to go. And so \$3,000 of their very first order for their business was spoiled. And that was a loss. And that's just one example, you know. There are, you know, thousands of dollars that people have had lost. And, you know, while I think the governor's office, as time has gone on here, has gotten more in tune with the timing and scheduling of things and even choosing the day that they announced closures more carefully based on them understanding our distribution models better, it doesn't stop the fact that you know, every time we are told that, you know, today at midnight, or today at five, we're closing this or we're doing early hours, or we're not allowing group sizes larger than this—thousands of dollars of inventory has already been purchased and stored in restaurants and bars, and they can't be returned.

Jessica Dunker, IRA 26:51

So hoping that we might be able to establish a grant program along those lines. And those are all proposals that we'll be taking to the new legislature in January and hoping they'll work with us. We're looking for almost everything in the form of tax credits, because we understand that that might be more palatable than writing us checks. But even if we can just get some forgiveness on some of the taxes, that would be incredibly helpful.

Steve Adams, host 27:20

Well you brought up Elkhorn, you're down in my part of the world there, Jessica. So if you're looking at a difference in survival rates, are you seeing a difference between rural and urban areas?

Jessica Dunker, IRA 27:31

You know, right now we're seeing it's about the same. And that was a surprise to us, because we knew that the margins were so thin, that we really thought the people that had created a lifestyle for themselves with a restaurant or bar would be the first to go. Now that sounds like a light at the end of the tunnel or silver lining, and it really isn't. Because here is what we think the reality is.

Jessica Dunker, IRA 28:01

So many chains, their decisions are being made in a central office somewhere by a group of people that just look at the numbers and they say, Oh, the West Des Moines, Iowa Applebee's isn't performing, we're going to close it. The West Des Moines, Iowa Bravo isn't performing, we're going to close it. The Panera at the corner of 42nd, Westtown Parkway, not performing. And so that they make those decisions without a lot of emotion. And I think, as a result, what you've seen in urban areas especially is that the chains have been closing at a faster or sooner rate than the small, independent, locally owned restaurants.

Jessica Dunker, IRA 28:48

And so our worry is that those chains are making the hard decisions that they're being forced to make by economics, and that independent restaurants, rural and urban, are holding on when maybe they shouldn't. And, you know, it's again, it's hard to believe that as the advocate for an industry, I'm saying they shouldn't hold on. But when people take out an SBA loan, you know, just in a regular time, not a pandemic, like, you know, you took out an SBA loan five or 10 or 15 years ago, or however long ago it was to start your independent restaurant, you still have to put up collateral that's equal to the amount of that loan. And so for most people, it's their home.

Jessica Dunker, IRA 29:33

And so what worries us is, do we have a lot of independent restaurant operators, again, both urban and rural, who took out SBA loans, started businesses, and risk not just losing their livelihood but losing their homes as well. And, you know, if we start to see that in large numbers, that will be something that we'll also be having to try to work on at the federal level with the SBA to make sure that people don't lose everything in a time of global pandemic.

Jessica Dunker, IRA 30:06

So, you know, we're seeing, I thought originally that we would see that urban restaurants performed better just because there were more people. What we have seen is that the rural restaurant communities have rallied around their community members who they know so well and they've done what they can to keep them open. But none of it is sustainable, and so, you know, we need some economic relief, and we need this pandemic to be over. And I know that if we can find a way to make that happen, we'd all be wealthy and healthy, right, but so far, that hasn't been the case.

Jessica Dunker, IRA 30:44

So interestingly, no, we haven't seen a higher rate of closure at rural levels. But we do think that if rural restaurants close, what you won't see is anybody backfill those locations. If urban restaurants close, in the urban areas, you know, we'll see a recovery period where the restaurants will fill back in different owners. But in the rural communities, that won't happen, those will likely just be gone forever. You know, as an example, we just this week lost Country Junction in Dyersville, right there, you know. And that has been a mainstay of that community for so long. And it just, they just reached the point where they couldn't continue it. And that's, you know, those are the kinds of places that it's not, you know, it's not just another restaurant, it's a part of what makes the community the community, and then that's really heartbreaking.

