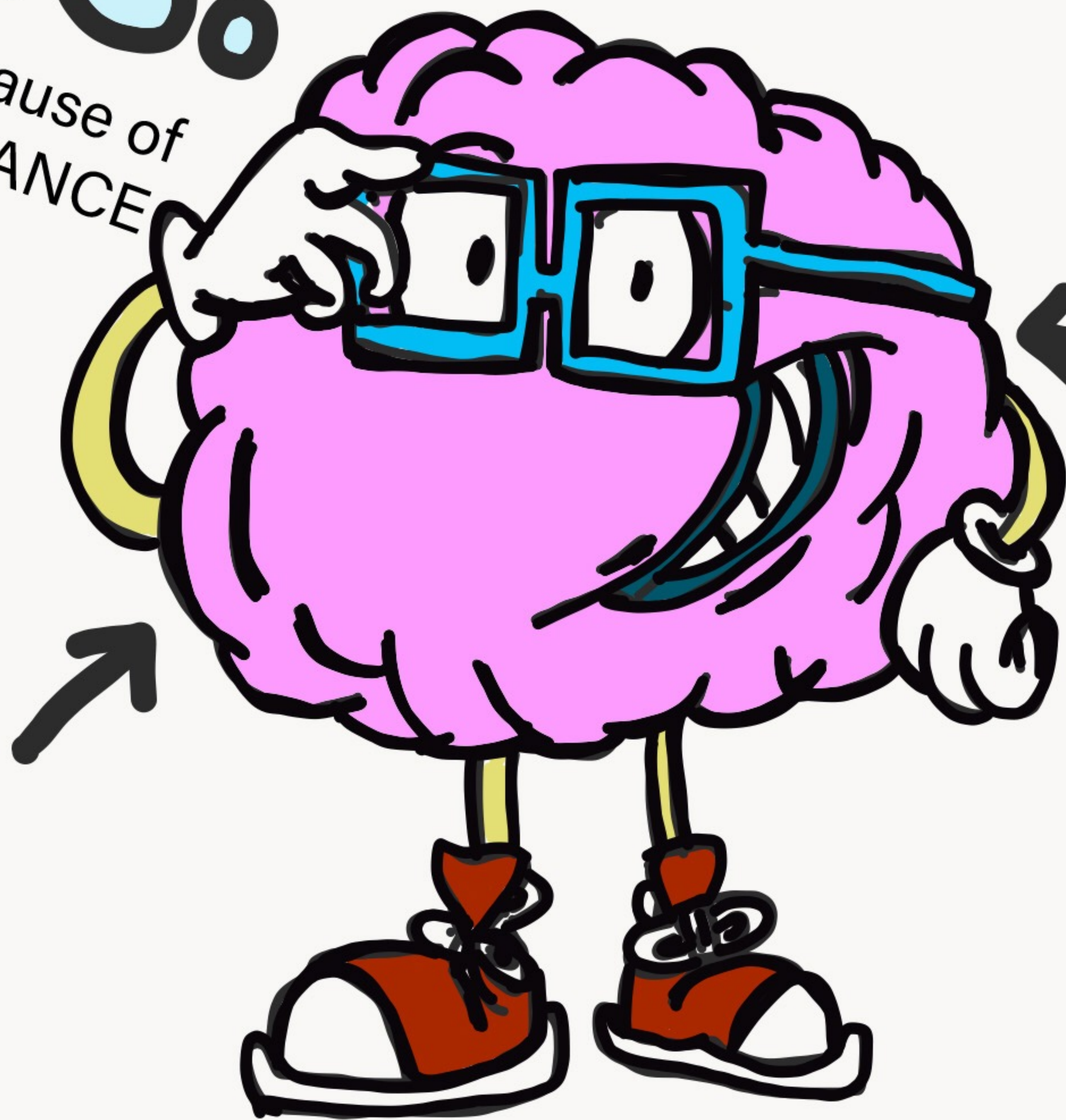


So You Want to OPEN A RESTAURANT?

