

Independent Restaurants Brace for the Unknown

Big chains seem equipped to weather the coronavirus shutdowns, but smaller businesses are scrambling for help from governments and customers.



JoAnn Clevenger, shown here in 2015 at Upperline, wrote out her last paychecks to her 24 employees on Thursday. Credit...Melina Mara/The Washington Post via Getty Images

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Published March 20, 2020

Updated April 21, 2020

It took two months for JoAnn Clevenger to reopen [Upperline, a traditional Creole restaurant](#) in New Orleans, after Hurricane Katrina devastated that city in 2005. This time, a virus has closed the place, probably for a lot longer.

It didn't take long for her to realize that a takeout operation wouldn't keep the business alive, and the odds that she will reopen anytime soon are against her. On Thursday, Ms.

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Clevenger wrote out the last paychecks to her 24 employees, some of whom had been with her for more than 25 years.

“Stay safe, stay in touch,” she wrote on each one. “You’re what makes the Upperline great.”

The prognosis for independent operations like hers seem dire. From big cities like [New York](#) to smaller ones like Birmingham, Ala., restaurants have [been forced to close](#) their dining rooms; many have simply shuttered, while others are relying on takeout and delivery. Cities like Omaha and Tempe, Ariz., have limited the number of guests, but closings are on the horizon.

Large chains and well-funded restaurant groups have the resources to ride out a protracted shutdown, but the independent restaurants that make up about two-thirds of the American dining landscape — noodle shops, diners and that charming urban restaurant that always had a line out the door — may not survive.

Restaurant analysts and operators have been quoting an estimate that 75 percent of the independent restaurants that have been closed to protect Americans from the [coronavirus](#) won’t make it. The National Restaurant Association estimated this week that the entire industry would lose \$225 billion in the coming three months and shed five to seven million employees.



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Tom Colicchio has laid off 300 people across seven restaurants. Credit Vincent Tullo for The New York Times

“It’s a lot more difficult than saying, ‘Let’s hunker down for a month and a half, and then we open and everything is fine,’ ” said [Tom Colicchio](#), the New York chef and television personality who himself laid off 300 people across seven restaurants.

Mr. Colicchio on Friday released a [detailed set of recommendations](#) to Congress from a newly formed group of independent restaurant owners who are scrambling to put pressure on the federal government.

“This is going to take a year,” said Mr. Colicchio, who believes that the 75 percent failure rate isn’t an exaggeration. “The world just changed. The enormity of the problem here is so big people can’t wrap their heads around it.”

But many restaurants, both big and small, aren’t going down without a fight. Customers and owners, including Mr. Colicchio, are staging a fast-growing offensive, from selling groceries to [lobbying governments](#) for policy changes and financial help.

The National Restaurant Association [asked the federal government](#) Wednesday for a \$145 billion recovery fund. The request, sent to President Trump and Congress, includes loan programs, \$35 billion in grants for restaurant disaster relief in regions and communities especially hard-hit, and help in paying unemployed workers.

The package also proposes a series of tax cuts and credits, and federally backed business-interruption insurance. Traditional business-interruption policies are expensive, and some exclude coverage for pandemics.

Restaurants with those policies are already taking on their insurers. Oceana Grill, in New Orleans, [filed a lawsuit](#) Monday asking a state judge to affirm that the restaurant’s business-interruption policy covers its current closing.

The New York Times

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Chris Cosentino is trying to organize political efforts under a social media hashtag, [#saveamericanhospitality](#). Credit Kelly Sullivan/Getty Images for The CIA at Copia

Chefs and restaurant owners are also banding together to maximize their lobbying power. Chris Cosentino is one of several chefs trying to organize political efforts under the hashtag [#saveamericanhospitality](#).

“Takeout and delivery would only have been a Band-Aid,” said Mr. Cosentino, who this week shuttered his restaurant in San Francisco. “The amount wouldn’t have been worth risking health and safety for my employees, their families.”

A group of New York’s top chefs and restaurant groups have formed Relief Opportunities for All Restaurants, a coalition to pressure state and local governments to help save the industry. “We are on the brink of extinction,” reads [the group’s petition](#) on [change.org](#).

Their first initiative is pushing Gov. Andrew M. Cuomo to postpone sales tax payments. The coalition also wants the state to help ease rents, provide emergency employment benefits and make speedy changes to zoning and permit laws so restaurants can sell alcohol to take away or use their spaces as boutique groceries.

In Tampa, Fla., Jordan Johnson is betting on the grocery idea. He spent nearly a year preparing to open [Naked Farmer](#), a fast-casual restaurant serving food from local farms.

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He was planning to start training 20 employees next week for a grand opening on April 1 when it became clear that it wouldn't happen.

So he pivoted. He cut his staff to four, and decided to become a digital farmers' market that home-delivers fresh produce like arugula and sweet potatoes. The goal is to expand to prepared foods, all in an attempt to keep a few people employed and pay the crushing \$6,000 in rent on a dining room he can't use.

"We're not as devastated as maybe a fine-dining restaurant that didn't have a delivery mechanism," he said. "If we didn't come up with this idea, we would just be sitting on the couch doing nothing and looking at all the conspiracy theories."

