Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
TUESDAY, OCTOBER 10, 2023

WORKSHOP TOPICS FOR DISCUSSION:

1. Review and Provide Feedback on Draft Bar and Grill Assessment Report by Delaney Consulting (4:30-5:15 p.m.)
2. Discussion of the Draft 2024-2026 Strategic Plan (5:15-6:30 p.m.)

City Council Workshop
City Council Agenda Report

MEETING DATE: October 10, 2023	**WORKSHOP AGENDA ITEM:** 1
TITLE: Review and Provide Feedback on Draft Bar and Grill Assessment Report by Delaney Consulting (4:30-5:15 p.m.)	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

DISCUSSION OBJECTIVE:
To review the draft report, provide feedback, and gain consensus on remaining process.

BACKGROUND:
In June, the Council approved a Professional Services Agreement with Delaney Consulting to assess Bar and Grill operations, similar to the assessment completed in 2022 for Wine and Spirits. The scope of work, which meets the overall objective to maximize operations, highlights the main components of the assessment. Those components are:

- Survey of customers, employees, community members, and Council on current level of service;
- Roundtable of customers;
- Restaurant specific insight from the City's food vendor—Preferred Food Services;
- A timeline of 3 months; and
- Recommended steps to explore growth opportunities for both front and back of the house operations as well as marketing.

A workshop was held on September 19th to go over feedback received thus far and get specific feedback from the Council. The final phase of this assessment process is to review the preliminary report and recommendations and receive feedback which will ultimately be incorporated into the final report. The final report will need to be accepted by the Council at a future meeting.

Delaney Consulting's Michael Bitzer will be at the workshop to present the assessment's findings, thus far, listen to feedback, and conclude with next steps.

Please note: attached is the slide deck for the presentation. As of Thursday, the report was not ready for review. The report will be submitted to the Council before the workshop.

ATTACHMENTS:
1. 2023FinalReport_WayzataBarGrill_ DelaneyConsulting100923
2. Delaney Consulting Presentation

Final Report for Wayzata Bar & Grill

October 09, 2023

Table of Contents

Executive Summary

The Wayzata Bar & Grill (WBG) has a longstanding reputation in the community that continues to deliver a high-value meal, appealing to a large and diverse customer base, and enabling the business to be in a great position for continued growth. Further, the operations are sound and the WBG is well-run by a seasoned group of restaurant leaders. The WBG has not undergone significant change in too long and to prepare for continued success it must progress some of its offerings, operations, and capabilities. Further, the support structure around it will need to evolve to help lead, support, and sustain this significant undertaking of growth- all while running the day-to-day operations.

To properly identify and prioritize these changes, the City of Wayzata engaged Delaney Consulting to assess their business, amass insights, and study the competitive landscape. Quantitative data sets were built and/or reviewed; qualitative insights were amassed across customers, employees, City Stakeholders, and competitors. These were distilled down into key recommendations that are value-targeted and prioritized to create the biggest impact. These recommendations are defended and supported in this detailed report and its appended documents.

But in our estimation the highest priority items that the City of Wayzata can affect to positively impact the WWG's operations and financial impact are:

1. **Meaningfully and deliberately evolve the City's business operating model and support to its municipal businesses** by bringing in both the needed expertise and capacity to affect change and create mechanisms that sustain the operations further.
2. **Develop and deploy a Bar Program** that drives additional traffic, revenue, and profit by creating compelling and comprehensive menus that are optimized closer to current market pricing.
3. **Improve the employee lifecycle and role delivery** through addressing current staffing levels and hiring support. Further work needs to be put into the retention and successful delivery of each employee's role.
4. **Enhance and enable right-sized marketing capability** to grow today's customer base and establish your needed loyal customers of the future.
5. **Strengthen your dominant value propositions in your food** menu, value, and execution by expanding to growth categories that reflect trends that the WBG is currently behind in.
6. **Upgrade your facility and update your environment** to enable more revenue and an improved customer and employee experience all while being consciences of low returns and high risk.

There are more changes we recommend throughout this report, but these are the highest priority and ought to develop starting now so that they can deploy in proper sequence and timing to impact the high revenue time periods in 2024 while staving off growing competition in the immediate area.

Survey Findings: Voice of Your Customer

In partnership with the City of Wayzata, Delaney Consulting facilitated a consumer survey that produced some meaningful insights that highly factored into our recommendations and priorities.

We have provided the City of Wayzata with a comprehensive PowerPoint (Appendix A) that contains all data and highlights of what we determined to be the most valuable insights. Further, we have provided the raw data for Wayzata's further usage (Appendix B).

Survey Objectives:

- Gain a voice from the customer (VOC) to ensure customer needs and insights are anchored to our recommendations.
- Gain insights into WBG current customer behaviors, demographics, preferences, spending habits, etc.
- Validate some of WWG current offerings, growth potential, strengths, and weaknesses.

Survey Construct and Participation:

- Deployed from 6.27-8.9.2023.
- Surveys solicited on site at WBG as well as through the City of Wayzata social media and email channels.
- 668 surveys were started.
- 474 average usable response per question.
- 21: Total questions allowable depending upon self-identification variables.
- 95% confidence level based upon population of 4367.
- 4.25% margin of error based upon population of 4367.
    - *Important note that the respondents to this survey were less general population, and more existing customers and/or close to the WBG operations based upon the high-level of respondents that took the survey at the WBG. As such, the results carry a higher natural bias than normal.

Survey Key Themes and Insights

Who were the respondents:

- 48% of respondents regularly go to WBG whereas 8.5% never do.
- 39.5% of respondents selected WBG as their "favorite" from a list of 16 local competitors; the next closest was Maynard's @12.9%.
- 80% of customers willingly gave their emails to be used to send a coupon to.
- 63.3% were over the age of 50 whereas only 11.7% were under the age of 34.
    - **<u>This was of significant meaning in the aging of your current customer base and lack of younger customers.</u>**
- There was a pretty close split of 60% females and 40% males.
- Household incomes followed the demographics of Wayzata whereas the largest group was in the highest income bracket (>$200K) with sliding participation to the lowest income bracket (<$50K).
- 61.1% are very loyal customers self-selecting either weekly, more than once a week, a couple times a month or once a month.

What did they say about the current WBG operations:

- The most common collective reason these customers chose WBG is because of the food; in the following order: value, selection, and then, quality. The second biggest reason is the convenient location.
- Current customers do not choose WBG for its specials, events, the crowd, or the bar program.
- Over 80% know that the WBG profits benefit the city of Wayzata but only 32% of them care about it.

<u>The top four areas of improvements</u> that customers want to see were close in response levels:

1. 20.5%: Monthly specials
2. 17.1%: Overall menu price and value
3. 16.9%: Fun events and things happening there
4. 15.6&: More frequent changes to the menu

<u>In order, customers would visit you more often if</u> you added these aspects to your operations:

1. Happy hour drink and food specials
2. Expanded patio seating
3. More frequent changes to the food menu
4. Brunch Service

These insights were heavily influential throughout our assessment and are anchored in the confidence we have in our final recommendations. We would encourage all those involved in the WBG operations to invest further time discussing the full survey results in a several small group sessions to further digest, instill in your decision-making process and utilize when determining priorities.

Strengths, Weaknesses, Opportunities, and Threats

In a SWOT exercise, Strengths and Weaknesses are functions of internal realities within Wayzata's business model while Opportunities and Threats are external realities. They are first done as individuals belonging to a defined group; compiled, prioritized, and discussed within that group to gain consensuses of themes.

Delaney Consulting then does further analysis with deeper consideration to other aspects of this assessment to produce a final WBG SWOT for this engagement. All three SWOT recaps are found in this section and then a deeper look at your top results.

Bar and Grill Leadership Team SWOT Themes:

Strengths	**Weaknesses**
1. Food: Menu. Operations. Execution. 2. Experienced and capable leadership team 3. Loyal customer base	1. Staffing and level of talent 2. Facility and Environment 3. (None)
Opportunities	**Threats**
1. Menu: Expand. Specials. Events. 2. Operations and Capabilities 3. Compensation Package; benefits especially	1.Staffing. Quantity and Quality 2. Competition. 3. (None)

Mayor, City Council, Administrative Team SWOT Themes:

Strengths	Weaknesses
1. Menu: Value was the highest. 2. Model/Atmosphere 3. Financial Impact to City	1. Atmosphere/Decor 2. Marketing 3. City Operated and Supported
Opportunities	**Threats**
1. Menu enhancements. Bar Program. 2. New Growth via events, catering, partnerships and availability outside the current facility. 3. Floor Plan and Seating	1. Competition 2. Macroeconomic trends of inflation, recession, etc. 3. Staffing

Delaney Consulting has prioritized the following WBG SWOT themes for this engagement:

Strengths	Weaknesses
1. Food. Why People Chose you. Value is #1. 2. Financial return and net benefit to The City 3. Sound operations and Leadership Team	1. City support structure not built for growth/change. 2. Marketing to secure the next generation of loyalists. 3. Facility capacity and outdated environment.
Opportunities	**Threats**
1. Menu changes; leading with a Bar Program. 2.Employee retention: training, benefits, execution of roles. 3. Creating new revenue opportunities onsite via events, holidays, inhouse catering/hosting, etc.	1. Staffing: Quantity and Quality. (There is an intentional gap in here to recognize the trend of #2 closing restaurants and the unpredictable era. The recent data shows you operate well through these dynamics.) 2. Inflation and recession. COGs threatening either price increases, margin decreases, or both.

Summary of SWOT #1 Findings

We found great consistency and clear prioritization in the feedback during this assessment. With little exception, it matched up well to customer and competitive insights. These are great anchors to build strategic planning around as they are grounded in what is most important, what you need to leverage, and how you need to improve.

Below, we included commentary on your number 1 findings in the SWOT exercises:

Strengths

Food. It's why people choose WBG and enables to the entire operation.

WBG has a high and long-standing reputation surrounding its food. It appeals to the masses based upon the menu selection. The value, real and implied, to the diner rates incredibly high in this category which reflects the choices of leadership in recipe development, pricing, and managing the costs of the overall operation. The ingredient and recipe choices developed are delivered well, consistently, and with a speed that either meets or exceeds the diner's expectation, making it very popular for lunch. The operation takes great pride and care in the making of their dishes which show up on the plate.

As is true in a lot of cases, two competing thoughts can be found to be true as the food did also show up as an Opportunity as well. But not negating any of their strengths, instead to be opportunistic to leverage the strength and deliver in more ways on the menu than currently available – vegetarian, vegan, more specials and more updates to the menu rated highly in this way.

Weaknesses

City support structure is not built to effective support the muni operations; this is especially apparent in times of change and growth.

In our observations and experience, the city support structure lacks experience, knowledge, and skills to lead and support changes needed to fuel growth and update their operation. This is not true in the day-to-day operations and if the city were satisfied with remaining status quo and with similar level of results, this would be acceptable. But the WBG does need to evolve and change in its necessary cycles to retain loyal customers and attract new ones.

Capacity and lack of dedicated resources also highly factor into this weakness but is inherent to the design of muni-operated businesses of this smaller scale. There is a considerable capacity gap in the time needed to not just better support both muni operations, but the additional time needed to dedicate towards improving the model. This is apparent especially in defining strategies, lack of decision-making processes, and connectedness back to the operation for continuity and accountability.

Opportunities

Menu changes; leading with complete Bar Program launch, following with the food menu as well.

By volume, this was the highest recorded level of input into the WBG SWOT. It is clear that the people closest to the operation have known this for a long period of time but action and energy has not been dedicated towards it. Real capacity issues have not been able to be addressed that would have made this at least possible in the past. By launching a new Bar Program, the customer experience will improve because they will know their options; pricing will become transparent and thus, more compelling; and they will be inspired to try more variety as the menu expands to additional high growth categories such as cocktails, mocktails, spirits, etc.

As part of these changes, a price optimization is needed across the entire bar program and all beverages. This will drive additional margin and profit back to the city without materially changing the value-based pricing that is part of the WBG implied brand and customer appeal.

One quick example:

Year	Coors Light Tap Quantity	Ave Price	Optimized Price	PROFIT Added
2019*,1.1-8.31	14859	3.83	5.00	17,385
2023, 1.1-8.31	12374	4.75	5.00	3,093

*Important to note that there was a deeper Happy Hour pricing available in 2019 and likely drove the difference in volume at a lower average price. Deeper price optimization modeling is needed to find right balance of volume and margin.

Threats

Staff levels both in quantity and quality.

This is a true threat that needs to be addressed as a high priority.

Of any current issue identified, this easily rises to the top and is reflective of the post-Covid era of incredibly hard employment dynamics when a significant number of employees left the sector and didn't return. With the number of restaurants that have closed or have had to lower their operating hours as a result, WBG must further invest in improving their most valuable asset: its employees.

The process of attracting candidates and securing them in a timely manner (before someone else does) needs to be more streamlined to impact the speed to hire and improve upon the candidate's first experience with the brand as a potential employee.

The retention of employees should be measured and consistently reported on. Turnover is always high in this industry and the best defense is to make the most compelling employee experience, so they don't leave. Some turnover is due to staffing levels not matching up to entry level experience as it is very fast-paced and hard to learn.

