

NATIONAL RESTAURANT ASSOCIATION SHOW 2025

Michelle Korsmo Keynote: "Future-proofing what makes the restaurant experience unforgettable"

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Thank you for the warm introduction.

Let's start with a show of hands: who here has ever been to New Orleans and tasted the unforgettable turtle soup? (PAUSE)

Those of you know it's more than just a dish—it's a story in every bite. A culinary tradition steeped in history, spices, and the vibrant culture of the bayous of Louisiana.

For over a century, Galatoire's Restaurant in the heart of Bourbon Street has perfected this dish. Think about that—120 years of consistent excellence. Five generations at Galatoire, pouring their hearts into every single bowl.

So, why am I talking about turtle soup? In this business, you know that your restaurant is not just about food. It's about something much bigger.

Every time someone orders that soup, they expect one thing—consistency. The same flavor, the same warmth, the same comfort they experienced the last time. It's more than just a meal; it's a promise fulfilled. And that's no small feat.

When Melvin Rodrigue, the first person outside the Galatoire family to run the business, took over the restaurant 15 years ago, he was given some advice from the family. They told him:

"You can make the turtle soup wrong... but you have to make it wrong the same way, every single time."

That advice is telling Melvin that what the team at Galatoire's delivers is trust. It's about delivering on expectations. Because that consistency, that reliability, is what brings people back. It's not just nostalgia—it's connection.

But here's the challenge: the world is changing, fast. Expectations are evolving. And yet, we're tasked with preserving what makes these experiences so special, while embracing the tools, the innovation, and the ideas that will take us to the future.

So, the question is... How do we honor the legacy of what we've built while moving forward, creating something even greater?

That, my friends, is what today is all about.

I want to talk about a vision for today's generation of restaurant operators.

Quite simply, our vision is to <u>future-proof</u> what makes the restaurant experience <u>unforgettable</u> — and at the heart of our vision lies empowering people, and it requires us to meet the demands of a very competitive marketplace.

It's these two imperatives: empowering a future-ready workforce and embracing innovation to unleash efficiency that will future-proof your business so your restaurants can thrive.

Before we dig into that vision and those two imperatives, let's look at what's going on around us. I suspect you are like me and constantly reading the latest business theories on how to manage this volatile, uncertain, complex, and ambiguous environment.

I like the way Deloitte has framed up six forces that are shaping all consumer-facing industries. Allow me some latitude to talk about these macro forces through the lens of how I see them impacting US restaurants:

First, Deloitte talks about a radical transformation of the consumer. Today's restaurant consumers are a varied mosaic, driven by demographic shifts in our country and are much more well-traveled and adventurous than in decades past. And, the way consumers get information, learn about brands, and make decisions, is much more targeted than ever before. To reach them, restaurants must change how they market — from targeting the broad middle to a more segmented and personalized approach.

Next, we see tech accelerating at an unprecedented pace. I almost wondered if tech should be the first topic I covered, before mentioning the consumer. We've seen the predictions that this is the year AI becomes an agent for executing tasks, instead of just well formatted research. That will undoubtedly have an impact on restaurants. I know this is felt by everyone, even smaller, independent restaurant

operators. Today's restaurants face significant pressure to improve digital experiences and kitchen operations — yet many rely on legacy technology.

Third, we're seeing a relentless push for convenience. With the rise of digital and delivery during the pandemic, consumers increasingly expect push-button access to high-quality food. That means we need to create multiple channels for ordering and receiving food — employing innovation only in its nascent stages.

Fourth, we're seeing creeping operational complexity. I've just talked about the change in consumers, the increase in technology and systems, and the push for convenience. Any one of those would be a significant challenge to address. Together, it explains the growing complexity you likely feel. We cater to more audiences with unique preferences in more information channels.

Next, I know you'd tell me I was missing the big story if we didn't' talk about eroding restaurant economics. Alongside inflation, rising labor and input costs are pressuring the bottom line. At the same time, raising prices are more challenging in the current environment, with the consumer often blaming us — the business leaders — and not government policymakers.