1st Do it Cause it's your DREAM

Not Because of the ROMANCE



Understand Your Brain

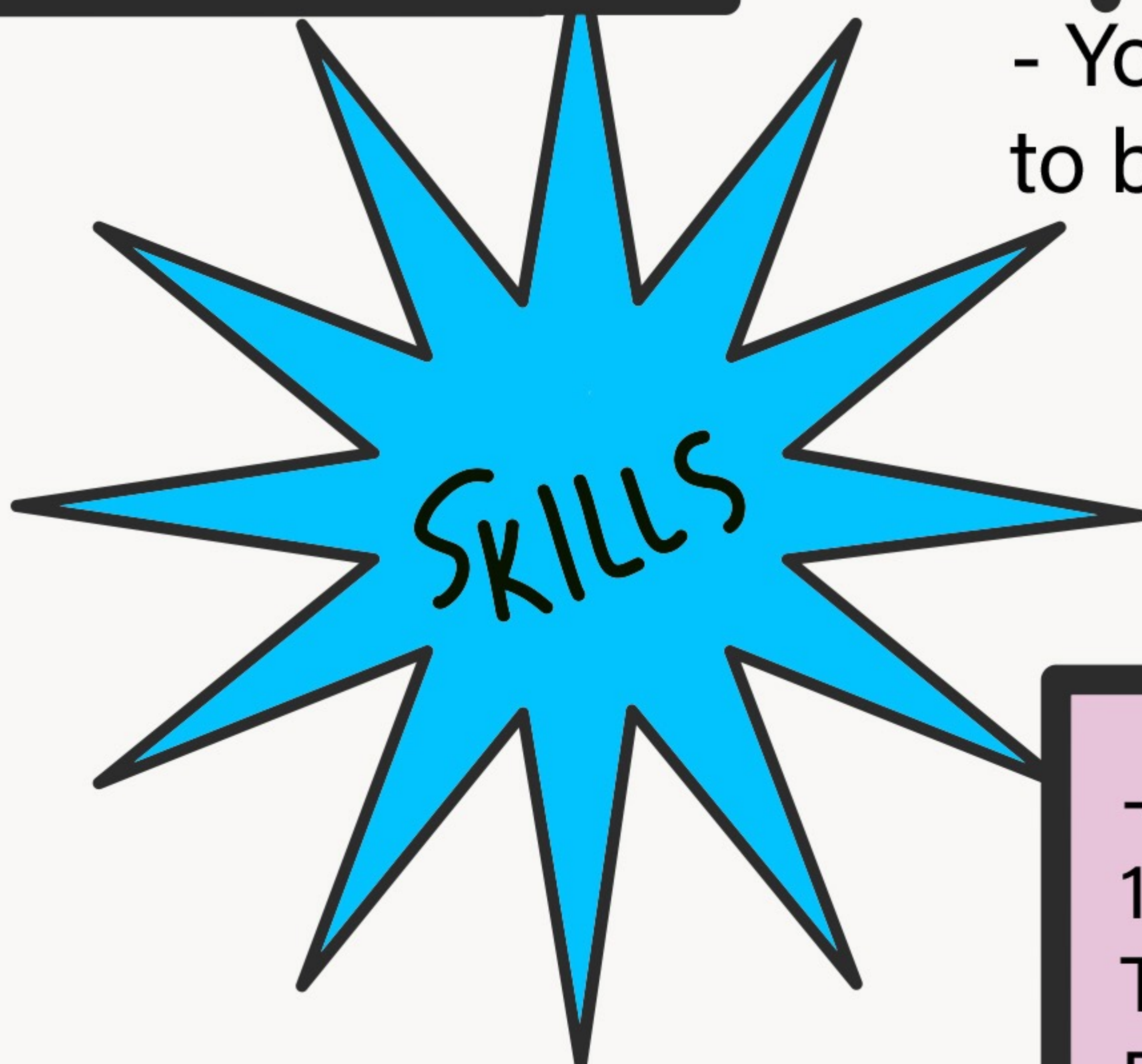
Right Brain- Focuses on the Magic. The flowers, music, & Lighting of the Restaurant

Understand Your Brain

Left Brain- Focuses on the Maintenance, Organization, & Systems of the Restaurant

Did You Know...

- You Need Unique Traits & Time Commitment to be Successful in the Restaurant Business?



- No Free Time, Especially the 1st Several Months of Opening. To Have more Time HIRE Badasses like a GM & Chef.

- 20% Profit is Good... Don't open a Restaurant just for the Money. Overhead= Silent Killer

- People Skills, Business Budget, HR, Cleaning, Collaboration, Maintain Everything like Toilets, Grease, Etc.