Steve Adams, host 31:42

Oh, I would say the same thing about Cronk's over in Denison, Iowa, you know, that place has been around for as long as I've been alive and they're closing.

Jessica Dunker, IRA 31:52

Yep, I think they were 80 years and closed. So yeah, Cronk's Cafe in Denison, another example of that. And you know, those places, they're just, you know, you just don't see that the talent pool or the

interest and quite honestly, the business [unclear] to have it really work and make sense for somebody is there. And that is, that's heartbreaking.

Steve Adams, host 32:19

Well, much to my surprise, we had a new restaurant open here about six weeks ago. So again, I had several clients pre-pandemic that were wanting me to do business plans for a restaurant or a bar, and come March 18, suddenly, my phone stopped ringing from those people.

Jessica Dunker, IRA 32:37

[Laughter] Well, and you know, we have seen restaurants successfully open during the pandemic. And what's interesting about not just the new restaurants but any restaurant right now is that trends that we were seeing in the industry are being, it's really, they're on steroids. So the move towards technology and how you use technology in your business, we were making that move slowly but surely, and now our hand was forced by the pandemic.

Jessica Dunker, IRA 33:12

Really understanding how to create a menu that translates well for carry-out or delivery, and maybe having a menu that's different than your on-premise menu, so that people who are looking to enjoy an experience, come in and have one set of food, and then people who are doing carry-out or delivery of some other things, and not feeling like you have to do both—that is a trend that we were seeing. And now consumers are getting trained to be okay with that. Maybe I can't have what I have when I come in to go, because the restaurant is telling you they can't. They don't feel obligated to offer it to me, because they don't like the way it translates into some quality.

Jessica Dunker, IRA 34:01

They want smaller menu sizes, we're seeing a move towards that at the national chain as well as local restaurant level. Because you can't risk those inventories. And you know, that is something that's positive that we were seeing happen before. So, yeah, and then of course, all the carryout and delivery, all the takeout delivery models, looking how to do that profitably and well, the pandemic is accelerating all of that.

Jessica Dunker, IRA 34:32

And new businesses are opening in this environment having planned for that and doing them. And so even cocktails to go, like what business, you know, a year ago would have opened thinking that was even a possibility? And now that's something that they can do as a value proposition. So, you know, I don't want to say there's, I just I'm struggling to say there's any good coming out of the pandemic, but it is causing business owners to evaluate what they can do different and better, and how they can do that beyond public health measures when we're opened back up and operating, you know, along the lines that we weren't before.

Steve Adams, host 35:05

Well, let's kind of face it. Our shopping habits are still kind of in lockdown mode. But I think the CDC has come out and said to that, if you look at the spread of Coronavirus, it shows the risk of infection being highest in restaurants, followed by gyms, coffee shops and hotels. Is that scaring people, you think, Jessica?

Jessica Dunker, IRA 35:43

I think that that does frighten people when they hear that. And what frustrates us is that, you know, the CDC is saying that the contact tracing information that we're receiving is not showing that. Now I'll just point to one study that I recently saw, where in Los Angeles—now this isn't Iowa—but in Los Angeles, the restaurants banded together and sued, because they didn't feel there was evidence that showed

that people were any more likely to contract COVID if they went to a restaurant. And their contact tracing data in the county showed that 3% of COVID cases were coming back to restaurants and 7% were coming back to local government buildings.

Jessica Dunker, IRA 36:34

And so you know, yes, there is an amount of risk in being in a restaurant, and people absolutely have to do what they're comfortable with. But it's very frustrating as an industry that long before there was COVID or pandemic or anything else, every single restaurant had a certified food protection manager who is required by code to be there, and that certification is a national certification. And you know, we were committed to safety and sanitation long before it was popular. It was something that we did as an industry to keep people safe. And so the idea that we're somehow the germ factory is really upsetting. Because we have always been so committed to feeding people safely.

