7shifts



The Restaurant Payroll Benchmark: A Framework for Growth



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Introduction

Payroll isn’t just a task—it’s the promise you make to your team. But keeping that promise is often a mess of spreadsheets, confusing tip-outs, and compliance headaches that drain your time and hurt your bottom line.

In fact, 67% of restaurant operators spend over 2 hours on payroll each pay period, with nearly a third spending more than 4. That’s not just an administrative headache; it’s a strategic bottleneck that impacts your profits, morale, and growth.

The Restaurant Payroll Benchmark is a simple framework to help you assess your process, fix what's broken, and turn payroll into a strategic advantage.







The 4 Stages of Payroll Operations



The journey from manual methods to integrated efficiency is a common one. Based on our industry research, we've identified four distinct stages of payroll operations.

Stage 1: Starting

"My compliance system is a sticky note on my monitor."

This is the foundation, built on paper, grit, and the owner's direct oversight. You're deeply hands-on, tracking time with paper timesheets or notebooks—a reality for **32% of restaurants.** Tips are calculated manually from crumpled receipts, and you're the one running payroll yourself. While this gives you total control, it's loaded with risk. It's incredibly time-intensive, wide open to human error, and exposes you to compliance violations, especially when **24% of restaurants** still use manual tracking for breaks.



What this looks like:

Tracking time on paper timesheets with handwritten adjustments.

Manually entering all hours into a spreadsheet or basic payroll system.

Calculating and distributing tips from a cash drawer based on daily reports.

Managing compliance through memory and manual checks.

Understanding labor costs only *after* payroll is complete.

Stage 2: Growing

“I use software, but nothing talks to each other.”

You’ve started using digital tools, but they’re disconnected. Time is tracked on a standalone POS, but that data doesn't flow to payroll. Instead, you're exporting timesheets into spreadsheets for cleaning and formatting before manually keying them into a separate payroll software. It's an improvement over paper, but it's still shockingly manual—**31% of restaurants** still type every employee's hours into their payroll system. The risk of data entry errors is high, and you are the bridge between systems.



What this looks like:

Using your POS system as a basic, disconnected punch clock.

Moving data through manual spreadsheet exports and imports.

Calculating tip sharing with complex formulas in Excel.

Relying on basic POS break alerts, but all oversight is still on you.

Stage 3: Integrated

"I'm starting to connect the dots, but I still have to double-check everything."

This is where your tools start to click and communicate. Time is captured on a digital time clock connected to your scheduling software, and the data is transferred to payroll semi-automatically. This is a huge step forward, saving hours and reducing obvious errors. You're getting time back, but you're spending it verifying data and checking for exceptions. You're building trust in your tech as you become the final backstop for every detail.

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What this looks like:

Using a digital time clock that syncs with your scheduling software.

Transferring data to payroll semi-automatically, but requiring manual review.

Automating tip pooling calculations, though payouts might still be manual.

Getting compliance alerts from your software to help managers stay on track.

Monitoring labor costs in near real-time to make faster decisions.



Stage 4: Strategic

"My systems run themselves, so I can focus on my team and my guests."

Here, you have a fully connected system where data flows automatically from schedule to time clock to payroll without manual entry. Payroll becomes a 10-minute review, not a 4-hour task. Proactive tools help you maintain compliance, and predictive analytics give you insight into future labor costs. You've streamlined administrative work, freeing you up to focus on what matters most: coaching your team, improving the guest experience, and growing the business.

What this looks like:

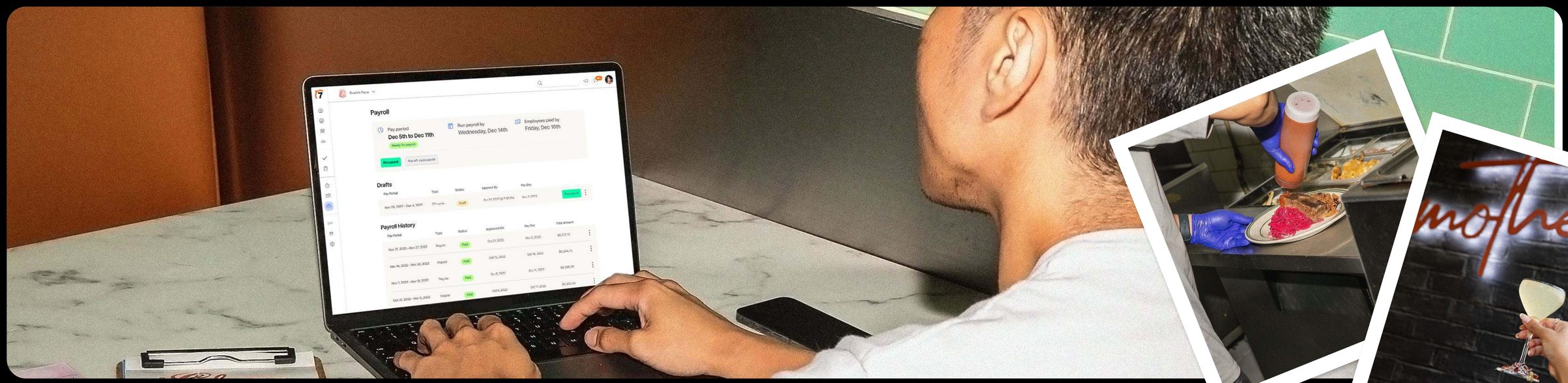
Flowing time tracking data automatically from scheduling to payroll.