Mission Statement

-Be Clear, Concise, & Specific

What and How is Your Food Served?
- Buffet, Self- Serve, Counter order or Sit-Down

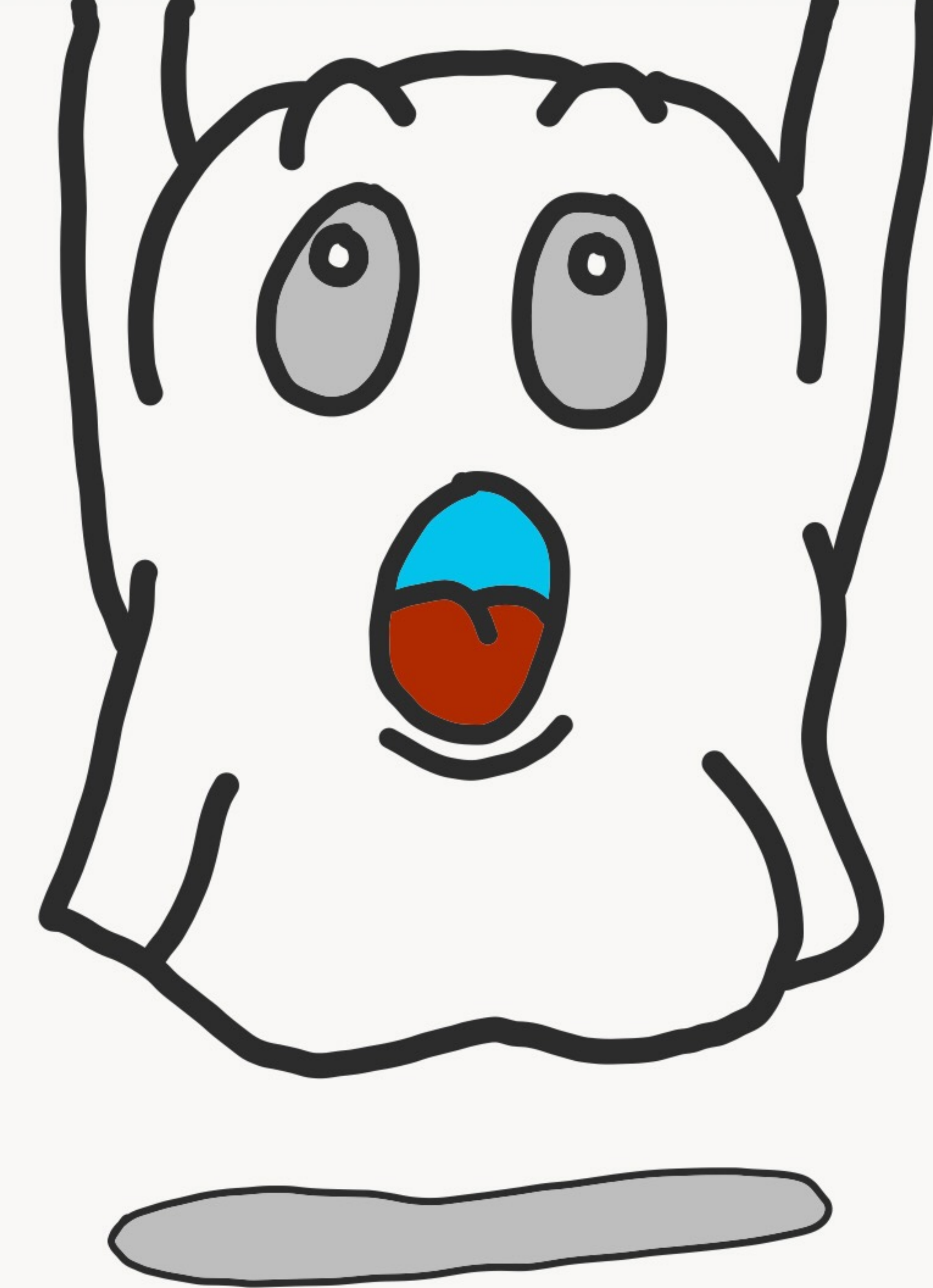
Be Visual

- Category, Menu Graphics, Music, Uniforms, Tableware, Signage, Decor, Etc. **SHOW** examples

Guest Experience
- Create Your Movie. Close your Eyes and Imagine the People, Smells, and what do you hear at your restaurant?

For The Common Good
What Will you do for your Community?

CONCEPT



YOUR CONCEPT IS YOUR REFLECTION OF YOUR SOUL

BE UNIQUE

- Serve Something that is Memorable
- SENTENCE 1= Start With just Words
- SENTENCE 2= Specific Elegant words that are Exciting
- SENTENCE 3= Put together a Clear, exciting Concept that shows How you are Different.