Expanding and formalizing an improved training program will also impact retention by further landing expectations, growing staff's knowledge, and skills, and landing an improved and consistent customer experience. Further, employee benefits at the muni-operations should be researched and right-sized for the industry it is in. This might include a shift meal program, earned PTO or retention incentives, uniforms, and some type of formal employee recognition program.

Marketing Assessment

Overview

Marketing supports the customer journey of:

Awareness > Trial > Loyalty > Evangelism

Generally, customers must be aware of your restaurant and where you are located, or your URL/Social Accounts to be inspired for to visit for the first time (trial.) They need to have a good experience several times to become a loyal customer. They need to build a relationship with you to become an evangelist or supporter of your operations. Marketing and promotions with a call to action move customers along this path.

WBG has a remarkably loyal base that drives the health of their financial success. **This base is aging and there is a need to develop the next generation of loyal regulars to fuel your future success.** This is the critical importance of having a right-sized and effective marketing program driven through social media, the web, onsite messaging, and integration in the Wayzata Wine and Spirits operation.

Consumer behavior in the restaurant sector has quickly and consistently evolved to looking for inspiration and information on a screen. When a lot of people consider going out to eat or grabbing a beverage with friends, they commonly turn to their phones or computers to decide. Having an active, compelling, and accurate online presence is expected and needed more so in this industry than most others. For those that have strong food preferences, allergies, or other "lifestyle choices" this is a must to give them confidence that you have what they want or can eat.

Current State of Marketing

Currently, the WBG does not have a formalized marketing program of any sorts. They do not budget or spend any advertising or marketing dollars on any outside channel. They do have a website and a presence on social media, neither of which are used effectively to market the business, attract new customers, or drive engagement with existing customers.

This is for several reasons:

1. There is no known need at this time to spend marketing dollars on any type of media buy or traditional advertising channel.
2. There is a gap in skills, experience, and the capacity to use the tools you do have available to an effective marketing result.
3. If you did market effectively and drove considerably more traffic into the WBG it would be a problem for the operation due to current staffing levels putting your customer (and employee) experience at risk during peak service hours.

WBG does need to market, however. They need to mature into the online behaviors of today to secure the customer of their future. There is a gap in skillset, experience, capacity, and priority that results in this not happening today. This must be addressed first to improve your marketing ability and success.

Delaney Consulting provided a marketing and competitive matrix of 11 of your competitors in the West Metro. Within this tool, you will find numerous points of comparison across marketing functions. It is a good baseline to show that WBG is underrepresented online and behind the competition in its marketing capabilities and efforts. This should be reviewed and discussed regularly as part of marketing-based working sessions.

Branding and Brand Execution

There has been a lot of recent discussion and past work put against updating the branding construct and execution of the Bar and Grill. Most of this has surfaced as qualitative feedback in surveys, SWOT exercises, and interviews with City and WBG leadership.

It is most important to acknowledge that this is of low importance to your customers via the survey data compiled. Further, it is important to understand that these points are very subjective and as such as, harder to define and quantify as opportunities that should be activated against.

No doubt there needs to be further investments made into the facility, but we don't believe that it would be in the City's best interest to prioritize and invest into significant branding work at this time. This would yield a lower ROI than other recommendations in this report.

Further, we would argue that there is a brand established at the Wayzata Bar and Grill. It may not have been intentionally designed or contain the common construct of brand elements such as a promise, mission, vision, value propositions and executional elements such as style guides and standards, but make no mistake, there is a strong brand the Wayzata Bar and Grill.

Your brand centers around good food at a high value that appeals to many. The environment is comfortable and accessible to a large number of people based upon its operational style and inviting environment. There is history and longevity in the establishment after surviving and thriving for 75 years. It is owned and operated by a city that is positioned in a beautiful and convenient location off of one of the most popular and historic lakes in the Upper Midwest. All of those points, and more, define who the WBG is and thus, its brand.

We recommend that you lean into and elevate those elements to strengthen the brand and create clearer brand decision guidelines. This would allow for themes to evolve around the city, lake, and "every person is wanted and welcomed". This could result in changes in the environment, menu, customer service model, and marketing presence online.

We do not recommend large changes or investments into a name change nor meaningfully changing the theme and style of the restaurant. These are costly and there is zero indication that WBG needs them or would produce an ROI because of this work and investments needed. In short, you have a successful operation, because of and in spite of its brand. Do more of the same and do it better.

Social Marketing

For its scale and type of restaurant, WBG's social media presence and engagement is lacking and not effective. This was particularly evident in our competitive assessment when looking at comparable social media sites.

To secure the customers of the future, this must be an area of ongoing focus for the WBG.

"People eat with their eyes first" is a common truth that most people have heard. Investing in a professional food photo shoot, when the menus are finalized, would be highly recommended for use across all channels and onsite. Generally, your online presence needs to be image heavy showing off your great food, the people making and serving it, your facility, and the energy and action that one would experience at the WBG. Further, there is a great opportunity to use more photos on the website and as part of your menu to inspire choices.

This is a common theme in both the Wayzata Bar & Grill and Wine & Spirits as the support to execute this function is the same and the General Managers cannot be counted upon to run their operations and be effective marketers, the skillsets are different. Effective social media execution and engagement is more important on the WBG side of The Muni due to consumer behavior and the expectation in the industry to do so.

The 2022 Wine and Spirits Assessment and Report highlighted a few ways to be more effective in social media. These are more relevant and needed for the Bar & Grill:

1. Social Media helps you start and build your relationship with customers. Social media allows you to talk about your brand in a much broader way. You can talk about the impact you have on the city, the new person you hired (and why!), the things in the city of Wayzata you like the most, and also – some "sales" info. Importantly, it keeps you top of mind for your followers who see your messages in their feed regularly and will more naturally think of you whenever they are craving a burger or actively hunting their next meal online. But it is a 2-way street, and you MUST engage positively with followers who are liking and commenting. This is a gap in either capacity or priority or both as comments are often lingering without responses for too long or at all.

2. It has immediacy. Your message is in real time, and you can drive traffic with a disciplined approach to a menu special, unique event, or why it makes sense to come to the WBG on THAT day: "Beautiful day on the patio for a salad and glass of wine." "Come warm up with our scratch Chicken and Wild Rice Soup". The current state of social media is being used to communicate changes in operations be it a fire, closing because of weather, etc.

3. Use a template and scheduling tools to complete your social media content a month in advance. See the template in Appendix D to see how to easily create a 2x/week schedule. Throw in news about schools, holidays, city issues and you can easily have something to say 3 x/week or more. Use city communications resources to create the content.

4. The type of social media is important as well. WBG needs to use Instagram in addition to Facebook. Your customers of today are using a mix of both, leaning largely towards Facebook. The customers of your future are using Instagram. Further, Instagram is the dominant social media of choice in the restaurant industry because of its photo driven experience. You don't need to say much when your food looks good.

Website

When compared to the competition, the WBG is an average site in its user experience and effectiveness to inspire a visit. It's average and in most cases checks all the boxes that need to happen on this type of site. It is in some cases outdated and needs a refresh that should be done in parallel with menu and program changes recommended in this report. It doesn't stand out in the sea on restaurant websites. This can be costly, and the ROI should be considered in investing in a more dynamic site.

Here are some quick improvements for your website that can easily be shored up for a better brand experience and truer reflection of the quality of your operation:

1. It's outdated. In some cases, the pictures of food do not reflect the current menu and plating execution. The beer and wine lists are not up to date. Some pricing is not accurate and higher in the restaurant leading to either customer disappointment and/or inefficient server engagement.
2. The photos are largely boring and there are too many stock photos.
3. Remove the Twitter link as it is inactive.
4. Remove the Instagram link until that is "relaunched". Clicking on it now would not compel someone to follow or seek it out again.
5. The "Daily Specials" link populates an empty calendar.
6. A reservation function should be considered as an aid to plan for peak traffic times as well as improve upon the customer wait times.

Email Marketing

This has become a common marketing capability in similar sized businesses based upon its extremely low cost, effectiveness, and broad reach. Further, it can be very nimble to blast last minute communications about changes in operations or a surplus of prime rib that is going on special.

Over 80% of respondents in the consumer survey willingly gave their email address to be sent a promotional coupon proving that people are more accustomed to and comfortable with this tactic.
Further, 6 of 12 of competitors in this assessment are actively promoting this on their websites.

This is something that takes a ramp up to gain the number of emails where the return on effort becomes more viable. We would recommend building this functionality out in Q1 of 2024 and starting to collect emails so that you can be able to launch email based in later in 2024.

Further, Wayzata Wine & Spirits just launched this capability in August of 2023 because of their 2022 Assessment. There will be learnings that will cross over as well as the opportunity to cross-promote and share lists gaining further efficiencies.

Pricing and Promotional Activities

Regular discounting, or couponing, in the restaurant industry is not that common and is a slippering slope as it sets expectations with customers and changes their behaviors to expect or seek that out. The pricing at WBG is already competitive and the insights were very positive in customers giving WBG credit for their value.

There is space and opportunity to promote and, in some cases, provide discounts or specials. For these to be successful, one typically must make up the margin loss with a higher volume of sales.
We would recommend testing that opportunity during holidays, events, or lower traffic times/days of the week that WBG needs to drive traffic to determine the customer response and financial impact.

This might look like:

- Tuesday night "Burger and a Beer" Special for $17.
- Twins game Beer specials
- Thursday night "Beer and a Bump" two-tiered specials
- 2 Flatbread Pizzas for $25
- March Madness Bracket contest, including viewing parties and specials.

Integrated Promotional Planning (IPP) Capability

Marketing is a detailed and time intensive endeavor that needs discipline and structure in its foundation.

The objectives, messaging, channels, and cost must be determined in advance and organized in a way that documents what and when you deployed "X" marketing tactic so that the results are tied to it and future decisions can made upon its effectiveness. Further, this cannot be muscled as it shows in its efforts. It needs to be methodical with integrated messaging across multiple channels and the ability to communicate to others what needs to be done and when.

A simple and right-sized IPP capability will help with to drive and organize your marketing functions in exactly this way. This was recommended to WWS and they have begun to use this tool in Q2 of 2023. It is a simply laid out grid that calendarizes all your tactics and messaging to the months or weeks they will be deployed.

The example provided to WWS has been provided in the Appendix and we recommend that this becomes a truly integrated tool across both WBG and WWS operations. This would include a working rhythm with planning sessions, reviews, work-updates, and result debriefs that would currently include the City Manager, both GMs and your Communication Coordinator. This type of work construct is another example that is missing in the City Support Structure and is resulting in too much separation in the brands, experience, and operation of the largely independent sides of The Munis.

Marketing Recap and Next Steps

1. The gap in skills, experience, and capacity needs to be closed to impact marketing efforts and effectiveness.
2. Agree to priorities, identify and/or acquire skills and capacity, assign roles and responsibilities.
3. WBG does not currently need to budget for traditional outside marketing/advertising or ongoing promotional spends.
4. WBG does need to have a marketing budget that maximizes its current capabilities across Web, Social, Email, store signage, promotional testing.
5. Activate an IPP capability across both WWS and WWG with the work leading to a 2024 fully integrated launch.
6. WBG's Website should be shored up ASAP to address the easy and free changes needed to make it current. Money should be budgeted for a more significant site update after menu changes, bar programs, and other initiatives are solidified because of this report.
7. Social Media engagement needs to be built into the weekly and monthly rhythms of the WBG operation. This will require human capacity and creativity that isn't currently inhouse and needs to be solved for.
8. Email marketing should be a lower priority to deploy but building the capability needs to start soon in the collection of emails and the system needed to facilitate.
9. Onsite marketing needs to be addressed through better menus, signage, and the overall treatment of WBG.

10. Offsite marketing should be explored in partnership with City locations to promote specific opportunities to engage:
    - Marina signage “We’ve got your boat beer and lunch The Muni.”
    - City/Community space signage promoting catered box lunches and salads available for delivery
    - WBG promoting meeting space available onsite (with a full menu) for groups

Food Offerings. Menu Execution and Delivery.

The food is the star player at WBG. Your customers reward you for it with repeat business and every day you will hear customers praising their meals. Largely speaking, the menu is compelling, includes enough diversity to appeal to the masses, and reflects greatly a Bar and Grill offering.

It does need to consistently evolve to meet growing trends and changing customer needs. Some examples of this would be vegetarian, vegan, and gluten free options with more designations on the menu either “as is” or “available as”. This can also be a source of up charging for gluten free buns, and higher margin meals.

The “Specials” menu has been popular, and according to the assessment survey, customers want to see more of them. These should be seasonal driven and give the WBG an opportunity to test customer response before making permanent changes to the menu. These should be promoted more by the servers, through social media, and consistently updated and available via the website/takeout ordering.

We would recommend improving and expanding upon “sides” options. The fries are subpar and don’t reflect the quality of the rest of the menu. Further more choices will drive incremental spend and additional profit while giving customers more choices. Consider tator tots, a vegetable or fruit, and something more original and unique to WBG.

Further, the menu will need to be reduced to allow for growth. This should not come at the expense of losing favorites and should be done with customer input and considering financial results.