Customers are trying to do their part, too. [Online fund-raising campaigns](#) for individual restaurants [are popping up](#) almost by the hour. The visitors' bureau in Charlotte, N.C., is [keeping a running list](#) of restaurants providing food for takeout or delivery. A national social-media campaign with the hashtag [#toosmalltofail](#) was started Friday, urging customers to call lawmakers and lobby for help on behalf of independent restaurants.

On Thursday, before the debut of the latest season of "Top Chef," Padma Lakshmi, one of the show's stars, [posted a video](#) on social media urging people to buy gift certificates or merchandise from their favorite restaurants. "See if they have anything like hats and T-shirts you can buy," she said.



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Brad Vogel paddled on the Gowanus Canal on Thursday to drum up support for local business. Credit...Emon Hassan for The New York Times

In Brooklyn, the [Gowanus Dredgers Canoe Club](#), a crew who regularly ply the Gowanus Canal, posted a [crowdsourced list](#) of restaurants and other businesses in the neighborhood that are still open. Members have started paddling along the canal with a hand-painted sign urging people to buy gift certificates.

“Every individual out there has agency,” said Brad Vogel, who painted the sign. “Even if you’re home alone you can do something,”

Still, the realization is sinking in that many restaurants will be able to survive only so long on takeout. Gift cards help, but many customers buy them knowing they are likely microloans, with no guarantee that the restaurant will be around long.

Gadi Peleg owns [Nur](#), a 59-seat modern Middle Eastern restaurant in the Flatiron district of Manhattan whose menu is overseen by the Israeli chef Meir Adoni. He doesn’t know how long it and [LamaLo](#), his other restaurant, will be able to keep going offering food to go, or the direction his other business, [Breads Bakery](#), will take.

Mr. Peleg wouldn’t say how many people he has laid off, but said he has consolidated the two restaurants into one kitchen, has cross-trained cooks to produce both menus and is doing everything he can to keep people working.

The New York Times

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Ofir Horesh, right, the executive chef at LamaLo, in Manhattan, helping with bags for delivery. Credit...Emon Hassan for The New York Times

“We’ve cut it to a point where we are trying to remain sustainable,” he said. “What I am telling my staff is that the present is impossible to decipher right now. We are trying to focus on the future.”

When that future comes, reopening restaurants will come as a slow wave. Chains, which have the legal resources and corporate structures to navigate the complex process of securing government loans and grants, will probably reopen quickly, analysts say. Small, nimble places with simple menus, like burger joints and taco stands, may also be able to react quickly. But the longer the shutdown goes on, the more lead-time fine-dining restaurants and places with complex menus to execute will need.

“Even if we’re only off for three months, you can’t just turn the light switch back on,” said Danny Meyer, who this week [laid off 2,000 employees](#), about 80 percent of his Union Square Hospitality Group work force. “It will take at least four to six weeks to get back on your feet.”

And the restaurant landscape will likely look very different. Daniel Shein, a partner in Nur, is trying to raise capital for [Agnoris](#), a start-up software company designed to help restaurants use data to run more efficiently. He presented the idea to investors Monday as part of “demo day” at [Y Combinator](#), a Silicon Valley initiative that helps start-ups refine their products and pitch them to selected audience of investors.

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The paradox of pitching a product for future restaurants while trying to save one from dying is not lost on him. Like others, including Mr. Colicchio, Mr. Shein said the only bright spot in the crisis is a chance for the restaurant industry to renew itself.

Before the virus hit, the nation's restaurant business was almost overheated, with new places opening faster in many cities than diners could keep up with. Restaurants were essential amenities for developers and gentrification markers in neighborhoods. Rising rents, labor shortages and struggles to find [a better way to care for](#) and [compensate employees](#) were constant topics of conversation.

When the industry does start up again, many say it will be a time to let go of outdated business practices and develop new, more creative ways to feed people.

"The industry has been needing a correction, and none of us wanted what's going on now, but this is going to force people to revisit the business side and not just the culinary side," Mr. Shein said. "It's going to be a very painful few months, but I hope people don't give up, and come back with this desire to change the game."

Until then, some analysts say, smaller independent restaurants have a better shot at survival.

The New York Times

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Rozette Rago for The New York Times

Minh Phan has been paying staff out of her savings.

One example is [Porridge & Puffs](#), in Los Angeles. A week ago, its chef and owner, Minh Phan, was canceling events faster than she could rewrite contracts. In the span of two hours, all her reservations evaporated.

She has only six employees, and made a promise to keep everyone for as long as she could. So far, none have had their hours cut, but she is dipping into her savings to pay them.

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On Thursday, the team cleared out the dining room to make the restaurant into a food shop, selling comforting rice porridge, prepared foods like pickles and jams, bundles of flowers and bulk pantry staples for home cooks, from rice to two-pound bags of dried chickpeas. The restaurant's [website](#) now allows customers to place orders in advance, and the staff packs to-go boxes for curbside delivery in Historic Filipinotown.

“But it’s not a great long-term plan,” Ms. Phan said. Supplies will be increasingly difficult to buy, and labor is expensive. If the situation goes on for six months or a year, Ms. Phan will figure out another plan, adapting to keep the lights on.

“I’m optimistic,” she said. “I’m scrappy. I thrive during wartime.”

Brett Anderson contributed reporting from New Orleans, Julia Moskin from New York and Tejal Rao from Los Angeles.