TARGET MARKET

- Who are your Customers?
- "Because of Location only we Will be Busy"
- "People Walking by Will Come"
- "After Work & Dinner Crowd"

* Can't be all different Markets, Focus on One

How will you Make your Customers Lives BETTER? "Tonight, Let's Have..."

GETTING TO KNOW YOUR MARKET

1-12

1. Relevancy



Local Beers



Farm To Table



Chef Inspired

2. Competition

- 30% of Restaurants FAIL, NOT because of Competition

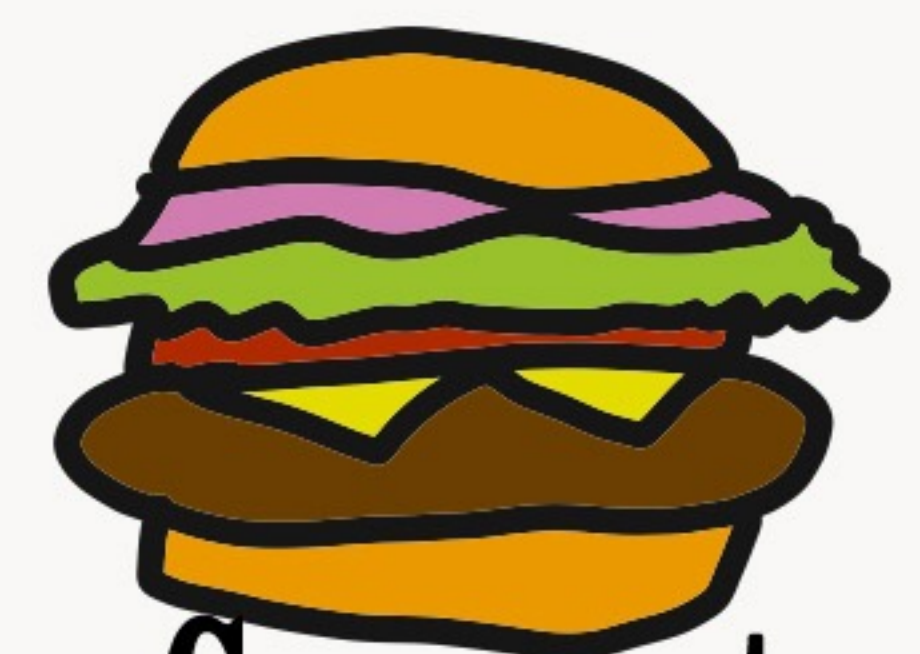
...GET TO KNOW COMPETITION



Price Point



Proximity



Concept

3. The Locals

- Learn Local Traditions, Drinking Habits & What they Eat. Avoid Quiet Neighborhoods. Need Business from OPEN- CLOSE, so plan for that.

4. Learn from Mistakes

- If a restaurant FAILS, Learn why they FAILED. Even Better, if you have failed, Fix it.

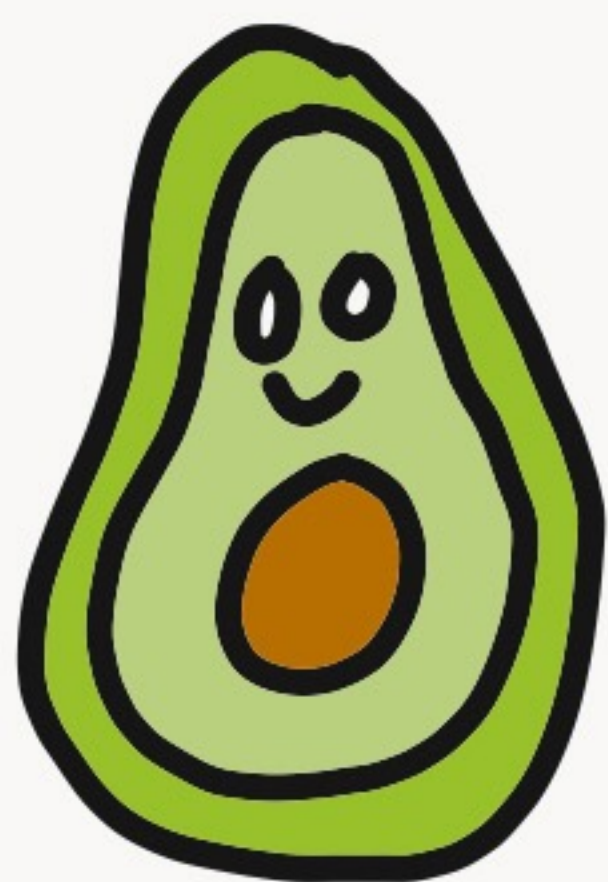


5. Mix Genre to Market

- Remember, People go to restaurants to Enjoy Life.