The printed menus need a makeover as well:

1. Consider highlighting favorites and most popular offerings
2. Soup of the Day is consistent enough to be published with the menu
3. Kids menu should either be integrated into the main menu or at least highlighted that one is available.
4. WGB serves great bread and buns and this partnership should be highlighted.

Brunch and Breakfast service models were heavily explored within this assessment. Delaney Consulting included this in all aspects of this assessment, finding and developing many new insights, capturing the implications to WBG and then, created a basic business plan that defined these offerings and financially modeled their needs and impact.

In short, we did not find that breakfast service was feasible due to current/future staffing levels as well as the return needed to deliver on labor and capital expenses. We do believe that testing Bunch in 2024 could lead to a new service offering utiliziing highly leverage expenses and a fraction of the capital. These are the business plans and models we put together for this assessment. The full worksheets will be turned over in the Appendix.

Breakfast Business Plan:

Hypothesis	Test	Verify
- If WB&G adds M-F AM service it will meet the unmet needs of their customer base while gaining another profitable revenue stream such as lunch and dinner services.	- WB&G would launch a new M-F, 7-1030a AM service, leveraging their current location to include full breakfast/ upgraded coffee menus, incremental staffing, and capital investments.	- Customer survey responses - City stakeholders' input (SWOT) - Employee insights (1:1s, SWOT) - Operational modeling - Competitive offerings - Financial modeling
Insights	**Modeling**	**Recommendation**
- Wayzata has become a breakfast and coffee desert with multiple closings in recent past. - Citizens are asking for more options for breakfast and coffee. - Only 1 of 12 B&G competitors offer a M-F AM service. - Staffing is incredibly difficult in the post-Covid era. - ~Ave. ticket < current run rate. -Alcohol sales will be low.	- Staffing model would require an incremental ~18-22 headcount. - Significant capital and operating expenses defined and researched. - Financial model is not feasible. - Existing operations would have to close during build outs resulting in unpredictable staff and profit loss. - Seasonal changes and available data not conducive to exhaustive modeling.	- Do not test or implement. - Staffing need vs. ability is unrealistic. - ROI thresholds are unrealistic. - Capital needs are too high. - Revisit only if staffing confidence increases, kitchen capacity is increased, and/or unknown financial inputs become more attractive.

Breakfast Business Model:

DELANEY CONSULTING

Recommendation 5: Breakfast Business Model

Category	Day	Month	Year	Line Item Description
Labor	1512.45	30248.92	392984.34	Annual labor spend is 393k
Capital	173.56	3775.00	45300.00	Capital needs are 453k.
OpEx	1686.01	34023.92	438284.34	Flat model. Est op cost. Not fully loaded.
Rev Break Even	2408.58	48605.59	626120.49	ROI needed to cover OpEx costs.
Tickets BE	160.57	3240.37	41741.37	# of individual orders @ ~Rev per
Turns	.5x2	.5x2	.5x2	Turns needed to achieve tickets
Rev for 250k GMD	3010.73	60756.99	782650.61	Rev need for 250k GMD
Tickets @250K/Y	200.72	4050.47	52176.71	# of individual orders @ ~Rev per
Turns	.5x2.5	.5x2.5	.5x2.5	Turns needed to achieve tickets

Bottomline:

- To breakeven, the B&G would need to be halfull, twice, with customers spending $15 per meal at every breakfast service
- Staffing and labor needs are too high and would increase headcount by 30-40% while requiring an additional salaried manager
- Capital investments don't fit the ROI available but would benefit other areas of the B&G
- Loss of revenue due to closing/remodel not factored into the model

Assumptions:

- Requires 18-22 additional headcount

-Requires major capital investments into BOH & FOH

-Breakfast is 5x week, 20x month, 261x year

-70% gross margin with low alcohol mix

-$15 average ticket/person

- OpEx does not include marketing, disposables, COLA, inflation, etc.

-Capital is 0 interest with a flat 10 year pay back schedule

15

13

Brunch Business Plan:

Hypothesis	Test	Verify
- If the WB&G adds a Sat/Sun brunch service it will result in meeting customers needs and add a new profit pool.	- The W&BG will test a brunch offering to validate customer response, menus, operational models, and financial needs.	- Customer survey responses - City stakeholders' input - Employee insights - Operational modeling - Competitive offerings - Financial modeling
Insights	**Modeling**	**Recommendation**
- Unknown if customers would choose WB&G for brunch, but brunch is a staple of the West Metro and Lake life. - 7 of 12 WB&G competitors offer some type of weekend brunch service. - Staffing is incredibly difficult in the post-Covid era. - Alcohol sales will inline with lunch. - ~Ave. ticket =/> current run rate.	- Minimal capital investments needed. - Labor model would slightly increase but tests would not require additional headcount. - Food offerings would need to be scoped based upon kitchen capacity. - Financial model is opportunistic to test.	- Test a series of 4-6 brunch "events" in early 2024. - Focus on popular Holidays and high-traffic weekends with time to verify results to hit summer expansion. - If successful, rollout to all Sundays in high traffic/seasonal months. - If continued success, then roll to more Sundays; and then, test Saturdays in 2025/26.

Brunch Business Model:

Recommendation 5: Brunch Business Model

DELANEY CONSULTING

Category	Day	Month	Year	Line Item
Labor	179.72	718.48	9340.20	Annual labor spend is ~9k
Capital	65.38	283.33	3400.00	Capital needs are 34k.
OpEx	245.00	1001.81	9340.20	Flat model. Est op cost. Not fully loaded.
Rev Break Even	340.28	1391.40	9340.20	Rev needed to cover OpEx costs.
Tickets BE	17.01	69.57	648.63	# of indivudal orders @ ~Rev per
Turns	.1x1	.1x1	.1x1	Turns needed to achieve tickets
Rev Potential	1616.34	6609.17	61619.38	Revenue potential
Tickets @ $61k	80.82	330.46	3080.97	# of indivudal orders @ ~Rev per
Turns	.5x1	.5x1	.5x1	Turns needed to achieve tickets

Bottomline:
- To breakeven, 17 customers would need to purchase a $20 brunch within the new hour of service.

- Labor model is headcount neutral to test the offering.

- Capital investment is mostly in 2 catering/chaffing stations that could be utilized in other areas of the business.

- No closing or loss of revenue to test brunch service.

Assumptions:
-Requires no additional headcount

-Requires minimal capital

-Brunch is 1x week, 4x month, 52x year

-72% gross margin with higher alcohol mix

-$20 average ticket/person

- OpEx does not include marketing, disposables, COLA, inflation, etc.

-Capital is 0 interest with a flat 10 year pay back schedule

17

Operational Execution and Employee Experience

Delaney Consulting spent considerable time at the WBG observing operations and speaking with employees during this assessment. Further, we conducted discovery within the City of Wayzata human resource and training resources. There are several areas of focus that need to be prioritized and addressed:

Staffing

On the date of this report being produced, the actual hourly headcount is 51 employees on a need of at least 60, or ~ 18% below staffing needs. During this past summer peak, staffing rose to 56 hourly employees on a need of 65-70 employees; dropping seasonal needs to below ~30% of needed headcount.

Addressing this is not only paramount to growth it also is needed in the current state to improve the employee and customer experiences.

A recruiting strategy with different tactics is needed to fill your pipeline with candidates. The hiring process needs to be streamlined to decrease the amount of time between application and first shift. This might involve investing in services, systems, partnerships, and incremental hours budgeted to do so.

Increasing staffing levels is only the start though; these employees must be retained at the highest rate possible. Staffing should be measured and reported upon on an ongoing basis. It should be part of leadership rhythms across the WBG leaders, City Manager, and HR to account for needs, turnover, and issue resolution.

The team should be recognized for navigating staffing issues well. The productivity metrics are high especially when you look at the labor vs. sales ratios: YTD through 8.31.2003 WBG uses 21.9% labor as a percent to sales. For the same period in 2019, this was 26.4%. During this time, gross sales rose ~8%. This has a meaningful impact to profit, but it is not sustainable.

Retention will increase by addressing the following points in this section:

Training

There needs to be a significant overhaul of the training programs across both WBG & WWS and should be done together to create efficiencies and a bigger impact.

Specific to WBG, fewer candidates are available and in a lot of cases good candidates are coming in with less or no experience based on the Covid talent migration from the hospitality industry. WBG needs a more robust training program to address these issues as well as to impact operations and the customer experience.

Investing in training will prove to increase retention, customer satisfaction, and financial results.

Consider following these recommendations to improve training:

1. Learning objectives by role need to be defined and documented
2. Yearly budgets need to be set and held accountable for usage
3. Ongoing training rhythms need to be established and planned for
4. Operational training is largely intact and being delivered but there will be a need to develop further as the recommendations in this report are brought to life.
5. Customer service training needs to be defined and delivered
6. Professional development needs to be made available for leadership roles
7. Coaching, reinforcement, and accountability models and tactics need to be trained for all leadership roles.
8. Resources need to be invested into but there are a lot of free but unused content available to both WBG & WWS

Customer Service Model
In referencing service, the WBG handbook states, "We believe that good enough isn't. We never stop trying to do it better, no matter how good we are. We constantly strive to raise the bar." This should be fully embraced with their customer service as we found the service at WBG to be consistently average. It can be better and, as such, should be. It is largely defined by the employee you are engaging with and the level of experience and skills they have either developed before joining WBG,

There is a construct of a customer service model defined in the WBG handbook that is OK. This model could stand to be simplified and substantially more needs to be developed that is role specific for the hosts, servers, bartenders, and expos. This needs to grow beyond simply stating expectations to include defining the customer presentation points during service, host touches, and expo interactions. This is often done by defining the model, creating "Says" and "Dos", developing the content, training the content, and follow- up /coaching the model.

Back of House (BOH)
The kitchen team executes at a high level of productivity with great consistency in recipe execution and plating. The major opportunities in the BOH are found in capacity issues found in cold storage, primarily in refrigeration by also and lesser so in the freezer. This creates a ceiling of on hand products that the kitchen can have at any given time. Refrigerated storage is currently at or very close to being maxed out; freezer storage is closely behind that. The chilled keg storage room is maxed out and does not allow for any type of growth even if more lines were added.

These storage thresholds match up well to the current run rate of food production. Unless something is done to expand these areas, it will be difficult to increase food sales by more than ~10%. This also affects the capacity of WBG managers as they order product on a more frequent basis, which takes up valuable time that could be allocated to other areas.

Front of House (FOH)
Hosts: They need to increase their customer service skills and delivery through a revamped training program. There should be more accountability to a consistently great customer experience. Customers should be thanked upon entering and leaving, every-customer-every-time. This function operates fine but needs to be reset to impact the quality of the customer experience.

Servers: Again, the biggest opportunities lie in training and delivering an improved customer experience every time. There is an impact being felt in staffing that leads to a very fast pace during lunch and dinner service on most days. It is at these times especially when service is most compromised. The WBG Leadership SWOT highlighted a need for this team to work more closely together which will require more than just telling them to. This too will need to be defined, modeled, trained, and reinforced on a consistent basis. It is important to note that although service is not bad, it is not great either. It can and needs to improve.

Bartenders: In line with the rest of the experience, the bar service is average. Further training will need to be developed and deployed upon the creation of the Bar Program. This should focus on product knowledge, recipe execution, and next-level bartending skills – be it in making "this" great cocktail by request, deeper knowledge of spirits, or how to provide tailored recommendations.

General

Uniforms: The WBG handbook identifies and details expectations on a dress code that is not enforceable since uniforms are longer provided. It is recommended that the WBG invests into uniforms, likely a simple shirt, that allows for easy identification of employees, pride in the workplace, and consistent branding. Exceptions should be made for outdoor service and individual employee needs. Overall, this would just sharpen the presentation of the staff.

Phones: There is too much usage of employee phones on the floor whereas the handbook states, "Unauthorized cell phone use during your shift"… may result in termination. More than anything this is just a perception issue with customers but regardless, it should be addressed and tightened up.

Takeout Station: This was deployed during Covid times and remains as a semi-permanent area of the restaurant. It needs to be made more permanent and invested into to impact its look and feel.

Competitive Assessment and Analysis

Delaney Consulting identified and studied 11 specific WBG competitors for comparisons and insights that served to inform the recommendations throughout this entire report. This included extended dining sessions at 9 of these locations as well as over 10 meals at the WBG to form a comparison.

We took in and documented a significant amount of information that is available to read in an appended WBG Competition Matrix. To reduce redundancy, we will not repeat much of this rich information in the final report as the tool reads intuitively but is heavily detailed. Further, we provided a PPT that documents the pictures of the food we ate and menus available to provide further insights back to WBG.

As an overview, WBG stacks up really well in the Bar and Grill category of restaurants. It is critical to remember that WBG does not compete will all restaurants equally and should not be compared or contrasted as such.

We studied the following competitors as a part of this assessment, in order of customer's "favorite" in the survey we facilitated:

Wayzata Bar & Grill - Wayzata	39.48%
Maynard's – Excelsior	12.87%
McCormick's Pub & Restaurant - Wayzata	10.61%
The Sunshine Factory – Plymouth	5.91%
Northern Taphouse – Plymouth	5.04%
Lord Fletcher's - Spring Park	4.87%
BLVD – Minnetonka	4.52%
Red Rooster - Long Lake	4.00%
Red Cow – Any location	4.00%
Narrow's Saloon– Orono	2.61%
Gold Nugget – Minnetonka	2.09%
Dukes on 7 – Minnetonka	0.87%

Here are the key themes and learnings from our competitive assessment:
Menus

- WBG competes well in quality, diversity of menu, and food value.
- WBG is lagging the competition in supplemental menus such as specials, Happy Hour, or specific types of diets or lifestyle-based eating.