Processing payroll in minutes with zero manual data entry.

Offering instant tip distribution and financial wellness tools for your team.

Automating compliance to prevent violations before they happen.

Using predictive labor analytics to control costs proactively.











The True Cost of Outdated Payroll

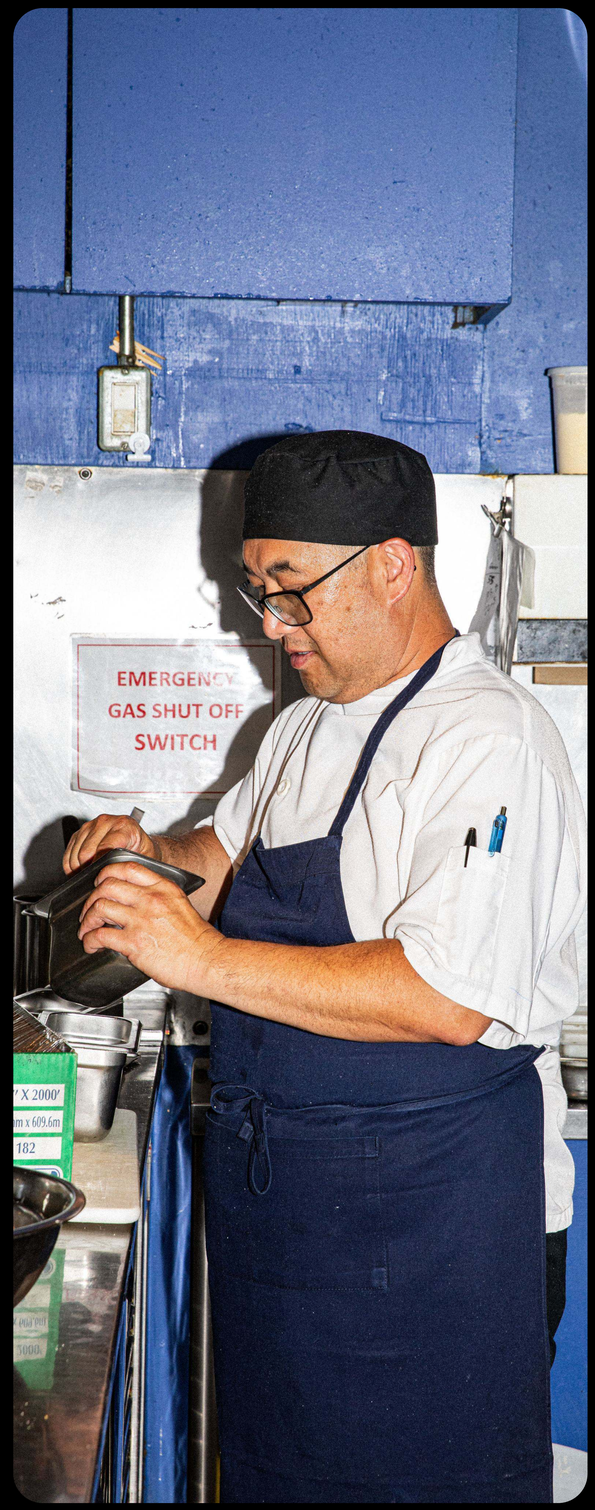
Outdated payroll processes carry "hidden costs" that go far beyond a monthly software fee. These costs directly threaten the three pillars of a successful restaurant: your employee experience, your cost control, and your capacity for growth.

The Impact on Your Employee Experience

Manual data entry inevitably leads to errors, and the cost of fixing them creates a domino effect of wasted time, reprocessing fees, and frustrated employees. When a paycheck is wrong, trust is broken. This is why **51% of operators** invest in new payroll tech to "improve accuracy and reduce errors," as **26% cite errors requiring corrections** as a major pain point.

51%

of operators invest in new payroll tech to "improve accuracy and reduce errors”



The Challenge to Cost Control

Using generic or manual systems for a specialized industry like restaurants can create significant compliance risks. The cost of a single violation for a missed break or incorrect overtime pay can be thousands of dollars. This is a top concern for operators, yet **46% of restaurants** still rely on basic software with manual oversight to manage complex tax and compliance rules.