ASIAN



LATIN



AMERICAN



BRAZILIAN

6. Market Research

- Mix your Expertise with the Market You are In



- Talk to Staff "Staff tells the Truth, Owner's Lie"
Understand Your Market, Visit, Look at the Cars people drive, Are they Rich? Eco friendly? Which Restaurants are Busy? Understand why...

7. Adapt to the Market

- Be Flexible and Adapt without diluting your Concept. If you have crap employees, Limit guest interactions with them.

8. Takeout

- Delivery is hard to do.
Takeout is Easy &
Profitable



MONDAY'S
Make Separate Entrance

9. Relevancy is Local

- FEEL WELCOMED, Right when they walk-in. Know the Customers Names

10. Official Story

- Population, Growth, Median Age, Major Employers, Commute. Check Out SBA, Department of Economics on the Web for more information on the Location

11. Bandwidth

- Casual, Fine Dining * Understand Where the Customers Work
Talk to them and approach them the same as they would at work.

12. Stealing Ideas

- Don't Worry about It.
Just Be the Best. It's almost impossible to replicate exactly what you are imagining.

1. Local Liquor License Laws

- * Alcohol on average is 35% of Sales & Profits about 75%. 2
- Types of Liquor Licenses= FEE BASED YEARLY & an OWNER of the liquor license.
- If you can't afford, try corking fee charges. BYOB Model.

3. Classifications

- *Entertainment or Cabaret will permit dancing. Tavern could mean Beer & Liquor, but No Food. Zoning Enforced.
- Near Schools, Church, or other Liquor Licenses near can affect.

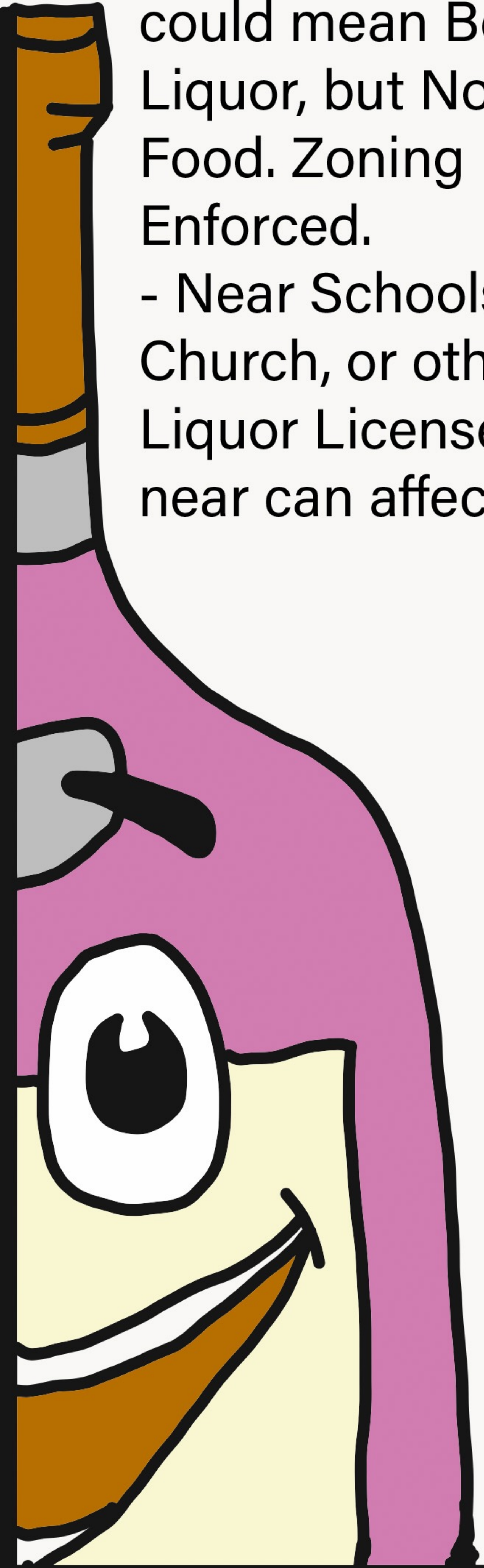
2. Fee-Based & Commodity Licensing Model

- * Fee- Based= Yearly Fee. Example; \$1,500+ yearly.
- *Ownership= Lottery or Purchased at inflated price (Go through broker to find out if liens on license) \$500,000+



Licenses & Legalities

Liquor Laws - Part 1



1. Zoning

* Intended use of location. Fix violations quickly! Work with the Town Officials, don't work against them.