Jessica Dunker, IRA 37:24

You know, norovirus is a pretty scary virus too. And that's something that we've always had disinfectant kits in every restaurant to be able to deal with if we found that was tracked back to our establishments. Everything that kills norovirus kills coronavirus, too. And so, you know, we were well-prepared from the very beginning to disinfect, sanitize, and be prepared to continue to operate in a safe way that protects people.

Jessica Dunker, IRA 37:57

So yeah, people are scared of—not all people, but some people are scared, and that is unfortunate. And until the public is feeling comfortable again, we just are asking them to use every single business model they're comfortable in. I'm not afraid at all to go into a restaurant. So I go into restaurants and eat, I take my family, in group smaller than 8, of course, to eat, and I'm totally comfortable with that. But if people aren't, there are other ways to enjoy what we offer, and we'd ask that people do that.

Steve Adams, host 38:35

Well, you know, you, you talked about this and how can individual Iowans best support our friends and neighbors who are in the restaurant and bar business. And you know, a lot of people work for tips. I mean, I was a dishwasher and a busboy in high school, I was a waiter and a bartender in college. And without those jobs, I wouldn't have been able to put gas in the car. So, you know, I think about those people a lot—for a lot of folks, that's their very first job. So how do we continue to support those local businesses, especially as we go through these next few months, which are, you know, as you put it, are probably not going to be great for anybody.

Jessica Dunker, IRA 39:15

Right? So thanks for asking that. And, you know, when you talk about it being your first job, we consider ourselves the industry of first opportunities and second chances. And, you know, we give—one in three people in Iowa, their first job is in a restaurant. Half of the people in our state have at one point in their lives or another worked in a restaurant. We have some of the highest levels of immigrant workforce. We're two and a half times more likely to hire somebody out of the reentry population who are coming out of prison. And so you know, we are really the industry that, you know, can find a place for anyone, and trains America's workforce, either to stay in our industry or to go somewhere else. So the jobs are really important.

Jessica Dunker, IRA 40:12

And prior to COVID, 155,000 people in Iowa worked in our industry. That was one in nine working Iowans worked in food service. And it's the second largest private sector, employer after healthcare. So, you know, we just can't over emphasize how important we are from that standpoint, of just providing work opportunities. So what can Iowans do—if you go to a restaurant, if you do take out, if you cater

something, and you do it once a week, do it twice a week, if you do it three times a week, do it four times a week, just add one more time that you're visiting a local establishment.

Jessica Dunker, IRA 40:55

Think about catering something. And you know, people think of catering as these large events, when you can cater for six. You can go and pick something up and have it put together and you can all eat the same thing, place a bunch of individual orders. And you can do these family meals and do these catering and, you know, don't cook, let restaurants cook. We're just getting ready to launch a campaign right now that, you know, is really empathetic to people who are trying to be schoolteachers at home, you know, hair stylists at home, they're trying to fix everything at home. And there is something that you don't have to do, and you can let restaurants do the cooking. And so encouraging people to just let us do that. So you give yourself a break.

Jessica Dunker, IRA 41:39

And then, you know, if you want someone to deliver it, you know, go ahead and do carry or take or delivery, excuse me, but make sure that you know enough about your delivery service to know that your restaurant is actually working with it. We are still suffering from third party delivery services that coopt menus, and then place orders with restaurants who don't know where the orders are coming. And so if you want to do delivery, I would call the restaurants and say which delivery service do you use, and work with them in that way.

Jessica Dunker, IRA 42:15

But more than that, carry out is such a more profitable way to help restaurants because you know, when you're a consumer, you pay to have something delivered to you. But guess what, the restaurant also pays. And sometimes it's to the tune of 25 or 30% of the ticket. And so restaurants, you may pay a flat fee, but restaurants have to pay based on the size of your order. And so, much better if you just get in your car, put on a mask, we'll wear a mask, we'll deliver it to you curbside, and come on out and get something from the restaurant that way. So any service model we have, please use it. That's what we need.