Finally, environmental threats continue to rise, and the need to ensure we are using our resources in a sustainable manner is our responsibility to the next generation. Two specific problems that we are not talking enough about in our businesses or with policy makers is the exponential increase in waste and in energy usage. Both are at the highest levels we have seen and we will be in crisis soon without changes in practices.

So, what do we do?

We go back to our vision: future-proof what makes the restaurant experience so unforgettable...

... by empowering a <u>future-ready workforce</u>.

... and embracing technology in our efforts to unleash efficiency.

To keep our restaurants vibrant and thriving, we start with supporting and nurturing the people that make our businesses move forward every day.

Think about this to understand why restaurants – I would argue more than any other industry – are the key to a vibrant, capable workforce:

1 in 10 people working in this country is employed in a restaurant.

And... nearly half of all adults' first job was in a restaurant.

This industry isn't just a sector—it's a community. It's America's second-largest private employer, a force so vast that its workforce would rank as the fifth largest state in the nation.

Restaurants are a gateway, not just for careers, but for life lessons and values that endure. I remember the lessons from my first restaurant job—it was at TGI Friday's in Fargo, North Dakota. It was fast-paced, relentless, and overflowing with lessons about perseverance, teamwork, and the value of serving others. Those lessons shaped me, and they've shaped countless others who power this industry today.

We celebrate the nearly 16 million people who make up this workforce—and the 1.5 million more who are forecast to join the industry in the next decade. But here's the challenge: the competition for talent is fierce. It's not just about filling jobs; it's about inspiring people to choose this industry, to see it as a career that offers purpose and fulfillment.

How do we ensure that restaurant careers resonate deeply with people? How do we make these roles gateways to opportunity, growth, and belonging?

Our 2025 State of the Restaurant Industry report tells us something important: 60% of food service employees are under 35. This generation craves more than just a paycheck. They're looking for community, for workplaces that value developing the potential in their teams that provide flexibility and that use technology to improve the employee experience as well as the customer experience.

We know that restaurants are ideal environments to deliver on these values.

Restaurants foster human connection and creativity. They're a space where people come together.

And when we come together to develop the potential of our workforce we are on the path to <u>future-proofing</u> what makes the restaurant experience <u>unforgettable</u>.

Let me tell you a powerful way that vision is coming to life – in our very own ProStart program.

The National ProStart Invitational is a perfect example of how vision shapes reality. Across the nation, young culinary students are stepping into a space where creativity meets opportunity. They're not just competing for awards—they're building the future of this industry. And what's remarkable is that their passion, their grit, and their ideas create an environment where the students inspire restaurant leaders.

Take the team from Passaic County Technical Institute in New Jersey. One student, who arrived from the Dominican Republic just five years ago, didn't know a single word of English. Today, she's fluent, thriving academically, and pushing the boundaries of what's possible. That's the power of courage paired with opportunity.

Or look at the team from Asheville, North Carolina. Their journey wasn't easy. A hurricane tore through their community, leaving some students without homes. Their school was flooded. One of them shared how a fallen tree split her house in two. But here's the thing—they didn't give up. They didn't let adversity define them. They made it to national competition and showed us all what their determination looks like.

And perhaps the most hopeful part? One student talked about her dream of opening a restaurant inspired by the values of their tight-knit community in Asheville. We know that it is more than a dream—it's a calling, a way to bring people together through food and create a community.

These aren't just stories—they're the heartbeat of what makes this industry extraordinary. What these students show us is that talent is everywhere, and when we invest in it, when we believe in their potential, magic happens. That's the future. That's what we're building—one bold idea, one inspired individual at a time.

And this workforce of the future has expectations about the workforce they are entering. A defining trait of today's workforce is that they're digitally savvy and deeply motivated by continuous growth. And, you know that the restaurant industry has a transformative power to unlock human potential. To see people for what they can be, regardless of where they were or how they started.

It's our responsibility as leaders, as the people who have succeeded, to think about how we are meeting the needs of our teams. The workforce of the future.