2. Building

* Material, Methods, Insulation & Electrical. SIGNAGE= Very Time Consuming

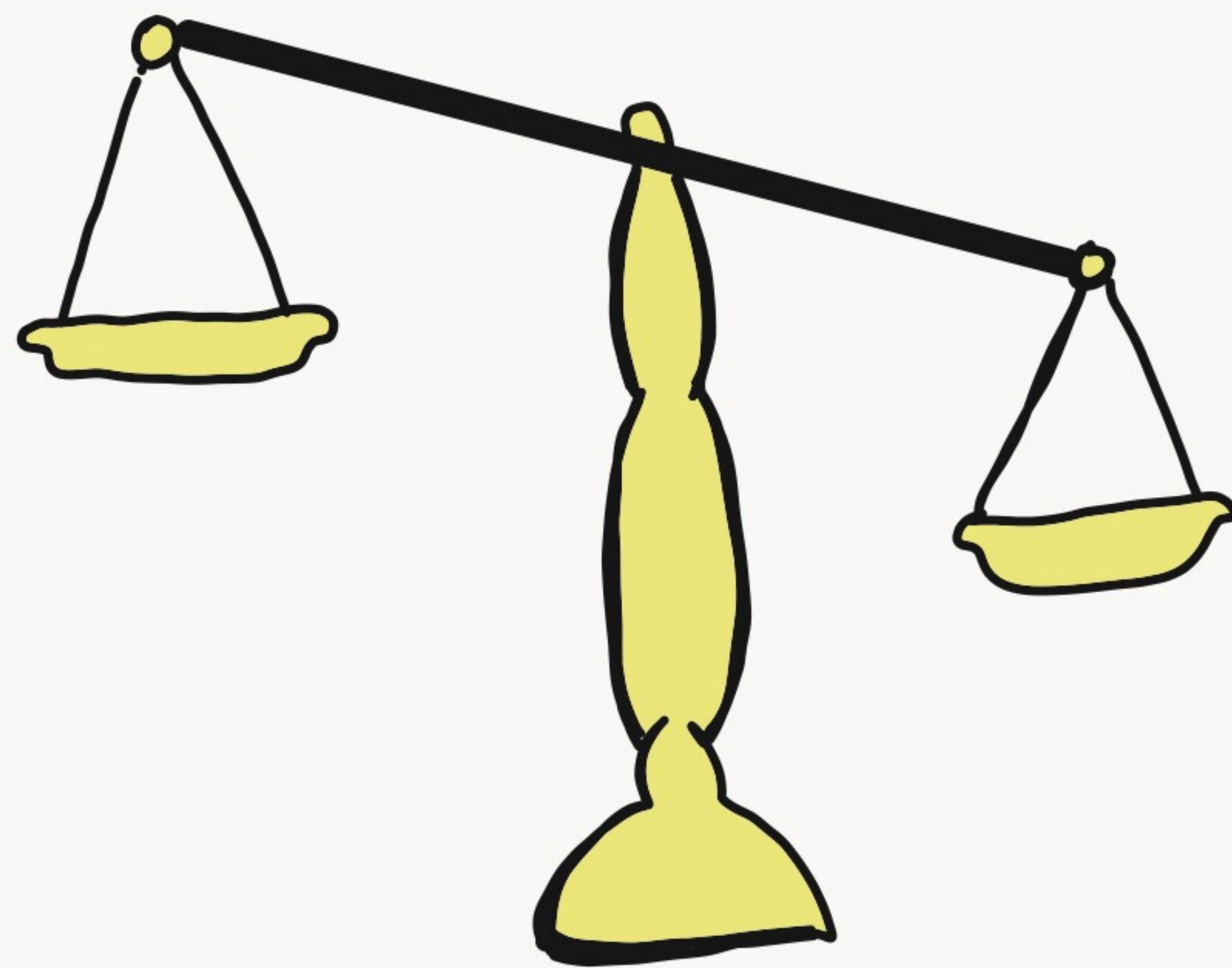
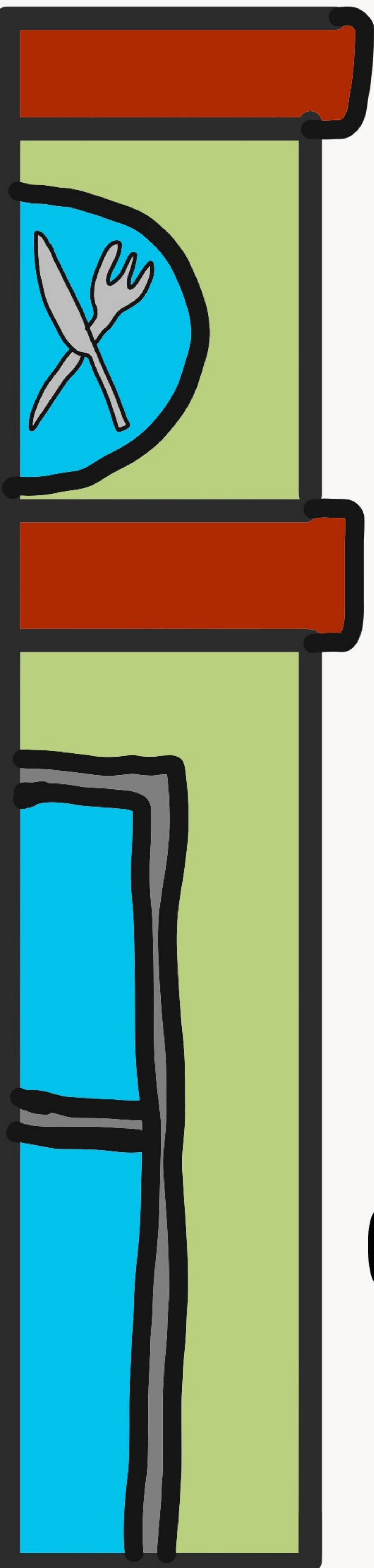
* Historical Properties= Pain in the ass to Fix. ADA Requirements, get to know them.

