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Philadelphia restaurant vendors latest affected by labor shortage, worsening impact on hard-hit eateries

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Behind the scenes at everyone’s favorite restaurant is a team of vendors keeping operations moving: performing routine maintenance on ovens and refrigerators; servicing commercial dishwashers; repairing overworked friers, ice machines and grease filters.

But what happens when there aren’t enough vendors to go around?

Greater Philadelphia’s hospitality industry is being plagued by an ongoing labor crisis, and the employee shortage doesn’t stop at servers, bartenders and managers. On the other side of the local restaurant ecosystem, vendors are similarly having difficulty recruiting staff. The lack of workers on the back-end of the sector creates a cycle where both restaurant vendor companies and eateries themselves are struggling to keep up with increasing customer demand as the city’s final Covid-19 restrictions recently lifted.

At Philadelphia restaurant supply store Termac Corp., which operates many eatery-focused companies including the Filter Man Inc., Grease Trap Services, and All Pro Stainless Steel and Metal Fabrication, the hiring landscape is “rough” and “a major issue,” said Owner [Sean P. O’Reilly Sr.](#) The family company, which was founded in 1963, is looking to hire at least 15 people. Pre-pandemic it employed 127 people and currently has 110 workers.

Substantial time is spent each week recruiting, advertising open positions and interviewing people, O’Reilly said. Oftentimes candidates aren’t showing up — even after confirming appointments. To incentivize recruiting, Termac has increased the bonuses given to existing staff if they recommend a newbie who gets hired, and the company is considering sign-on bonuses for fresh workers.

“[Pre-pandemic] there was always a constant flow of people coming in, candidates coming into our door just off the street or your own staff recommending people to come in and that’s dried up. It’s crazy,” he added. “Your lobby is empty at times and usually a year-plus ago there was always somebody sitting there applying or being ready to be interviewed.”

A similar situation is true at Elmer Schultz, a third-generation commercial cooking equipment service provider based at 3rd and Spring Garden streets.

The company, which was founded in 1950 and does upward of \$5 million in annual revenue, didn’t have to lay off any of its roughly 35 employees during Covid-19 thanks to a federal Paycheck Protection Program loan, said Owner [Kirby Mallon](#). However, it’s still hiring for a handful of positions — some of which it’s been actively trying to fill for six months.

That hampers Elmer Schultz’s ability to fully ramp up services as local restaurants reopen unrestricted, said Mallon, who is also president of the national Commercial Food Equipment Service Association. After revenue “dropped dramatically” during quarter two of 2020 due to coronavirus, business slowly began increasing month by month as the company upped its focus on commercial kitchens in nursing homes, schools and hospitals.

Business still hasn’t recovered back to the pre-pandemic normal, Mallon said. And even if Elmer Schultz did have a full staff, the ongoing hiring challenge that restaurants are experiencing for front-and-back-of-house workers is directly linked to his business being able to fully bounce back, he added, as eateries can’t get enough staff to keep their doors open.

“A restaurant that would typically be open for lunch isn’t open for lunch right now. The restaurant that would typically only be closed on Mondays is now closed Mondays, Tuesdays and Wednesdays,” Mallon noted. “For that reason the equipment is not being used nearly as much or [they don’t] have enough revenue to repair equipment, so the end result is we’re not back to where we were pre-Covid ourselves.”

Like many local restaurateurs have done in recent weeks, Mallon and O’Reilly point to enhanced pandemic federal unemployment benefits that provide eligible displaced workers with an extra \$300 per week through Sept. 4. As of the start of June, 25 states have opted to end the unemployment bump early, with some already having done so on June 12. Pennsylvania, New Jersey and Delaware are not among the states so far planning to pull the plug on the boost.

"The biggest thing that Pennsylvania needs to do is to eliminate the additional \$300 unemployment benefit," Mallon said. "I think just by putting an end date on that would allow restaurants and vendors to be able to start receiving quality applicants to fill positions."

Some Commercial Food Equipment Service Association vendors located in states that are scheduled to ax the bolstered benefits are seeing an increase in applications from quality candidates, he added.

The hiring challenges on both sides of the industry, alongside widespread supply chain shortages and inventory price hikes on both ends, could indicate the sector is “going into the perfect storm,” Mallon said. “Something’s going to break here,” he added.

“Especially with things gearing up you have to be prepared and that’s the pinch,” O’Reilly echoed. “You’re nervous.”

Some Philadelphia restaurateurs are similarly hoping for the best for the logistics and operations side of their businesses as customers continue to feel more comfortable going out to eat.

[Michael Pasquarello](#), owner of the 13th Street Kitchens hospitality group that includes Kensington Quarters, Cafe Lift and forthcoming La Chinesca, said he’s “knocking on wood” that some of the extra downtime for his concepts’ kitchen equipment over the last year pushes the need for maintenance down the line. Still, Philadelphia has already experienced temperatures surpassing 90 degrees Fahrenheit this season, he noted.

“If I need an AC mechanic on emergency service and he can’t come for two weeks, that gives my restaurant one more reason to not be at it’s best, on top of not having people to cook the food, serve it, and causing the customer experience to not be at the best, and now it’s hot in the room,” Pasquarello said. “You could take any little piece of this and it’s going to have another effect.”

[Ellen Yin](#) of High Street Hospitality, which includes High Street Philly, Fork, and a.kitchen+bar, has already noticed extended wait times on equipment repairs. One of her concepts is waiting for an air conditioner repair and another is hanging tight for a fix to its walk-in refrigeration system.

Where before coronavirus some repairs could be turned around in a couple days, now the process is a lot more involved, Yin said. Additionally, air conditioner repair workers are always hard to come by during summertime, she noted, and that can create an uncomfortably hot environment for both customers and staff.

That would be even more egregious after a year of requiring workers to wear PPE like masks and face shields during shifts.

“It’s another thing we’re asking them to do which is just going to be mentally stressful,” Yin said. “The people who have been working are working really, really hard and many of them are working overtime, working extra days, shifts to help the businesses make ends meet. There is potential for a lot of burnout for people.”

Laura Smythe
Reporter
Philadelphia Business Journal



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