Steve Adams, host 42:57

Well, I hear some people to say, well, it's takeout so I don't need to tip, which just boggles my mind. You know, again, being able to provide that 15-20%, even more than that, kind of tip is certainly helpful to restaurant and restaurant owners as well.

Jessica Dunker, IRA 43:14

It sure is. And you know, we are operating with skeleton crews right now, just to be able to keep our doors open, and so those tips are far more meaningful than people might realize right now. And because you know, even in the restaurant, if you come in and sit down right now, forget carryout or delivery for a second, but if you come and sit down, realize that that server has fewer tables than they ever did. Or they have all of the tables and are trying to do the job that used to be done by multiple people. And so when you're, you know, tip kindly there. And also, again, with catering and delivery and take out, all of that, any way that you can tip and help folks, that would be great. I mean, it's like saying I could dye my hair at home so don't tip the hairstylist who gets your color right. Yeah, no—just do it and do it generously.

Steve Adams, host 44:12

Well, today is December 1 so we're officially in the holiday season. And many of your members I know are probably worried about, you know, this time of year there are corporate events, holiday parties and dinners and that's most likely not going to happen, or if it does in a really reduced type of setting. So as we start to hear about these vaccines becoming available to healthcare workers, maybe as soon as the

middle of this month, do you see a glimmer of light at the end of the tunnel? And do you think after health care workers and the elderly and nursing homes, that the next group of vaccines ought to go to people on the front lines in the restaurant and bar business?

Jessica Dunker, IRA 44:55

I do, you know, essential...I think all of us have been humbled. All of us who work in an office like me have been humbled about what is an essential worker. And to realize, you know, that I'm not really that essential, I mean, [laughter] compared to a lot of other people who get up and go out and do their job every single day. And, you know, prior to COVID 51% of the food dollar was spent in the restaurant industry. And when you think about what happened in the grocery stores when this pandemic first hit, if the restaurants hadn't been there to distribute food to people in the form of prepared things, when we, you know, were already being overrun—restaurant employees are essential workers.

Jessica Dunker, IRA 45:45

And, you know, people miss people. So we've got to make it possible for people to safely go out. We're wearing masks in our restaurants and bars and establishments and we'll keep wearing masks, but getting our folks vaccinated so that they can be comfortable welcoming everyone in, that's really important. And speaking of holiday parties, I mean, that has almost been completely eliminated the season, which is such a financial hit to so many places. Myself, I had a 55th wedding anniversary get-together planned for my parents at a local restaurant, and we were going to have 24 people, we were going to be at tables that were six feet apart, we were going to come in masks, we were self-selecting as a group, and we had to cancel because events like that were no longer allowed if you had more than 15.

Jessica Dunker, IRA 46:46

So, you know, that has really hurt a lot of businesses. I'm talking to a really nice restaurant up in the Dubuque area, who normally has on the books, they're associated with a hotel up there, it's the Hotel Julien and Caroline's restaurant, they were talking about, you know, they would have multiple holiday parties going at the same time, in different rooms, you know, all over their different sizes, different group sizes and things, and how that business has all but you know, evaporated due to COVID. And, you know, those are real people with real jobs, and they support their families. And they just hope that when we see the other side of this, people come back out, and they come back out in large numbers, because we miss serving you, and I think you miss being served by us.

Steve Adams, host 47:44

Are you saying anything different to your members than you were last time, or is it more of the same?

Jessica Dunker, IRA 47:53

Well, now the conversations with what we're seeing, we're seeing a lot of this, this the same situations where people really have to weigh those personal financial decisions. You know, for bars for example, who are having to close at 10 p.m. right now, we are seeing people who are seriously considering just closing up shop, laying off their employees, and seeing if they can find a way to ride it out to the other side, because they can't find a way to sustainably make money. That is something we were not seeing at the beginning of this. And so that's unfortunate.