Service / Experience

- WBG has average service and needs to invest in their customer experience to further compete.
- Specifically, the Host and Bar Service was noticeably better than most competitors.
- Onsite experience and ambience is consistently better at competitors but difficult to quantify as it just felt and looked better.

Marketing

- WBG lags the competition in marketing their operations.
- This is especially evident in social media but also found in websites and onsite marketing.

Events / On site Activités / Entertainment / Etc.

- WBG entertainment is confined to pull tabs and background music.
- Most competitors have 1-2 more entertainment aspects to their operations and WBG should test these as well. The customer survey cited live music being preferred over bingo or trivia.

Final Recommendations

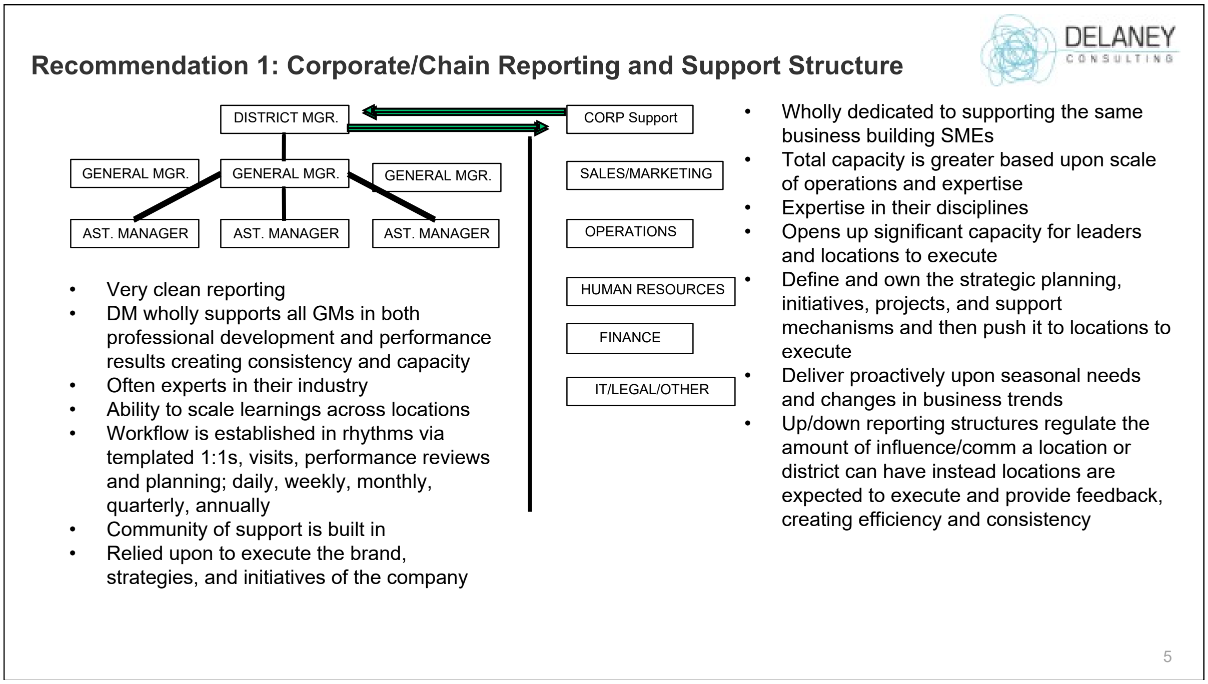
Delaney Consulting recommends that the City of Wayzata and its Bar & Grill prioritize these recommendations as the best means to enhance the customer and employee experience while ensuring future financial success:

Recommendation 1: Meaningfully and deliberately evolve the City of Wayzata's operating and support structures for its municipal businesses by bringing in both the needed expertise and capacity to affect change that sustains.

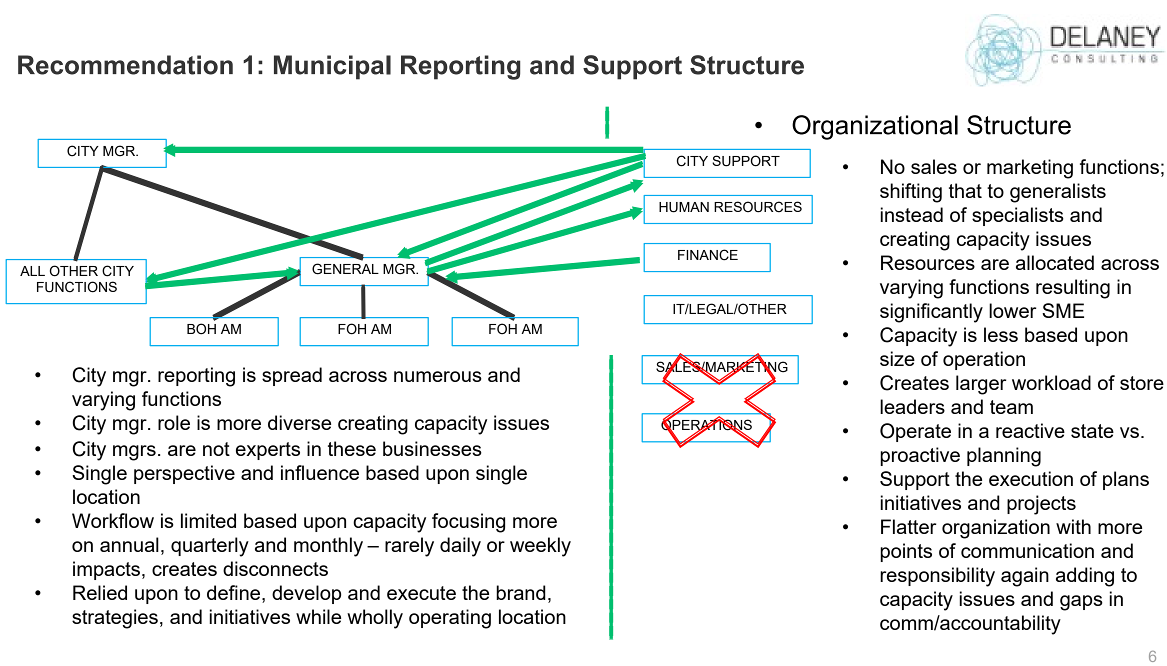
Similar to the other municipal-run businesses, the City of Wayzata has a wide gap between the level of leadership support and operational expertise to the WBG versus what is needed to grow its business and improve operations. This is a result of the skills, experience, and knowledge contained in city roles and job descriptions not aligned to the unique needs of a restaurant. This is compounded by not having needed capacity and conflicting prioritizes in those support roles.

This starts by contrasting the role, job description, reporting, and normalized skillsets of a City Manager vs. that of a District Manager (DM) in a small restaurant chain. As you will see in the Corporate/Chain Reporting Structure, a DM has a clear reporting structure providing redundant accountability of results and operational expertise to multiple General Managers (GM). In these structures, expertise is created through tenure, coaching, and having a singular business model.

Further, the corporate support structure contains the right capabilities and capacities to build strategic plans for the DM/GM groups to execute. It has streamlined communication creating greater capacity through efficient lines. Lastly, this is their only business and thus can anticipate needs and scale learnings more easily.



Compare that Corporate structure to that of a city- restaurant:



The City Manager's responsibilities are considerably wider and less deep, as the "All Other City Functions" extends into responsibility all other city departments – Police, Fire, Maintenance, Parks and Recreation, Budgeting/Finance, Community Relations, and on, and on.

A City Manager is an expert at operating a city's resources across numerous and diverse departments vs. a District Manager who operates multiple locations of the same type of business. On top of that, the City Manager is also responsible for two different multimillion-dollar businesses, two different models, two different GMs and their collective staffs of almost 70 people. It is a model that is not set up for success for the City Manager as well as the respective GMs.

Further, because the GMs need to be more self-sufficient in a Muni model, they are managing more and more of the support structure themselves. This is participating in required city rhythms, receiving direct communication and requests, pushing needs through "the system" and consistently problem solving based upon gaps in resources.

This is a common theme impacting the Wayzata Wine & Spirits as well. This was addressed in their 2022 assessment and final report from Delaney Consulting. We stand by the recommendations we offer in that report under "Business Plan Improvements" and cite those as equally as relevant to WBG.

This is inherent to City-run municipal businesses and is no fault of one person or role. This doesn't mean that it must be accepted. It can be improved upon, and Delany Consulting recommends these steps and tactics:

Recommendation 1: Solutions and tactics to solve this

1. Accept that the structural differences create significant limitations and adjust expectations accordingly – this is how it works in Muni -business operations, but it needs to improve
2. Address gaps in needs vs. roles/job descriptions and allocated capacity
3. Invest into your people, processes, and capabilities to improve quality of support
4. Prioritize supporting growth and the capabilities needed: marketing, sales operations, new initiatives/projects, training, HR, and some operational needs
5. Create more capacity by stopping what you can, continual prioritization, improving decision speed and processes, and growing expertise in support functions
6. Operational leadership skills & professional development across leaders needs to level -up
7. Don't add ongoing expense to the leadership levels; won't sustain after ~18 -24 months
8. Add one-time, outside resources to overhaul the support structure, create repeatable tools and processes, and teach it back to the city in a sustainable manner

7

Recommendation 2: Build and Execute a Bar Program

WBG's customers, employees, and the City Stakeholders all recognize that bar program is outdated and ripe with opportunity to increase repeat business, attract new customers, and increase profits in a meaningful way.

Over the past several years, consumers have expected more out of their bar experience including a cocktail program along with complimentary wine, beer, and spirits menus that surprise and delight. Further, consumption behavior has shifted to include beverages not currently offered or formalized such as mocktails, THC Seltzers, and craft cocktails.

The overwhelming majority of competitors included in this assessment have a better bar program than WBG. Due to this, customers that prioritize that highly, do not seek out the WBG for those needs and wants in their experience.

While sales have been trending up post-Covid, this has been led by growth in food, whereas beverages are slumping. This is an incredible opportunity to meet customers' needs and increase profits back to the city.

There are constraints that need to be addressed in building and executing this program properly:

- Capacity to test recipes and define menus
- Training budgets and programs to execute against a new program
- Staffing and shift capacity behind the bar is tight and this will add time to some orders based upon a longer assembly of drinks
- Space behind the bar to house new spirits, mixers, tools, proper glassware, ice, etc.

These are obstacles that can be overcome with proper planning and consideration when designing the new program.

We recommend a gated, three-part deployment of this program to right size this important dimension of your customer experience while improving profits:

Crawl: 3 months	Walk: 6-12 months	Run: 1-2 years
1. Develop and launch the overarching Bar Program including individual menus to support each beverage category 2. Price optimize across all to impact revenue and margin 3. Map out seasonal changes to the program and planning needed to execute changes 4. Identify and fulfill operational and training needs to support new program 5. Focus on beverages first but keep food in mind 6. Enhance growth categories of cocktails, mocktails, THC & ABV seltzers, and wine 7. Take credit for or kill current Happy Hour pricing	1. Update Bar Program based upon results, customer/employee feedback and seasonal changes 2. Define the need and program for afternoon and/or late-night Happy Hours 3. Set pricing across existing menus for Happy Hour 4. Add in 6-8 small plates/pricing that compliment existing menu 5. Add a reoccurring promotional and marketing tie across both on and off sale of liquor 6. Proactively address any staffing and training implications to new programs	1. Update programs at least x2 per year 2. Focus on depth and breadth of assortment within top trending subcategories; i.e. whiskey, hazy & sour beer, red blends, NA drinks 3. Layer in traffic driving events such as “Tap Takeovers”, exclusives, holiday themed specials and events, paired recommendations, educational sessions with experts, etc.

A bar program most often includes a food offering that is unique to the bar and/or is available when alcohol is being served and the main menu is not being offered. This balances out the offerings for customers as well as the alcohol they are consuming with food-based calories. It is recommended that food is included in the Bar Program, but this can be layered in at a later date as to prioritize the beverage programs first. Further, there are considerable other operational aspects to solve for in the food portion of the program that will have lower initial impact than beverage only changes. At the top of this list include the staffing needed for additional menu hours (late night) and kitchen storage and production of additional plates in a fairly maxed out facility.

Happy Hour ranked number 1 in customer’s reasons they would visit WBG more. No surprise. Happy Hour deals and menus are extremely popular. This should be highly considered and is likely advantageous to launch for WBG. This will require careful modelling to offset any margin losses with volume gains. It is also likely that this will increase traffic and there needs to be a staffing plan created to address it.

Just like any menu, this will have to be updated and changed based upon customer response, operational considerations, financial outcomes, and the seasonality. This is ongoing as beers and wine change out more frequently to reflect seasonal consumption. We recommend at least 2 changes per year, and specials rotating at least every quarter.