Technology certainly has a part in this equation. More and more, employees want routine tasks automated so they can focus on higher-value work, take on greater responsibility, and develop advanced skills that will move them and our industry forward.

So, the questions for today are:

Are we training our employees to meet their desire for growth? Are we giving our teams the skills they need to grow? Are we using technology not as a crutch but as a catalyst? Are we doing the things necessary to unlock their potential, to ignite their passion, to help them see what they are capable of and why their work matters?

Think about this: a recent Gallup and Workhuman <u>study</u> found that 60% of workers who acquired new skills did so because it made them better at what they do. 51% said it opened doors for growth. That's it. That's the formula. You give people the tools to be better, and they show up—stronger, smarter, more inspired.

But with technology moving so fast, we must continually evolve — most skills learned today will be obsolete in 5 to 10 years.

That's today's challenge and the opportunity: in this fast-moving world, today's skills won't cut it tomorrow. We have to keep learning, keep evolving. Because that's how we stay ahead. That's how we <u>future-proof</u> what makes the restaurant experience <u>so unforgettable</u>.

We learned something else from those restaurant operators that leaned into tech over the past two to three years. 7 in 10 report that their operations have become more efficient and more productive.

This takes me to our next point: how do restaurants use technology and innovation to unleash breakthrough efficiencies?

Our industry has always operated on tight margins.

External inflationary pressures, combined with a growing customer base that demands more diverse, faster, and more accessible food options, are reshaping the way we think about operating in the modern restaurant landscape.

Gone are the days when restaurant operators could simply balance the checkbook at the end of the month to know if they were profitable. Today, meeting the demands of the modern restaurant environment requires a whole new level of insights and tools.

That means tighter control over inventory, smarter purchasing decisions, and more strategic supply chain management. It also means managing labor costs more effectively, with better scheduling, predictive tools, and automation that enhances operations, rather than replacing people.

Leveraging technology is key — one that's making us faster, smarter, and more agile than ever before.

And the numbers speak for themselves: 83% of restaurant operators say that using technology provides a clear competitive advantage. Even more compelling: 4 in 10 say their tech investments have directly improved overall customer satisfaction.

In a world where food and labor costs have jumped 30 to 40%, breakthrough efficiencies can make the difference between struggling and staying profitable.

But the great news is consumers love restaurants, and they continue to want to spend their discretionary dollars in restaurants.

Restaurant sales are projected to reach \$1.5 trillion this year, with strong demand across every segment of our industry.

And it's not just sales, we're growing stronger from within. In fact, 9 out of 10 restaurant operators say they successfully filled job openings last year. That's not just a win for hiring, it's a sign that our workforce is thriving.

This is a strong start, and we must come together to keep it going as a community and as an industry.

Let's preserve the heart of the restaurant experience, while embracing the innovation that will shape a stronger, more resilient future.

The way to shape your future is to get involved.

Get involved with your restaurant associations, locally, statewide, and nationally. The State Restaurant Association CEOs and I will tell you, there is no better advocate for the restaurant industry than you, the restaurant operator.

The issues being debated from Washington to Wisconsin, from the Carolinas to California, affect each of you, your workers, and your customers.

That is why we urge you to share your stories, your experiences and help us shape the operating environment for your businesses.

As restaurant leaders, the challenges you face are complex. You must meet the needs of your teams to unlock their potential, and you must be on a path of continuous learning and adoption of the systems that can bring efficiency and profitability to your business.

But I know this, people in the restaurant business are the most resilient, optimistic, resourceful people in America.

You've face extraordinary challenges, and you have met those challenges well — and each of you should be immensely proud of what you've accomplished.

Despite the uncertainty, despite the headwinds to your operating environment, you've kept going, kept showing up, kept solving problems and kept delivering.

You've made a turtle soup that my friend Melvin from Galatoire's would be proud to serve.

Together, your engagement strengthens our ability to shape policies that support our vision of futureproofing what makes the restaurant experience truly unforgettable by empowering people and meeting the demands of today's competitive marketplace.

Thank you.