



An Early Day Part Focus

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Breakfast and lunch success depends on high volume and quick table turns.

The Challenges

Similar to the restaurant industry as a whole, labor remains one of the biggest challenges for those operators focusing on breakfast and lunch service.

"Labor is a driving force, with minimum wages fast approaching \$15 an hour," says Ken Irvine, founder of [Irvine Hospitality Group](#), a San Diego-based consultancy, and owner of San Diego restaurants [Bleu Bohème](#) as well as [Sea 180](#), the latter with partner David Cohn. "Breakfast and lunch have an average spend of about half of the dinner hour in most places. To make up costs, it's necessary to drive sales and increase volume."

While many of these early limited-hour eateries set up shop in business districts where potential customers are scarce after 5 p.m. and on weekends, smaller cities and suburbs are seeing more of these operations popping up.

Egg Harbor Café, which will have 20 locations by March of 2018 in the Chicago and Atlanta areas, has experienced positive growth in the 32 years the chain has been in business. Locations are open from 6:30 a.m. to 2 p.m. daily.

Corporate manager Graham Hallen says the company has flirted with offering dinner in the past, but this wasn't the lifestyle that owner Mike Farrell wanted for his employees.



Egg Harbor did consider expanding its hours and menu to offer dinner, but it wasn't part of owner Mike Farrell's vision for the concept.

Yet, Hallen contends that even without the 14-hour days, or being open nights and holidays, challenges remain for operators that focus on the early day parts. "There is a perceived idea of what prices are acceptable with breakfast and lunch; with dinner, there is almost no price limit," says Hallen.

Problems then arise for those restaurants serving less costly meals when taking into account the industry's increasing minimum wages and the disparity between staff members' pay. "Each time waiters get a wage increase, menu prices rise to offset this, but where does this leave kitchen staff who aren't earning minimum wage?" says Irvine. "People are now spending more on their meal and tipping wait staff greater amounts, and the kitchen staff wants a raise, too."

For limited-hour restaurants, this could be a double-edged sword from a labor perspective, with workers making less money from lower tips and fewer work hours. "Because breakfast and lunch places don't have as high an average spend, this can be a problem," says Irvine.

One way to help circumvent overhead costs is to reduce back-of-the-house square footage. Bigger chains also have implemented commissary kitchens for preparing bulk items to enhance efficiencies and consistencies.

"Restaurants are implementing high-tech equipment, such as combi ovens and speed ovens, to help drive the bottom line," says Irvine. "In this case, operators require less staff, although they are more highly trained, which is better for overall productivity."



Egg Harbor credits incorporating ingredients and flavors more typical in dinner dishes than in its breakfast-and-lunch-only menu as a reason for increased revenues.