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The Opportunity for Smarter Growth

Time spent on administrative tasks is time not spent on growing the business. The hours you and your managers dedicate to manual payroll are a significant, untracked labor cost that pulls them away from strategic work. This is why the top pain point with payroll is that it is "time-consuming," a major issue for **34% of operators.**

34%

of operators cite payroll as "time-consuming," making it the top pain point

The Path to Strategic Payroll: Mapped



Dimension	Stage 1: Starting	Stage 2: Growing	Stage 3: Integrated	Stage 4: Strategic
Data & Integration	Time is tracked on paper timesheets , and all hours are manually typed into the payroll system.	Time is tracked via a standalone POS system , with data moved to payroll via spreadsheet exports and imports.	Time is captured on a digital clock connected to scheduling software , and data transfer is semi-automated, but requires manual verification.	Time is tracked via a mobile app with GPS , and data flows from scheduling to payroll automatically with no manual entry.
Processing & Compliance	The owner processes payroll themselves. Tips are calculated manually from paper receipts , and compliance is tracked with written reminders.	Uses basic payroll software with manual oversight. Tips are shared using Excel spreadsheets , and compliance is managed via POS alerts for breaks.	Uses a payroll service company like ADP. Tip pooling is automated through an integrated system, and compliance is aided by built-in software alerts.	A fully integrated system processes payroll automatically. Offers instant tip distribution , and compliance is managed proactively with automated violation prevention.
Insights & Cost Control	Labor costs are only reviewed after payroll is complete.	Labor costs are analyzed weekly using a spreadsheet.	Labor costs are monitored in real-time.	The system uses predictive labor analytics with automated alerts to control costs before they happen.





The Payoff of using 7shifts



An integrated platform does more than just connect your tools—it unlocks new potential for your business. For restaurant operators, this means gaining the freedom to focus on growth, the insights to improve profitability, and the ability to foster a thriving team. Here's how real 7shifts users are making it happen.





Reclaiming Time & Gaining Flexibility

The most immediate return on investment is time. By automating manual tasks and consolidating tools, operators get hours back every week—time they can reinvest in their team, their guests, and their growth.

Reduced payroll time

Operators report cutting their payroll processing time by as much as 90%. Joanna Heart, owner of The Palm Coffee Bar, reduced her payroll time from 1.5 hours to just 10 minutes. At 2d Restaurant, Chef & Owner Kevin Yu saves up to 5 hours per week on payroll and another 3 to 4 hours on tip pooling alone.

"I no longer have to run to the bank to get more money to tip everybody. It's time for my managers that can be spent making their employees' lives better, our guests' lives better."

Josh Bishop
Owner, Wildfire + Fork & Fire







Managing payroll from anywhere

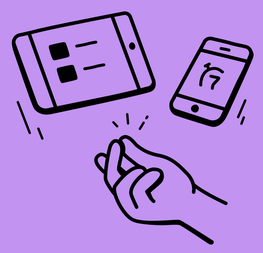
An integrated system provides the visibility to run your business without being there. For Jamba Juice franchisee Leslie Broadland, whose daughter is in the military, this flexibility is essential.

A simplified tech stack

Operators are able to replace multiple disconnected apps with a single platform. Josh Bishop replaced 4 different tools with 7shifts.

> “I can’t say it enough. You don’t think of running your business remotely, but you’re able to be on top of it remotely [...] Here I am, on a park bench on my phone, and I can see all my 7shifts—and I can manage everything on it.”

Leslie Broadland
Franchisee, Jamba Juice



> "The integration from time punching to time clocks to payroll, all in one place—one login—is a huge win."

Josh Bishop
Owner, Wildfire + Fork & Fire





"We were losing money the first year, and it was all labor—now, we are running a very efficient restaurant, and labor is the biggest area that we've improved. I would give 80% of that credit to 7shifts."

Josh Bishop
Owner, Wildfire + Fork & Fire





Strengthening cost & compliance control

An integrated system provides the real-time data and safeguards needed to manage costs effectively and confidently navigate complex labor laws.

Significant reduction in labor costs

Access to better data leads to more intelligent business decisions. After struggling with labor costs in his first year, Josh Bishop used 7shifts' tools to improve efficiency, ultimately reducing labor costs by 20%.



Automated tip management

Automated tip distribution removes manual work and provides peace of mind. At her Jamba Juice locations, Leslie Broadland no longer worries about potential theft from manual cash tip-outs.