Recommendation 3: Improve the Employee lifecycle and Role Delivery

This is the most urgent operational need that the WBG currently has. It rises to the level of a "threat" (see SWOT) of harming your business. At the worst, it threatens to shut it down if staffing erodes much further, as is a common reason cited in the trend of post-Covid employment trends. Most likely, the business will be able to continue to operate at a similar return for a long period of time. Staffing will however dictate how much more this business will be able to grow. As such, this is a critical aspect that must be addressed in tandem with all other initiatives at the WBG.

To improve this most critical operational component we recommend the following to happen:

Crawl: 6 months	Walk: 12-18 months	Run: 2-3 years
1. Create urgency around current staffing levels. 2. Invest into recruiting via people and technology. 3. Streamline hiring process to lessen days/time and improve experience. 4. Address attraction and retention through employee benefits and quality of work life; staffing, meal program, uniforms, training, PTO, promoting pension, etc. 5. Rebuild onboarding training program to include customer service modeling. 6. Reset expectations and create metrics and reporting for employee's success and satisfaction.	1. Roll out phased employee benefits based upon retention. 2. Retool and expand training program to include more on-the-job and growth opportunities. 3. Incorporate professional development for leaders.	1. Update programs and content on a regular rhythm based upon needs of employees, business, and customers.

Recommendation 5: Grow the Strength of your Food Program.

Customers choose WBG for their food and the value it provides them. It is good, consistent, popular, and profitable. There is work to leverage this strength and expand to reflect more trends, attract different customers, and drive more repeat business.

We recommend the following changes be developed and implemented to grow your Food Programs.

- Update the menu 2x per year (Spring and Fall) vs. the current program where it is updated once in January.
- Create more vegetarian, vegan, and gluten free options.
- Create a brunch offering to test on Sundays in Q1 of 2024
- Do not explore doing a Monday-Friday Breakfast service as the modeling is not obtainable
- Expand onsite catering and events capabilities through staffing, menus, and creating events
- Offsite catering is not feasible without considerable investment in production facilities.

Recommendation 6: Invest in the WBG's facilities by prioritizing production. Further define and invest in the environment on an ongoing basis.

At the start of this assessment, there was a lot of focus and energy placed on the physical appearance and branding of the WBG and understandably so as it is outdated and needs some attention.

This is a true need of the WBG but it is purposely our last recommendation based upon the customer's prioritizing it low and the high likelihood of negative returns to the city.

As such, we recommend the following:

- Prioritize and budget for upgrades to the food capacity and production areas to maintain and increase sales
- Increase the budget for ongoing maintenance to sharpen the look and feel
- Increase the budget for turnover of service wear
- Scope and cost out the expansion of outdoor seating
- Make some decisions on look and feel and invest into paint, décor, and treatment of the restaurant

Known Risks

- Doing nothing will shepherd similar results, which is leaving untapped profit available to the city
- Staffing must be addressed to maintain current operations and needs to improve for growth
- Data and financial decision support is difficult to isolate and has become more subjective due to Covid and the incredible changes in results and behaviors. For the purpose of this assessment most financial and operating data was used from Jan 1 – Aug 31, 2003 and compared to Jan 1 – Aug 31, 2019.
- Change is hard and fatiguing. It's important to be patient and diligent while celebrating improvements, effort and incremental gains.
- Some customers will not like the changes. You might lose some. That is expected and their choice. You can have confidence in the data used and recommendations presented that customers best interests were prioritized the highest of any group.
- Some employees might not like or agree with these recommendations even if the majority do. Further, you might discover you don't have the right roles or skills to execute on some of these recommendations. This could lead to turnover.
- Some of these recommendations will require investments. Those should be purposeful and have a quantifiable ROI, but they need to be made to gain returns.

Conclusion and Recap

Wayzata Bar and Grill has a growing business that provides significant financial support back to the city and its citizens. To continue this, WBG must undergo a series of changes to strengthen its foundation, expand its capabilities and grow its offerings to identify new customers and drive repeat business.

Food drives the brand, business results, and customer experience at WBG. It should be celebrated, leveraged, and improved upon.

Current results are driven by a meaningful number of regulars and repeat businesses. This customer base is aging and WBG must adapt through better marketing and new offerings to capture and cultivate their future customers to be successful in a 5-10-15 year period and beyond.

WBG is largely operationally sound, led by capable and seasoned restaurant operat0rs. These leaders have limited capacity and skills outside of day-to-day operations and they must be supported differently to achieve the next level of results. This will require investment and meaningful change to the city support structure.

We are confident that these recommendations will help to achieve needed growth if they are all acted upon quickly and methodically. These are complementary recommendations that were carefully built so that when they are all implemented, they will feed and strengthen each other.

Most of these changes should be iterative, requiring patience and diligence to achieve, but meaningful change can be realized within six months of this report being presented.

Lastly, we are confident that the City of Wayzata and the WBG can realize the benefits of these recommendations but will need help. Nothing we presented in this report is unobtainable, but some will require outside support, additional subject matter expertise and skills, and investment increasing and/or moving around.

Appendix

- Under construction and will be delivered on 10.10.023.

City Council Workshop: 2023 Wayzata Bar & Grill Assessment

City of Wayzata, Workshop, 10.10.23

Michael Bitzer, Delaney Consulting

City Council Workshop: Wayzata Bar & Grill Assessment

Agenda:

- SOW for WB&G Engagement
- Executive Summary: 6 Prioritized Recommendations
  1. Systematically Change the Muni Business Support Structure and Resources
  2. Develop and Deploy a Proper Bar Program
  3. Improve Employee Lifecycle and Role Delivery
  4. Enhance and Enable a Marketing Capability
  5. Food. Grow your strength!
  6. Facility Upgrades and Environmental Updates
- Review and Recap
- Appendix: High-level Insights

Delaney Consulting SOW and Services Completed

The City of Wayzata retained Delaney Consulting to conduct an assessment for their Bar and Grill Operation. This included gathering the following insights:

- Customer: via a customer and citizen survey that ran for 6 weeks and averaged 475 usable responses per question.
- Employees: Conducted 2 SWOT sessions and numerous 1:1s resulting in 17 city and business leaders input gathered
- Competitors: Visited 9 competitors and assessed 11 in total
- Operational and Financial Reviews: Visited the B&G ~22 times over 4 months

Delaney Consulting delivered the following as a result of this SOW:

- A full and comprehensive analysis of all insights collected
- 2023 WB&G Final Report and supporting presentation
- 6 comprehensive recommendations focused on growth and change
- A competitive and marketing matrix with additional recommendations
- Supporting data and insights packaged for ongoing use

Recommendation 1: Systematically Change the Muni Business Support

What:

- Upgrade and augment the city support structure for the Wayzata Muni Operations (WB&G & WW&S) to reflect their ongoing operational needs and fuel their growth potential.

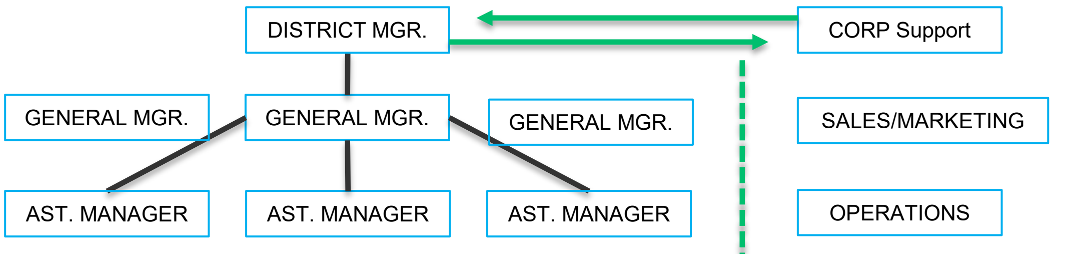
Why:

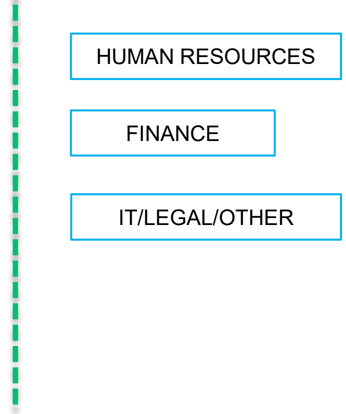
- The city and businesses must operate differently to get different results.
- Capacity constrains and expertise limit the ability and speed to impact for creating change.
- Outside expertise and experience is needed to provide speed to benefit.
- If done correctly, this will impact and sustain both muni operations equally and exponentially.
- If this root cause isn't properly addressed, sustaining success and growing are too constrained.

How:

- Using Delaney Consulting's 2022 and 2023 reports, identify and prioritize all gaps in support structure.
- Within the gaps, develop right-sized needs and then a SMART improvement plan.
- Update and enhance your decision-making processes and capabilities.
- Invest into and prioritize this highly, especially in the short term, or expect more of the same.

Recommendation 1: Corporate/Chain Reporting and Support Structure

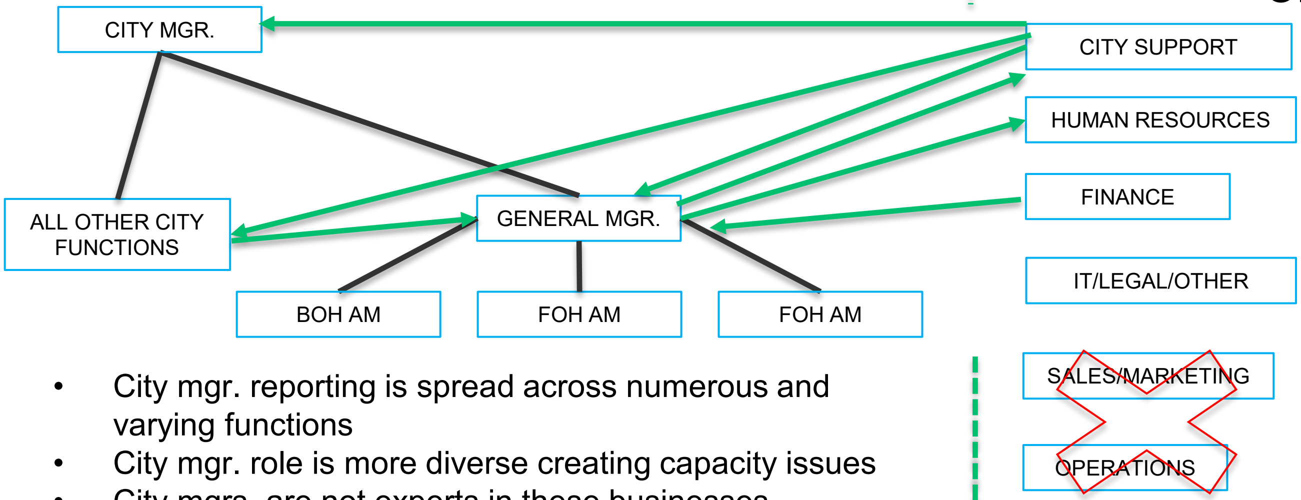




- Very clean reporting
- DM wholly supports all GMs in both professional development and performance results creating consistency and capacity
- Often experts in their industry
- Ability to scale learnings across locations
- Workflow is established in rhythms via templated 1:1s, visits, performance reviews and planning; daily, weekly, monthly, quarterly, annually
- Community of support is built in
- Relied upon to execute the brand, strategies, and initiatives of the company

- Wholly dedicated to supporting the same business building SMEs
- Total capacity is greater based upon scale of operations and expertise
- Expertise in their disciplines
- Opens up significant capacity for leaders and locations to execute
- Define and own the strategic planning, initiatives, projects, and support mechanisms and then push it to locations to execute
- Deliver proactively upon seasonal needs and changes in business trends
- Up/down reporting structures regulate the amount of influence/comm a location or district can have instead locations are expected to execute and provide feedback, creating efficiency and consistency

Recommendation 1: Municipal Reporting and Support Structure



- City mgr. reporting is spread across numerous and varying functions
- City mgr. role is more diverse creating capacity issues
- City mgrs. are not experts in these businesses
- Single perspective and influence based upon single location
- Workflow is limited based upon capacity focusing more on annual, quarterly and monthly – rarely daily or weekly impacts, creates disconnects
- Relied upon to define, develop and execute the brand, strategies, and initiatives while wholly operating location

- Organizational Structure
  - No sales or marketing functions; shifting that to generalists instead of specialists and creating capacity issues
  - Resources are allocated across varying functions resulting in significantly lower SME
  - Capacity is less based upon size of operation
  - Creates larger workload of store leaders and team
  - Operate in a reactive state vs. proactive planning
  - Support the execution of plans initiatives and projects
  - Flatter organization with more points of communication and responsibility again adding to capacity issues and gaps in comm/accountability

Recommendation 1: Solutions and tactics to solve this

1. Accept that the structural differences create significant limitations and adjust expectations accordingly – this is how it works in Muni-business operations, but it needs to improve
2. Address gaps in needs vs. roles/job descriptions and allocated capacity
3. Invest into your people, processes, and capabilities to improve quality of support
4. Prioritize supporting growth and the capabilities needed: marketing, sales operations, new initiatives/projects, training, HR, and some operational needs
5. Create more capacity by stopping what you can, continual prioritization, improving decision speed and processes, and growing expertise in support functions
6. Operational leadership skills & professional development across leaders needs to level-up
7. Don't add ongoing expense to the leadership levels, won't sustain after ~18-24 months
8. Add one-time, outside resources to overhaul the support structure, create repeatable tools and processes, and teach it back to the city in a sustainable manner

Recommendation 2: Develop and Deploy a Proper Bar Program

What:
- The current WBG Bar program is outdated and not formalized. Leap jump your current bar menus and service to meet customer demand, trends, and profit opportunities.