3. Fire

* Fire Prevention. CO= Certificate of Occupancy. Hard to Change Occupancy.

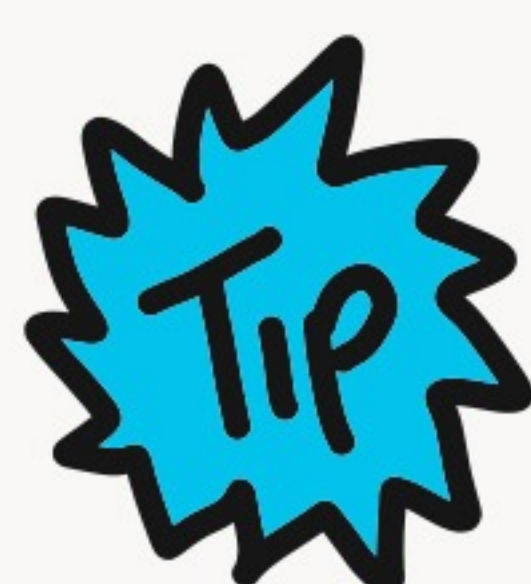
4. Health

* Handling, Storing, Prepping & Hygiene. Food establishment service License. Fed, State & Local Laws require certifications.



Licenses & Legalities

CODE- Zoning, Building, Fire & Health PART 2



Permit Expeditors

= Professionals who do everything for you to get to code (\$2,500-\$7,500)



1. LLC

* Limited Liability Company. Your Taxed individually. Your Losses offset your income.

Single= Sole Proprietor, Multiple Owners= S corp

2. Federal Tax ID

* Employer Identification Number (EIN)= Like Social Security Number for your business