> “I love that it’s all documented... I was always afraid that our employees weren’t getting their cash tips... This way, everybody feels confident that the money goes to the bank. It’s documented, and it gets put into the payroll system, so they get exactly what was taken in.”
>
> Leslie Broadland
> Franchisee, Jamba Juice

Safeguards for complex compliance

For operators in states with strict regulations like California, 7shifts acts as a critical compliance partner. The platform automatically flags potential issues with breaks, overtime, and minor labor laws, helping managers stay protected.



Building a happier, more connected team

A smooth, modern, and reliable payroll experience is foundational to team morale. When employees are paid correctly and have easy access to their information, it builds the trust that leads to long-term retention.

Improved employee retention

A better operational backbone leads to a better employee experience. Josh Bishop saw employee turnover decrease by 60% after implementing 7shifts. At 2d Restaurant, Kevin Yu saw his employee retention improve by 2 to 3 times.

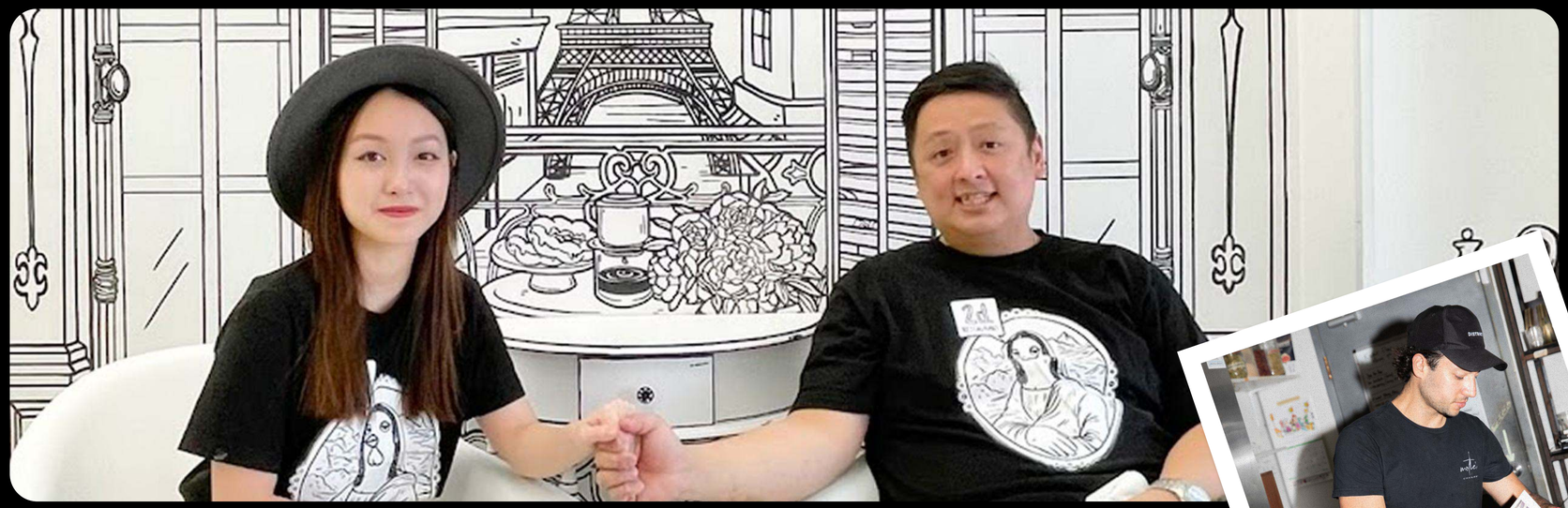
> “Because of 7shifts overall, we’re able to run a better restaurant. And because we’re able to run a better restaurant, people stick around.”

Josh Bishop
Owner, Wildfire + Fork & Fire



“By having a system, which they could retrieve all their information under one roof, simplifies their process [...] Just the ease of use of pulling their year-end documentation, their W-2s—under one platform—I think that is definitely a plus for the employees.”

Kevin Yu
Chef & Owner, 2d Restaurant





Empowered employees

Integrated payroll gives staff direct access to their own pay stubs and tax documents, reducing administrative questions for managers. This is especially valuable during tax season.

Easier, faster onboarding

The positive employee experience starts on day one. Digital onboarding saves the team at 2d Restaurant 35 to 40 minutes of administrative time with every new hire.

Ready to Turn Payroll into Your Strategic Advantage?





Wherever you land in the Payroll Benchmark, the path to a more efficient and profitable operation is about moving forward one stage at a time. It's about replacing manual work with trusted automation to gain more control and reclaim valuable time.

This transformation is about building a business with a stronger foundation—where payroll is a 10-minute task, not a multi-hour burden , and where you can build a team that sticks around.

7shifts was built exclusively for restaurants to solve these challenges. Our integrated platform connects scheduling, time clocking, tips, and payroll in one place, giving you the power to focus on what you do best.

Learn more about 7shifts Payroll