Why:
- Your customers, City Stakeholders and WB&G employees are asking you to.
- Low hanging and meaningful traffic, revenue, and margin opportunities.
- Return on efforts and investment is exponential
- While sales are up as a whole, its being driven by food as beverages are down affecting revenue mix and margin opportunities.
- Competitively lagging

How:
- Crawl: Redefine and execute all beverage programs, menus, optimize pricing, and create operational plans to support.
- Walk: Layer in a food menu, likely smaller plates for a Happy Hour or late-night menu.
- Run: If operationally and financially opportunistic, launch a full happy hour and/or evening bar/food menu.

Recommendation 2: Develop and Deploy a Proper Bar Program

Crawl: 3 months	Walk: 6-12 months	Run: 1-2 years
1. Develop the overarching Bar Program including individual menus to support each beverage category 2. Price optimize across all to impact revenue and margin 3. Map out seasonal changes to the program and planning needed to execute changes 4. Identify and fulfill operational and training needs to support new program 5. Focus on beverages first but keep food in mind 6. Enhance growth categories of cocktails, mocktails, THC & ABV seltzers and wine 7. Take credit for or kill current Happy Hour pricing	1. Update Bar Program based upon results, customer/employee feedback and seasonal changes 2. Define the need and program for afternoon and/or late-night Happy Hours 3. Set pricing across existing menus for Happy Hour 4. Add in 6-8 small plates/pricing that compliment existing menu 5. Add a reoccurring promotional and marketing tie across both on and off sale of liquor 6. Proactively address any staffing and training implications to new programs	1. Update programs at least x2 per year 2. Focus on depth and breadth of assortment within top trending subcategories; i.e. whiskey, hazy & sour beer, red blends, NA drinks 3. Layer in traffic driving events such as "Tap Takeovers", exclusives, holiday themed specials and events, paired recommendations, educational sessions with experts, etc.

Recommendation 3: Improve Employee Lifecycle and Role Delivery

What:

- Recruiting, hiring, and retention all need to be addressed to ensure continued success. Elevate your employee experience, expectations, and delivery through better training, benefits, and overall delivery to experience growth.

Why:

- Staffing and retention is at least a barrier to growth, but it could also prove to be your biggest threat against simply maintaining current operations and success levels.
- Your service should be the best it can be and it’s not; reflective of training budget/model, a missing service model, and expectations/reinforcements/accountability measures.
- 2023 vs. 2019: Spending ~4.5% less labor on ~8% sales growth. Awesome! Also, not sustainable.

How:

- Address current staffing levels through investing into employee recruiting and retention programs.
- Tightly align talent/staffing to any growth initiative or changes in operations.
- Develop and launch a new training program; inclusive of needs, learning objectives, content, budget, measurement, and reinforcement.
- Define, launch, and train a simple customer service model across all customer touchpoints.

Recommendation 2: Employee Lifecycle and Role delivery

Crawl: 6 months	Walk: 12-18 months	Run: 2-3 years
1. Create urgency around current staffing levels. 2. Invest into recruiting via people and technology. 3. Streamline hiring process to lessen days/time and improve experience. 4. Address attraction and retention through employee benefits and quality of work life; staffing, meal program, uniforms, training, PTO, promoting pension, etc. 5. Rebuild onboarding training program to include customer service modeling. 6. Reset expectations and create metrics and reporting for employee's success and satisfaction.	1. Roll out phased employee benefits based upon retention. 2. Retool and expand training program to include more on-the-job and growth opportunities. 3. Incorporate professional development for leaders.	1. Update programs and content on a regular rhythm based upon needs of employees, business, and customers.

Recommendation 4: Enhance and Enable a Marketing Capability

What:

- Evolve and progress your current marketing capabilities via social, web, email, and onsite.
- Prioritize your needs and then; reset roles, responsibilities, and resources to do so.

Why:

- Consistent with 2022 Report in WWS, but more urgent in the Bar & Grill based upon consumer behaviors and expectations on screens within restaurants vs. retail sectors.
- You're going to have a lot to market in the coming year(s).
- Long term success is dependent upon securing your next set of regulars now.

How:

- Leverage your "free" channels before spending marketing dollars outside to promote.
- Address gaps and expectations in roles/job descriptions, skills, and expertise in marketing.
- Balance/improve upon the staffing, kitchen capacity thresholds, and operational needs to delivery on current business before adding a lot more customers to B&G.
- Break down the WWS/WBG walls through marketing, promotions, and team integration.

Recommendation 5: Food: Grow your strength!

What:

- Food drives the business at WBG. It is good, consistent, popular, profitable and yet has opportunities to improve and expand to reflect more trends, attract different customers, and drive more repeat business.

Why:

- Customers choose WBG for their food and the value it brings more than anything else.
- Opportunities lie in tightening up and reducing existing menu to offer more options in brunch, vegetarian, vegan, healthy and more variety through specials. To do differently or more, you must first choose to do less, allowing for capacity, experience, and expectation thresholds to not be compromised.

How:

- Define path forward. Tighten up existing menu and create room for expansion.
- 2x per year permanent menu changes, enhance specials, price optimization, and trends.
- Test Sunday brunch service, seasonally/holiday driven to start; test & expand if successful.
- Do not offer M-F AM service. Business plan does not support it.
- Expand onsite catering and events capabilities through staffing, menus, and onsite events.
- Current operations do not support offsite catering and events.

Recommendation 5: Breakfast Business Plan

Hypothesis	Test	Verify
- If WB&G adds M-F AM service it will meet the unmet needs of their customer base while gaining another profitable revenue stream such as lunch and dinner services.	- WB&G would launch a new M-F, 7-1030a AM service, leveraging their current location to include full breakfast/ upgraded coffee menus, incremental staffing, and capital investments.	- Customer survey responses - City stakeholders' input (SWOT) - Employee insights (1:1s, SWOT) - Operational modeling - Competitive offerings - Financial modeling
Insights	**Modeling**	**Recommendation**
- Wayzata has become a breakfast and coffee desert with multiple closings in recent past. - Citizens are asking for more options for breakfast and coffee. - Only 1 of 12 B&G competitors offer a M-F AM service. - Staffing is incredibly difficult in the post-Covid era. - ~Ave. ticket < current run rate. -Alcohol sales will be low.	- Staffing model would require an incremental ~18-22 headcount. - Significant capital and operating expenses defined and researched. - Financial model is not feasible. - Existing operations would have to close during build outs resulting in unpredictable staff and profit loss. - Seasonal changes and available data not conducive to exhaustive modeling.	- Do not test or implement. - Staffing need vs. ability is unrealistic. - ROI thresholds are unrealistic. - Capital needs are too high. - Revisit only if staffing confidence increases, kitchen capacity is increased, and/or unknown financial inputs become more attractive.

Recommendation 5: Breakfast Business Model

DELANEY CONSULTING

Category	Day	Month	Year	Line Item Description
Labor	1512.45	30248.92	392984.34	Annual labor spend is 393k
Capital	173.56	3775.00	45300.00	Capital needs are 453k.
OpEx	1686.01	34023.92	438284.34	Flat model. Est op cost. Not fully loaded.
Rev Break Even	2408.58	48605.59	626120.49	ROI needed to cover OpEx costs.
Tickets BE	160.57	3240.37	41741.37	# of individual orders @ ~Rev per
Turns	.5x2	.5x2	.5x2	Turns needed to achieve tickets
Rev for 250k GMD	3010.73	60756.99	782650.61	Rev need for 250k GMD
Tickets @250K/Y	200.72	4050.47	52176.71	# of individual orders @ ~Rev per
Turns	.5x2.5	.5x2.5	.5x2.5	Turns needed to achieve tickets

Bottomline:

- To breakeven, the B&G would need to be half-full, twice, with customers spending $15 per meal at every breakfast service

- Staffing and labor needs are too high and would increase headcount by 30-40% while requiring an additional salaried manager

- Capital investments don't fit the ROI available but would benefit other areas of the B&G

- Loss of revenue due to closing/remodel not factored into the model

Assumptions:

- Requires 18-22 additional headcount

-Requires major capital investments into BOH & FOH

-Breakfast is 5x week, 20x month, 261x year

-70% gross margin with low alcohol mix

-$15 average ticket/person

- OpEx does not include marketing, disposables, COLA, inflation, etc.

-Capital is 0 interest with a flat 10 year pay back schedule

Recommendation 5: Brunch Business Plan

Hypothesis	Test	Verify
- If the WB&G adds a Sat/Sun brunch service it will result in meeting customers needs and add a new profit pool.	- The W&BG will test a brunch offering to validate customer response, menus, operational models, and financial needs.	- Customer survey responses - City stakeholders' input - Employee insights - Operational modeling - Competitive offerings - Financial modeling
Insights	**Modeling**	**Recommendation**
- Unknown if customers would choose WB&G for brunch, but brunch is a staple of the West Metro and Lake life. - 7 of 12 WB&G competitors offer some type of weekend brunch service. - Staffing is incredibly difficult in the post-Covid era. - Alcohol sales will inline with lunch. - ~Ave. ticket =/> current run rate.	- Minimal capital investments needed. - Labor model would slightly increase but tests would not require additional headcount. - Food offerings would need to be scoped based upon kitchen capacity. - Financial model is opportunistic to test.	- Test a series of 4-6 brunch “events” in early 2024. - Focus on popular Holidays and high-traffic weekends with time to verify results to hit summer expansion. - If successful, rollout to all Sundays in high traffic/seasonal months. - If continued success, then roll to more Sundays; and then, test Saturdays in 2025/26.

Recommendation 5: Brunch Business Model

DELANEY CONSULTING

Category	Day	Month	Year	Line Item
Labor	179.72	718.48	9340.20	Annual labor spend is ~9k
Capital	65.38	283.33	3400.00	Capital needs are 34k.
OpEx	245.00	1001.81	9340.20	Flat model. Est op cost. Not fully loaded.
Rev Break Even	340.28	1391.40	9340.20	Rev needed to cover OpEx costs.
Tickets BE	17.01	69.57	648.63	# of indivudal orders @ ~Rev per
Turns	.1x1	.1x1	.1x1	Turns needed to achieve tickets
Rev Potential	1616.34	6609.17	61619.38	Revenue potential
Tickets @ $61k	80.82	330.46	3080.97	# of indivudal orders @ ~Rev per
Turns	.5x1	.5x1	.5x1	Turns needed to achieve tickets

<u>Bottomline:</u>

- To breakeven, 17 customers would need to purchase a $20 brunch within the new hour of service.

- Labor model is headcount neutral to test the offering.

- Capital investment is mostly in 2 catering/chaffing stations that could be utilized in other areas of the business.

- No closing or loss of revenue to test brunch service.

<u>Assumptions:</u>

-Requires no additional headcount

-Requires minimal capital

-Brunch is 1x week, 4x month, 52x year

-72% gross margin with higher alcohol mix

-$20 average ticket/person

- OpEx does not include marketing, disposables, COLA, inflation, etc.

-Capital is 0 interest with a flat 10 year pay back schedule

Recommendation 5: Breakfast vs. Brunch Comparison

DELANEY CONSULTING

Breakfast

Category	Day	Month	Year	Line Item Description
Labor	1512.45	30248.92	392984.34	Annual labor spend is 393k
Capital	173.56	3775.00	45300.00	Capital needs are 453k.
OpEx	1686.01	34023.92	438284.34	Flat model. Est op cost. Not fully loaded.
Rev Break Even	2408.58	48605.59	626120.49	ROI needed to cover OpEx costs.
Tickets BE	160.57	3240.37	41741.37	# of individual orders @ ~Rev per
Turns	.5x2	.5x2	.5x2	Turns needed to achieve tickets
Rev for 250k GMD	3010.73	60756.99	782650.61	Rev need for 250k GMD
Tickets @250K/Y	200.72	4050.47	52176.71	# of individual orders @ ~Rev per
Turns	.5x2.5	.5x2.5	.5x2.5	Turns needed to achieve tickets

Brunch

Category	Day	Month	Year	Line Item
Labor	179.72	718.48	9340.20	Annual labor spend is ~9k
Capital	65.38	283.33	3400.00	Capital needs are 34k.
OpEx	245.00	1001.81	9340.20	Flat model. Est op cost. Not fully loaded.
Rev Break Even	340.28	1391.40	9340.20	Rev needed to cover OpEx costs.
Tickets BE	17.01	69.57	648.63	# of indivudal orders @ ~Rev per
Turns	.1x1	.1x1	.1x1	Turns needed to achieve tickets
Rev Potential	1616.34	6609.17	61619.38	Revenue potential
Tickets @ $61k	80.82	330.46	3080.97	# of indivudal orders @ ~Rev per
Turns	.5x1	.5x1	.5x1	Turns needed to achieve tickets

Recap:

1. Breakfast service isn’t feasible based upon staffing needs and financial modeling.
2. Brunch should be tested started no later than Q1/2024 to determine plan for summer season and beyond.

