

INSPIRATION & INFORMATION FOR INDEPENDENTS

Restaurant

HOSPITALITY

CREATING A SCENE

Restaurants elevate the experience
through design and technology



**10 GAME-CHANGING
RESTAURANT TECH MOVES**

**THE GROWTH OF THE
VIRTUAL KITCHEN**

**USING DATA TO INFORM
MENU DESIGN**

CHANGING THE GAME



GOING CASHLESS

DAVID KRAUSE, partner, IAM Hospitality, Las Vegas

IAM Hospitality acquired three-unit Prep Kitchen in San Diego earlier this year, with plans to grow the brand in Southern California. A fourth location of Prep Kitchen is scheduled to open in San Marcos, Calif., in late April, and it will be the first to go cashless.

The other locations within the group will soon follow, although there will be a transition period for the first three months to help educate guests, said David Krause, a partner in IAM Hospitality.

Fewer than 10 percent of guests pay with cash, he said, and holding cash to tip out servers opens the restaurants up to liability. He also fears it isn't safe for workers to leave after their shifts with a lot of cash in their pockets.

“Cashless is the way people are going, and we want to get ahead of the curve.”

IAM Hospitality is working with OpenTable, Yelp and other vendor partners to get the word out to guests. During the transition, the restaurants will offer gift cards to those who only have cash, and perhaps comp a drink or dessert to make up for the inconvenience.

Tipped workers, meanwhile, will receive gratuities on a debit card after each shift, rather than cash. The tips are pre-loaded digitally in real time, so staff members can use the debit card to get cash immediately at an ATM. They can also opt to receive their wages on the same card at the end of each pay cycle or receive pay as a more-traditional bank deposit.

“Cashless is the way people are going, and we want to get ahead of the curve and be at the forefront of it,” Krause said.



CHIP READERS

SEAN McCULLOUGH, director of operations, Grasca Group, Miami

It has been more than two years since banks and payment processors shifted liability for fraudulent credit card charges to restaurant operators that do not support chip-based EMV cards. The goal of EMV compliance standards is to protect consumers, but the shift opened Sean McCullough's six restaurants, operated by Grasca Group in Miami, to fraud.

After the shift, customers whose cards were swiped at Grasca Group restaurants got smart and started fraudulently disputing charges. Rather than investigate, banks automatically shifted the charges to the merchant.

At Salumeria 104, for example, Grasca Group had more than \$1,200 in fraudulent “chargebacks” in one month. All customers had to do was call their credit card company and say they never used the card at the restaurant.

“We had one customer in particular — he was a regular and we have him on video. He did that,” McCullough said. “So, we went to him and said, ‘Hey, listen, you did this and we have it on video,’ and we never saw him again.”

But the group needed a surer solution. About eight months ago, McCullough shifted Salumeria 104 to the chip system. Rather than just bringing in a chip machine, Grasca Group moved to Android-based tablets by PayMyTab, with Omnivore providing integration with the restaurants' POSitouch POS system.

Now servers bring the chip-reading tablets to the table for payment, so cards never leave guests' hands. They sign on a screen and get a text receipt, eliminating paperwork for the restaurant and providing mobile numbers as a potential marketing tool, McCullough said.

The move has completely eliminated the chargeback issue, he said. The system is being rolled out to the group's three other restaurants that share POSitouch.

The group's two pizza concepts, however, have lower transactions and a separate POS system, and will not immediately make the shift.

“It's cost of implementation versus how much we're losing,” McCullough said. **RH**