Jessica Dunker, IRA 48:33

Right now, what we're just telling people to do is, do the best you can with the time you have, to innovate, innovate, innovate, again, on carryout and delivery. And one thing the legislature did throw us in their, you know, 10-day session last spring was the cocktails to go. So we are seeing innovation in that area. But you know, right now, honestly, we're at the mercy of our state and federal officials. And we really need them to step up and provide relief and assistance to protect our industry and others that,

you know, we're a country of small business, and we need to save small businesses all over the place right now.

Steve Adams, host 49:20

Well, I know the cocktails to go thing is very popular with our local Mexican restaurant on Friday and Saturday nights. The margarita machines are overheating.

Jessica Dunker, IRA 49:31

Well, I like to hear that. They are sealing the drinks appropriately. But even on that legislation, it was passed so quickly that there were other places in code that were not fixed that we're going to have to do some cleanup work in conjunction with the Alcoholic Beverage Division to try to help make that even simpler for restaurants and bars. And you know, that's an example of the agency being very collaborative and very willing to work with us on trying to figure out how to do that. But it still has to be done.

Jessica Dunker, IRA 50:05

And it kind of goes back to, just as an example, on the crows that you can distribute craft beer in, you technically cannot do that with cocktails to go right now. Because in another place in legislation, a canned cocktail has to go through a beer wholesaler. And you know, when that was passed, there was no thought that there would ever be, you know, individually crafted cocktails to go. And so, you know, now we have to go back and figure out how to make some of these things that when you hear them, go, Oh why would you not be able to do that? It looks very contained. Well, it's just, you know, there's always cleanup involved when you do something innovative, and we were the first in the nation to make that happen.

Steve Adams, host 51:01

Well, we all like our cocktails here, and I glad to hear you get your plug in on the Hotel Julien, I know that restaurant very well that's associated with that hotel. I've stayed there several times, in fact, I got stuck in an elevator there for about 45 minutes one day, so.

Jessica Dunker, IRA 51:16

Well, I hope you got some dessert from Caroline's, then.

Steve Adams, host 51:19

I did and it was, yeah, it was delicious.

Jessica Dunker, IRA 51:24

Yeah, that chef up there, Chef Jason. He's a really amazing chef.

Steve Adams, host 51:29

Oh, yeah. Yeah. So Jessica, if somebody needed to get a hold of you about some of the things you talked about today, what's the best way for them to do that?

Jessica Dunker, IRA 51:37

Well, they can always call our office at the Iowa Restaurant Association at 515-276-1454. You can also visit our website at restaurantiowa.com, or any of the social media platforms—we have Facebook—and we try to respond to any or all of them. So we're not tough to reach if you are looking for some answers. Or if we don't have answers, we try really hard to point you in the right direction.

Steve Adams, host 52:06

Well, you know, once again, thanks for your hospitality here with us today and getting us kind of back up to speed since you were here in May. Hopefully, things will start to turn around and we won't have you back again. But if we have to, we will, because you're a great guest. And thanks for being here today, Jessica.

Jessica Dunker, IRA 52:25

All right, and I really enjoy it, and you guys have a happy holiday season.

Steve Adams, host 52:30

Hey, thanks so much, back to you. So if you have any questions about this Back to Business Iowa podcast, please feel free to contact me, Steve Adams, at stadams@iastate.edu. If you've enjoyed listening to this podcast, please consider posting a review on Stitcher, Spotify, Castbox, the Podcast app, Apple, Google or whichever platform you find your podcasts. Reviews, ratings and comments will help us to build a better podcast. So whether it's a one star or five star review, we value your input and opinion and thanks for doing that. And by the way, thanks for listening.

Steve Adams, host 53:11

This podcast is a collaboration between Iowa State Extension and Outreach and the Small Business Development Centers of Iowa. We're always serving Iowans, hashtag strong Iowa. Our justice statement is as follows: this institution is an equal opportunity provider. For the full nondiscrimination statement or accommodation inquiries, please go to www.extension.state.edu/diversity/ext. Thanks everybody, and we'll talk to you soon. See you next time.

[music]