Recommendation 6: Facility Upgrades and Environmental Updates

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What:

- Prioritize investments into your facility's capacity and operations to fuel growth in food sales; and then beverages; and then seating/patio/etc.
- Update the look, feel, treatment as needed but recognize its ROI is low.

Why:

- Further investment is needed, but hard ROI will be lower vs. recommendations 1-5.
- Capacity and efficiency in the back of house should be prioritized.
- Its time to refresh and the overall environment is dated and depreciating.
- Customers prioritize this very low. Doesn't mean you shouldn't invest and update.
- Maintenance budget and spend has decreased significantly from 2019 to 2023.

How:

- Start with shoring up maintenance and upkeep.
- Scope larger capital projects and put business plans together to determine feasibility.
- Expand to décor and treatments secondarily.
- Brand work is encouraged, but right sized.
- Prioritize (human) capacity and financial investments into recommendations 1-5.

Review and Recap

WHAT: Prioritize these recommendations :

1. Systematically Change the Muni Business Support Structure and Resources
2. Develop and Deploy a Proper Bar Program
3. Improve Employee Lifecycle and Role Delivery
4. Enhance and Enable a Marketing Capability
5. Food. Grow your strength!
6. Facility Upgrades and Environmental Updates

HOW: To get started and get moving in the work:

1. Digest, align, and “accept” the recommendations
2. Invest into further outside resources to co-lead and co-deliver work needed across recommendations on both your Muni businesses. (Delaney Consulting does this!)
3. Build a 3-year implementation plan with heavy focus on the first 6-12-18 months
4. Work against recommendations should run concurrently but not proportionately
5. Prioritize recommendations in order but create disproportioned work, the heaviest in 1 and the lightest in 6, as they are value-targeted as such
6. Use the “Hows” in this document, as well as the detail in the 2023 Report, as your working roadmap to achieve success

Review and Recap

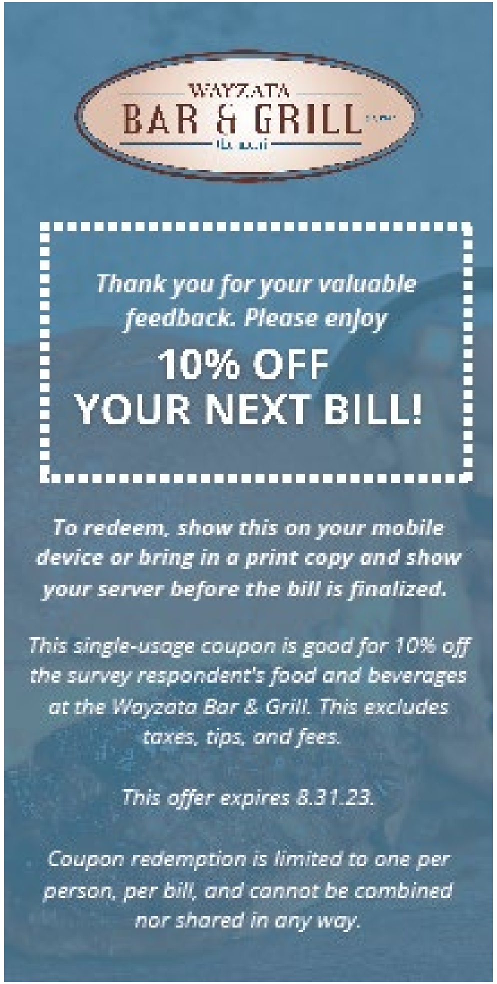
WHY: Because if you don’t, the businesses will erode or worse. BUT ALSO:

1. Your city, customers, and employees depend on them.
2. You have success businesses you should be proud of.
3. You can be more successful.
4. If you don’t now, it will put you further behind your future needs and speed to ROI.
5. You can do it, with some help.

WAYZATA WINE & SPIRITS est. 1947

Appendix:

- Customer Insights: slides 23-29
- Employee Insights: slides 30-31



Overview

- Date Launched: Tuesday, June 27, 2023
- Date Retired : Wednesday, August 9, 2023
- Total Surveys Started: 668
- Solicited onsite, via City communication, and through Muni social media

- Average usable responses per question: 474
- Confidence Level: 95%
- Minimum Margin of Error : +/- 4.25%

Q3: Which of the following is your favorite - the one you primarily choose to go to?

Answered: 575   Skipped: 93

ANSWER CHOICES	RESPONSES	Number	~Minutes from WB&G
Wayzata Bar & Grill - Wayzata	39.48%	227	
Maynard’s – Excelsior	12.87%	74	
McCormick's Pub & Restaurant - Wayzata	10.61%	61	
The Sunshine Factory – Plymouth	5.91%	34	
Northern Taphouse – Plymouth	5.04%	29	
Lord Fletcher's - Spring Park	4.87%	28	
BLVD – Minnetonka	4.52%	26	
Red Rooster - Long Lake	4.00%	23	
Red Cow – Any location	4.00%	23	
Narrow’s Saloon– Orono	2.61%	15	
Gold Nugget – Minnetonka	2.09%	12	
Backchannel Brewing – Spring Park	1.74%	10	
Haskell’s – Excelsior	1.04%	6	
Dukes on 7 – Minnetonka	0.87%	5	
Excelsior Brewing - Excelsior	0.35%	2	
Haskells - Excelsior	0%	0	

- Will overlay geography to determine correlation to distance and favorite.
- Interesting to see Red Cow as high considering its distance, falls squarely in the mid tier and consistent with Lord Fletcher’s.
- Disregard the bottom third as strong competitors of the Bar & Grill.
- Interesting that Lord Fletcher’s is 1/3 of what Maynards’ is.

Q6: Thinking about the Wayzata Bar & Grill, why do you most commonly choose to go there? (Rank your Top 3 selections - select one Reason for each column) TOP RESULTS

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Answered: 467 Skipped: 201

	TOP REASON	2ND REASON	3RD REASON	TOTAL
Convenient location to home or work	61.07% 182	20.47% 61	18.46% 55	298
I like to support a local business/municipality	19.32% 34	27.27% 48	53.41% 94	176
Friendly and attentive staff	30.91% 51	40.61% 67	28.48% 47	165
The food is a good value	32.50% 52	40.0% 64	27.50% 44	160
I like the atmosphere & ambience	22.08% 34	30.52% 47	47.40% 73	154
I like the menu selection	30.14% 44	39.04% 57	30.82% 45	146
The food is high quality	34.75% 49	43.97% 62	21.28% 30	141

- Important to look at the total and then dig deeper into the top.
- It's rarely one aspect that draws a customer to a bar/restaurant.
- Don't move! Recognize the strength but move down the list.
- Credit given for the staff with strong 1 & 2 showings.
- Menu and overall, food quality and value combines to be rated very high. 447 of 1341 or 33%

Q6: Thinking about the Wayzata Bar & Grill, why do you most commonly choose to go there? (Rank your Top 3 selections - select one Reason for each column) BOTTOM RESULTS

Answered: 467 Skipped: 201

	TOP REASON	2ND REASON	3RD REASON	TOTAL
I like the bartenders/drink specials	19.51% 8	39.02% 16	41.46% 17	41
I like the crowd (type of customers there)	7.32% 3	31.71% 13	60.98% 25	41
Fun events & things happening there	27.27% 3	36.36% 4	36.36% 4	11
Great specials	37.50% 3	50.0% 4	12.50% 1	8

- Respondents don't give WB&G credit for "the bar", events/activities, or specials.
- Focusing on the improving these will draw more customers that deem these as important.
- Need more of the "lets grab a beer/drink" crowd, very clear it's a food driven decision.

Q7: Please rank the following reasons you would visit the Wayzata Bar & Grill more often: TOP RESULTS

Answered: 473 Skipped: 195

	FIRST REASON	2ND REASON	3RD REASON	TOTAL
Happy hour drink and food specials	53.97% 163	29.14% 88	16.89% 51	302
Expanded patio seating	23.50% 43	40.44% 74	36.07% 66	183
More frequent changes in the food menu	42.22% 76	25.00% 45	32.78% 59	180
Adding brunch service, Saturday and Sunday	29.56% 47	47.80% 76	22.64% 36	159
Adding breakfast service, Monday – Friday	39.13% 45	34.78% 40	26.09% 30	115
Better parking	20.91% 23	32.73% 36	46.36% 51	110
Weekly Live Music	24.04% 25	23.08% 24	52.88% 55	104

- People love a Happy Hour!
- Happy hour is 1.65x higher than number 2, more outdoor seating.
- Change the menu more than once per year. Very strong in first reason voting and needs to be recognized.
- Patio seating needs to be invested into.
- Brunch is meaningfully different in voting vs. M-F breakfast.

Q7: Please rank the following reasons you would visit the Wayzata Bar & Grill more often: BOTTOM RESULTS

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Answered: 473 Skipped: 195

	FIRST REASON	2ND REASON	3RD REASON	TOTAL
Weekly Bingo	22.54% 16	28.17% 20	49.30% 35	71
Changing the overall atmosphere and ambiance	36.21% 21	36.21% 21	27.59% 16	58
Weekly Trivia	11.32% 6	32.08% 17	56.60% 30	53
More frequent changes in the beverage offering	10.64% 5	34.04% 16	55.32% 26	47
More TVs and sports programming available	8.11% 3	43.24% 16	48.65% 18	37

- Although it might be time for (at least) a facelift, your customers don't prioritize that highly.
- Don't buy any more TVs!

Q8: Which of the following would I say the Wayzata Bar & Grill can most improve on?:

Answered: 473   Skipped: 195

ANSWER CHOICES	RESPONSES	NUMBER
Monthly Specials	20.51%	97
Overall menu price and value	17.12%	81
Fun events and things happening there	16.91%	80
More frequent changes to the menu	15.64%	74
Quality of the food and beverages	8.67%	41
Atmosphere and ambiance	7.61%	36
Customer service	6.34%	30
Overall wait/service time	3.59%	17
The "crowd" (types of customers there)	2.54%	12
Overall takeout experience	1.06%	5
TOTAL		473

- Overall menu ranks very high on areas of improvement noted on the survey: 293 of 473; or 62%
- It's common that people give credit while also wanting more from the same thing. (Overall food was also a strength in the survey.)
- Value and cost effectiveness is extremely important right now and will continue well into the future based upon macro trends and dynamics.
- Need to bring more "fun" to the people!

SWOT Structure and Overview

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Strengths: Internal	Weaknesses: Internal
• Obvious natural advantages • Our unique selling points • What our customers value in us and what we already do well – We feel in control of this. • Examples: Resources, Assets, People, Experience, Knowledge, Data, Financial Reserves, Marketing, Location, price, systems, processes, etc.	• Things we need to shore up and address that we have some level of control over • Potentially attractive options • Likely to produce good returns if capability and implementation are viable • Potentially more rewarding and differentiating than Strengths/Opportunities because <u>they are more challenging, a surprise to the competition, and customers would see a shift and improvements</u>
Opportunities: External	**Threats: External**
• Usually easy to defend and counter • Only basic awareness, planning and implementation required to meet these challenges • Investment is generally safe and necessary	• Potentially high risk • Must assess capability gaps and plan to defend in very controlled ways • Examples: Legislative changes, environment, economy, market demand changes, different financial requirements, technology changes, etc

SWOT WBG & WWS Internal Comparison

Wayzata Bar & Grill (City Stakeholders)			
STRENGTHS	**WEAKNESSES**	**OPPORTUNITIES**	**THREATS**
1. Menu/Value 2. Model/Atmosphere 3. Financial Impact	1. Atmosphere/Decor 2. Marketing 3. City Owned/Operated	1. Menu/Bar Heavy 2. Channel Growth 3. Floor Plan	1. Competition 2. Macroeconomics 3. Staffing

Wayzata Wine & Spirits (Total)			
STRENGTHS	**WEAKNESSES**	**OPPORTUNITIES**	**THREATS**
1. City Owned / Monopoly 2. Customer Service 3. Assortment, wine leading	1. Marketing 2. Staffing/Retention 3. Pricing	1. Marketing 2. Innovation 3. Training	1. City Operated 2. Total Wine 3. Macroeconomics

City Council Workshop
City Council Agenda Report

MEETING DATE: October 10, 2023	**WORKSHOP AGENDA ITEM:** 2
TITLE: Discussion of the Draft 2024-2026 Strategic Plan (5:15-6:30 p.m.)	
PREPARED BY: Aurora Yager, Deputy City Manager	
REVIEWED BY: Jeffrey Dahl, City Manager	

DISCUSSION OBJECTIVE:
To review and provide feedback on the draft 2024-2026 Strategic Plan.

BACKGROUND:
A Strategic Plan is a tool that outlines the City Council's priorities for the organization and community and provides a clear direction of where the City is going and how it intends to get there. It includes a vision, mission, and values that guide actions, along with a set of multi-year priorities that guide decisions, and a plan for implementation and accountability.

