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Beating the Minimum Wage Increase - Is Replacing Employees the Answer for You?

Over the last several years, many employers – especially restaurants, fast food, retail establishments and similar organizations have taken steps to replace employees with technology because the ROI can prove to lower costs and increase not only productivity but sales.

By the end of 2017, Wendy's expects to roll out self-service kiosks in more than a 1,000 restaurants expecting to ultimately replace a portion of their work force, therefore saving on employee costs, and also expecting to increase order accuracy. Just rolling out the kiosks eliminates 31 labor hours per week. The chain won't fire workers at least not right away when the Kiosks are installed. Workers shift to other roles in the kitchen to speed up delivery output during peak times.

Chili's, McDonald's and Darden (owners of Olive Garden, Longhorn Steakhouse and Bahama Breeze) are using self-service kiosks or table ordering tablets as well.

Chili's pilot program of using table ordering tablets that started in 2013, has found some interesting things since that time. Spokespeople for the organization say the table ordering tablets have increased the size of the average check because they are set for default tip amounts and (their thinking is) by taking out the "fear of judgment" by wait staff. They believe customers are more inclined to indulge in fat loaded appetizers and sugar loaded desserts if they can order electronically rather than giving a person their order. Also the table ordering tablets are programmed to start showing images of decadent desserts well before diners have finished their meals, resulting in more impulse ordering.

Olive Garden upgraded to using Ziosk (the main player in the table ordering tablet industry) in 2014 when it rolled table ordering tablets to 800 plus stores. Recent statistics report 85% of Olive Garden customers use the devices. There is fear that employees tips may be affected if customers perceive wait staff are providing less value to the dining experience.

Steve Easterbrook, CEO of McDonald's is banking on the success of the 'McDonald's of the future', that includes self-service kiosks and table top ordering. When asked point blank whether people will end up losing jobs, he replied "Frankly, we will always have an important human element because that is what brings the service experience to life." He believes self-service kiosks and table top ordering is a societal trend and not meant as labor replacement. In fact the trial McDonald's of the future locations in Chicago and Florida have actually added more staff.

I haven't asked employees working in and around table ordering tablets what their thoughts are about this societal trend and how it has affected their paychecks and tips, but the next time I'm in an Olive Garden or Chilli's, I will. With increases in minimum wages, have you asked yourself if self-service kiosks or table ordering tablets are right for your organization?

- Jude

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