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Head Chef, Modernist Cuisine

Francisco Migoya

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THOUGHTS ON THE NEW NORMAL

As the world looks like it's emerging from almost two years of this pandemic, it's a great time for growth and expansion. But there are still a lot of unique challenges that we, as an industry, need to overcome. With our team of skilled lawyers at Blank Rome, and the firm's emphasis on talent and diversity, we are prepared to help our hospitality client base capitalize on post-pandemic opportunities and make the most of this new era.

As I assess the potential of the "New Normal," I start with a look at my own career path. When I first entered the hospitality and restaurant industry, working with commercial and employment law, and then general counsel for Cipriani, a great international hospitality company, I really gained experience with all facets of the business. Through my subsequent experience in private practice and now at Blank Rome, I've really been able to focus on all kinds of deals, including multimillion dollar lease and management deals in the United States and abroad, and bring that significant legal insight to our client base.

The new start is going to begin with dealing with the residue of the pandemic. There is still an overwhelming amount of uncertainty with regards to what comes next, and restaurants and hotels will continue to face the same challenges they have experienced over the last few months alone as the world begins to slowly and fully reopen. Notably, restaurants and hotels are struggling with hiring enough staff to service their clients, a significant concern that exists not only in New York but also across the United States and globally.

In addition, there are continuing questions surrounding masking mandates, potential vaccine mandates, and other required (and ever-changing) mandates resulting from

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COVID-19. These issues are not going away anytime soon, so I am diligently working with my new colleagues at Blank Rome to digest all these concerns and then strategically advise our clients on how to best mitigate risk moving forward.

For example, mandating employees to wear masks, and/or mandating employees to be vaccinated, has created polarizing opinions and directives across the industry. We're seeing that it's not only a state-by-state issue, but a county-by-county issue as well. With the CDC changing its mind every few months and the obvious OSHA concerns for safety of employees in the workplace, the only thing a business owner can do with certainty is to have their lawyers on speed dial.

Blank Rome's Labor & Employment group regularly sends out alerts and various thought leadership materials to keep every client up to date and as informed as possible on managing and navigating these new (and evolving) policies and mandates. One of our key goals is to help our restaurant and hotel clients know what these risks are so that they can make educated decisions for the safety of their customers and the safety of their employees, as well as mitigating litigation risks where possible.

Some good news is that I am already seeing deal-making heat up quickly. Deals are back on track (often on a fast track!) and people are eager to grow. My clients are expanding all over the country, so it's a really exciting time for

them and the industry as a whole.

This renewed focus on deal-making has also revealed a growing shift in how restaurant projects are securing the funding to expand. A lot of clients are lucky enough to not have to borrow money; they reinvest their money from their existing projects to do new projects. But many entrepreneurs and restaurateurs don't have that luxury right now. It's been interesting to see the shift away from sourcing funds through private equity and hands-off investors.

There has always been and will always be that battle between the artistic chef/restaurateur and the businessperson making the strategic investment on how to operate. In my experience, a private equity investor comes in and says, "Okay, here's our money." The terms are a little bit aggressive and they say they're not going to get involved in the operations. But ultimately, they end up getting involved in the operations, and the entrepreneur/visionary has their hands tied. They don't want to take direction from the investor, but they desperately need the funding. So, in this new, post-pandemic transition, I think we're going to see a strong shift away from this more "traditional" model. The great thing is, with the structure of loans right now, borrowing money is cheap. So, if you can do it and you've got good credit, access the "right" money that gives you control of your restaurant.

While it seems that there are many challenges ahead for the restaurant



Christy Reuter, Partner at Blank Rome law firm, has more than 20 years of experience in the hospitality sector and specializes in domestic and global hospitality transactions and expansions. She regularly guides clients through their day to day issues, providing advice and review of employment and contractor agreements, as well as agreements with vendors and third party service providers. Ms. Reuter provides strategic legal and business counsel to clients in all aspects of their business including new ventures. Ms. Reuter negotiates lease transactions, license and management agreements and advises on company structuring and joint ventures with her experienced and practical insight.

industry as it moves beyond the strains of the pandemic, there are also many opportunities. Now more than ever, staying informed on such opportunities and policies through a talented legal team will help decide a restaurant's success. As you look to build your legal team, please keep in mind that Blank Rome offers national resources and an extensive and diverse staff of experienced attorneys in all areas of law that touch the hospitality industry, from real estate and corporate to litigation, intellectual property, and insurance risk.

Getting strong legal support from a solid bench of experienced counsel to protect your assets will make all the difference as you grow (and protect) your business in the coming months and years. I am happy to speak with business owners more through my email: Christy.Reuter@blankrome.com or directly on the phone, 212-885-5273. For all those businesses who survived the unbelievable turmoil of the past year, kudos to you. It is now time to make this next year the most successful one yet.