From August 14 to 16, the City Council and members of the City's senior leadership team met for three strategic planning sessions. At these sessions, the group reviewed the progress on the City's current strategic plan and discussed what current challenges and opportunities the community was facing that should be considered when determining updated priorities and initiatives for the next several years. Based on that discussion, three new strategic priorities were identified:

1. Diversify Revenue
2. Achieve and Sustain Operational Excellence
3. Sustain Community Character and Safety

Since the last strategic planning session in August, staff was tasked with identifying specific initiatives and timelines to create an implementation plan for the next three years. Attached is a draft of the 2024-2026 Strategic Plan which includes updates to the mission, vision, and values. It also includes a summary table of the strategic priorities, desired outcomes and targets, and a list of specific initiatives. A Gantt Chart has also been created so the Council can visually understand the anticipated initiation and completion of each of these initiatives. Staff will walk through the plan in detail in the workshop but are generally looking for direction on the following:

1. Do you support the proposed updated mission, vision, and values?
2. Do you support the proposed initiatives for how staff will reach the desired outcomes and strategic priorities?
3. Are there any additional Council-specific targets that it wishes to add? (for ex: budgeting for additional training and development for Council, adding Council liaisons to committees, attending neighborhood meetings or chamber events, etc.)
4. Are there any concerns with the proposed timelines in the Gantt Chart?

Lastly, the final updated plan will be tracked with updates 2-4 times per year and incorporated into City memos/actions, and City communications.

ATTACHMENTS:
1. Draft Strategic Plan Summary
2. Gantt Chart

City of Wayzata

2024-2026 Strategic Plan

Mission

Current: To preserve and enhance the quality of life of the community, in order to be the idyllic city on Lake Minnetonka to live, work, shop, and play.

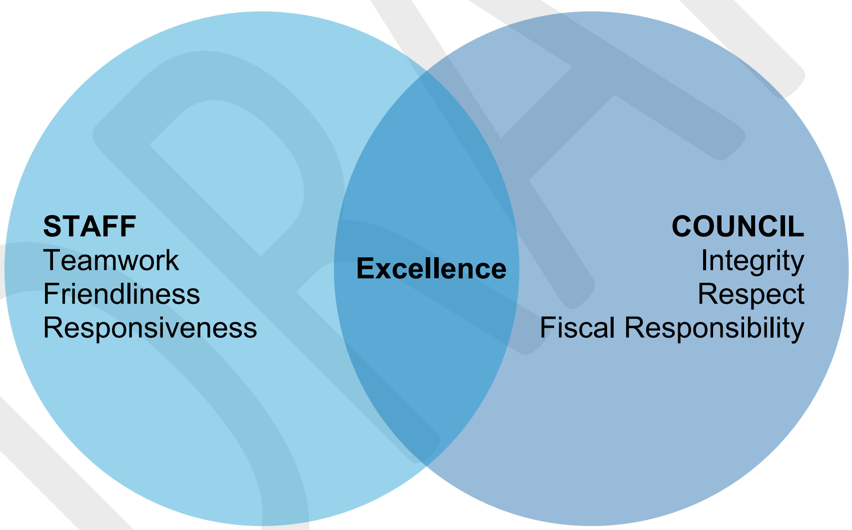
Proposed: We enhance Wayzata's quality of life while preserving its character as the thriving lakeside village in which we live, work, shop, and play.

Vision

Current: Wayzata is a charming, socially connected, and walkable lakeside community. A multi-generational community at the forefront of sustainability, with a healthy environment, enticing parks and public spaces. It is a proud steward of its premier natural asset; Lake Minnetonka.

Proposed: Wayzata is a vibrant lakeside community with enticing parks and welcoming public spaces. Charming yet contemporary, safe, and walkable, we take pride in our exceptional reputation, strong neighborhoods and businesses, and our responsibility to Lake Minnetonka as a treasured natural asset.

Values



Overall Focus for 2024-2026

Rebalance efforts to ensure resident-centered operational excellence and fiscal strength.

2024-2026 Strategic Plan

Strategic Priority	Desired Outcomes and Targets	Strategic Initiatives
Diversify Revenue	**New/Expanded Revenue Sources Meet Growing Needs While Minimizing Impact on Residents** • *3% decrease of General Fund revenue from property taxes* • *20% Increase in budgeted Liquor Enterprise transfers to General Fund by 2026* • *Increase cost recapture in fine/fee structures* • *Maximizing enterprise operations (TBD in plans)*	1. Finish/implement plans to maximize enterprise operations 2. Increase Franchise fees 3. Assess fine/fee (e.g., patio, event) structures 4. Explore utility billing "round up" 5. Evaluate City property leases 6. Pursue a food & beverage sales tax 7. Pursue State bonding 8. Implement paid docking system
Achieve and Sustain Operational Excellence	**High-Quality Customer Service** • *Maintain or increase 4.6 star DMV rating* • *>/=95% residents report city staff performance positively*	9. Develop department, board and commission work plans
	21st Century Technology Right Sized to Needs • *>/=80% of employees reporting having adequate tools/tech to succeed (69% in 2023)*	10. Implement NeoGov (HR) 11. Phone system replacement 12. Digital conversion of HR and Planning records

	Operational Risks Proactively Managed
	• *Rightsized departments with succession plans in place by 2026*
	• *Employer of Choice, retain and attract high-quality employees.*
	  ○ *5% reduction in turnover (non-retirement, non-seasonal)*
	  ○ *5% reduction in employees responding they would leave the city due to poor work/life balance or heavy workload*
		13. Implement cyber-security study recommendations
		14. Complete succession plans
		15. Implement long-term staffing plans
		16. Start Stay Inverview program
		17. Implement 360 review process for Directors
		18. Explore shared services for IT, Fire, and Inspections
		19. Complete policy manuals for 1- person depts.
		20. Complete policy manual for financial management

	Engaged Government & Communication • *>/=95% of residents regularly read the Portal* • *>/=95% of residents rate the city website positively*	21. Develop community engagement plans 22. Expand Portal to 100% of residents 23. Improve website accessibility compliance & transparency
	Well-Maintained City with Seamlessly Implemented Services • *Deferred maintenance projects are completed at City Hall by 2026* • *=/ 95% of the time park & right of way maintenance standards met*	24. Develop a facilities plan 25. Implement seasonal maintenance calendar

Sustain Community Character and Safety	**Community Character and Resident Pride of Place**
	• *Intentional mix of growth, small town & destination*
	  ○ *Public Art Committee established by 12/31/2025*
	  ○ *First location for public art installation identified by 12/31/2026*
	• *Walkable, welcoming, safe infrastructure*
	  ○ *>/=95% of residents report positive quality of life*
	• *Visible events and activities scaled to neighborhoods*
	  ○ *One Walk-Zata event by 12/31/2025*
	• *Aesthetically pleasing, safe and transformed Wayzata Blvd*
	  ○ *Wayzata Blvd. and Superior and Broadway intersection improvements completed by 12/31/2024*
	  ○ *Wayzata Blvd. reconstruction conversations started with Hennepin County by 12/31/2024*
	  ○ *Zoning recommendations from Corridor Study codified by 12/31/2026*
		26. Complete Panoway Phase 2 & prepare for Phase 3
		27. Complete Klapprich Park improvements
		28. Implement Wayzata Blvd. Corridor Study Short-Term Steps
		29. Adopt Vacation Rental Ordinance
		30. Adopt Special Event Ordinance
		31. Establish Public Art Committee

	Community Well-Being and Safety • *>/=95% of residents report feeling safe* • *>/=80% of residents report City has the right amount of traffic enforcement* • *Cannabis licensing and sales are effectively controlled to protect public health and safety*	***See Operational Excellence items*** 32. Complete speed limit study 33. Explore option of single licensee municipal operations (*Cannabis)*
	A Thriving Commercial Core • *Achieve and sustain 85% occupancy rate in the Promenade* • *Increase commercial net tax capacity ratio to 25%*	***See Community Character and Operational Excellence items***
	Full Range of Housing Options • *One naturally occurring affordable multi-family rental property preserved by 12/31/2025* • *Affordability goals for Park and Ride Site established by 12/31/2024* • *Park and Ride vision, due diligence, feasibility, funding and project partners established by 12/31/2026*	34. Adopt affordable housing action plan

Priority	Strategy	Department	Lead	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026	2Q 2026	3Q 2026	4Q 2026
Diversify Revenue	Pursue State Bonding	Administration	Jeff D.	Preparation	Legislative Engagement		Grant Agreement (if awarded)			Construction/Reimbursement						
	Fee & Fine Assessment	Administration	Aurora	Research		Preparation			Implementation							
	Maximize Enterprise Operations - Bar & Grill	Bar & Grill	Jeff P.	Report	Implementation of Recommendations											
	Maximize Enterprise Operations - Liquor Store	Wine & Spirits	Kevin C.	Implementation	Improve 'Top 25' Gross Profit, Rebranding Plan, THC Beverage Management				Cash Wrap Redesign, Implement Cross-Promotion, Rebranding				Implementation			
	Implement Paid Docking System	Administration	Jeff D.	Feasibility Study	Council Vote	Construct and Communicate										
	Pursue a Food and Beverage Sales Tax	Administration	Jeff D.		Preparation	Engagement		Implementation								
	Increase Franchise Fees	Administration	Aurora		Research	Preparation		Implementation								
	Evaluate City Property Leases	Administration	Kathy O.					Research		Preparation			Implementation			
	Explore Utility Billing "Round Up"	Administration	Aurora						Research		Preparation		Implementation			
Achieve and Sustain Operational Excellence	Complete Succession Plans	Admin, Fire	Aurora	PW-Plan	Admin - Plan			Fire - Plan	Implementation (as needed)							
	Expand Portal to 100% of Residents	Administration	Olivia	Implementation												
	Implement Seasonal Maintenance Calendar	Public Works	Mike	Preparation			Implementation	Monitor								
	Phone System Replacement	Administration	Nick H.	Research		Preparation	Implementation									
	Digital Conversion - HR Records	Administration	Erin	Implementation - New Hires						Implementation - Existing Employees						
	Complete Policy Manuals for 1 Person Depts	Admin, PW	Varies	Finance			PW Administration		Communications				Human Resources			
	Shared Services - Building Inspection	Community Development	Jeff D.	Feasibility	Agreement	Pilot Study										
	Implement NeoGov	Administration	Erin		Preparation	Implementation										
	Shared Services - Fire	Fire	Kevin K.		Research/Prep		Implementation and District Exploration									
	Improve Website Accessibility - Transparency	Police	Marc		Implementation											
	Develop Community Engagement Plans	Community Development	Emily		Brainstorm & Analysis		Visioning		Implementation							
	Digital Conversion - Planning Records	Community Development	Emily	Inspection Records Scanned					Planning Records Scanned							
	Implement Long Term Staffing Plans	Administration	Aurora			Research	Preparation	Implementation		Research	Preparation	Implementation		Research	Preparation	Implementation
	Shared Services - IT	Administration	Aurora			Research	Preparation		Implementation (funding dependent)							
	Complete Policy Manuals - Financial Management	Administration	Aurora				Research	Preparation/Development				Implementation				
	Improve Website Accessibility - Compliance	Administration	Olivia				Preparation		Implementation (funding dependent)							
	Develop Department, Board & Commission Work Plans	All Depts	Varies				Preparation		Implementation		Preparation		Implementation		Preparation	
	Develop a Facilities Plan	Administration	Jeff D.						Research/Preparation			Report	Implementation (funding dependent)			
	Implement 360 Review process for Directors	Administration	Erin						Research	Preparation	Implementation					
	Implement Cybersecurity Recommendations	Administration	Aurora							Research	Preparation	Implementation(funding dependent)				
	Start Stay Interview Program	Administration	Erin								Research	Preparation	Implementation			
Sustain Community Character and Safety	Adopt Key Ordinances - Special Event Ordinance	Public Works	Mike	Preparation	Implementation											
	Complete Panoway Phase 2	Community Development, PW, Admin	Mike, Jeff D., Emily	Complete Construction/Policy Development				Naming & Dedication		Naming & Dedication		Naming & Dedication		Naming & Dedication		Naming & Dedication
	Prepare for Panoway Phase 3	Administration	Jeff D.	Future Phases Funding Plan					SFH Construction and Grand Opening, Eco/Depot Park Funding Plan					Eco/Depot Park Funding Plan		
	Adopt Key Ordinances - Vacation Rental	Community Development	Emily	Research		Preparation		Implementation								
	Adopt Affordable Housing Action Plan	Community Development	Emily	Research			Preparation	Implementation								
	Explore option of single licensee municipal operation (Cannabis)	Community Development, Administration	Jeff D.		Research	Business Plan & Vote	Business Development & Implementation									
	Complete Speed Limit Study	Police, Public Works	Mike, Marc		Research	Preparation		Implementation								
	Complete Klapprich Park Improvements	Public Works	Mike		Construction Docs				Bidding	Construction						
	Implement Wayzata Boulevard Corridor Study Short-Term Steps	Community Development	Emily		Broadway Avenue Improvements, Zoning: Setbacks and PUD				Superior Ave Improvements, Zoning: Design Standards				Zoning: Height Requirements		Community Engagement & Implementation	
	Establish Public Art Committee	Community Development	Emily						Research		Preparation		Implementation			