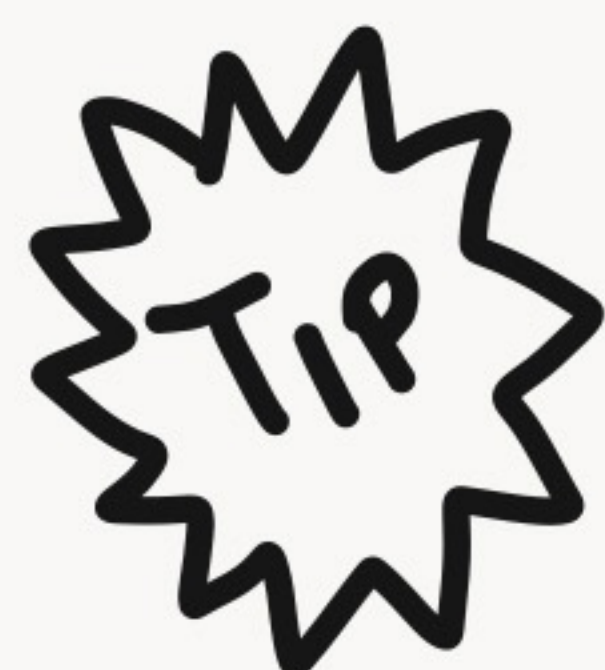
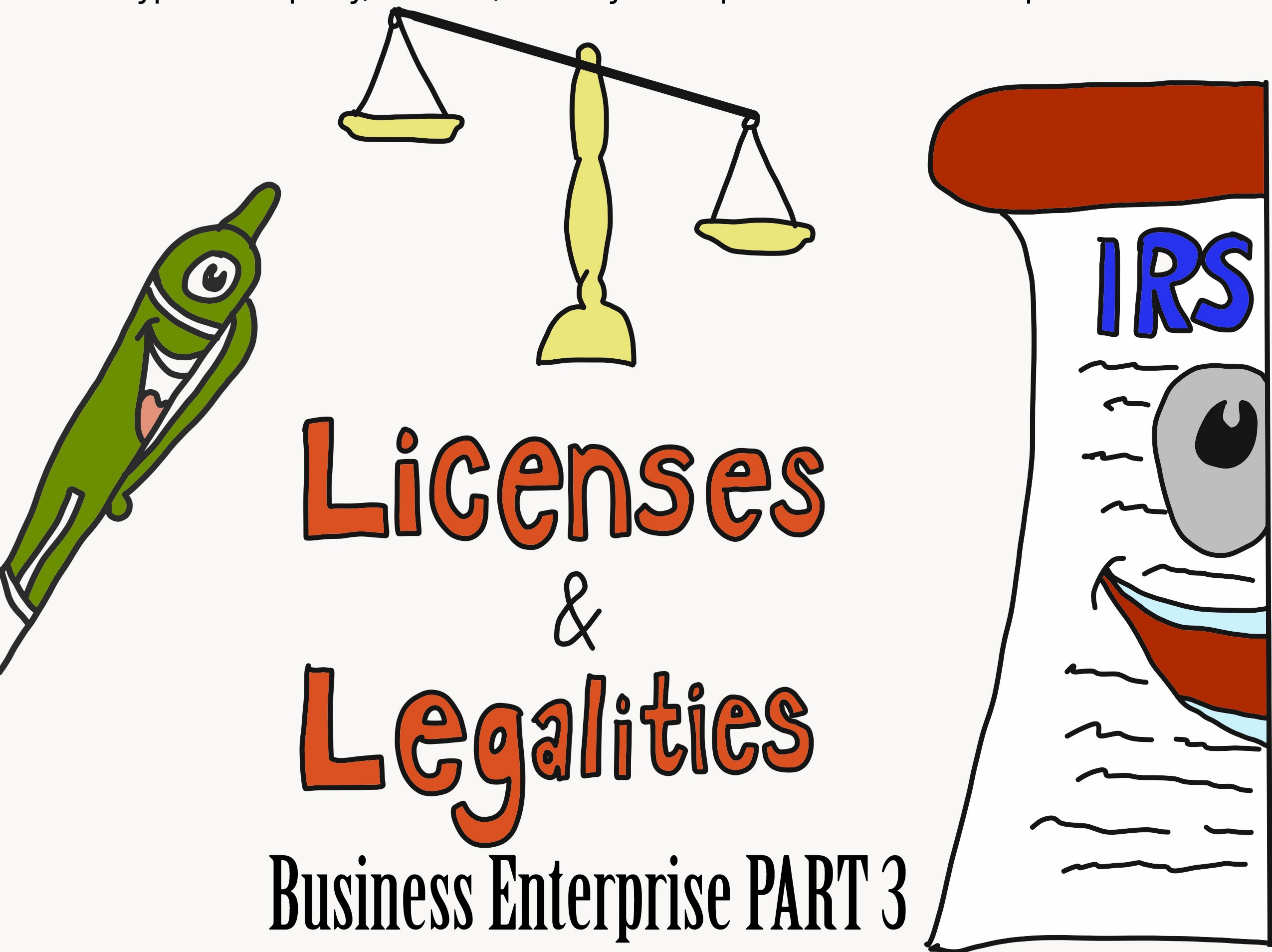
3. Withholding & Taxman Cometh

* Form 4070 "Employee's Report of Tips to Employer". With old TIPS & RECORD. *

Form 8027 "Employers Annual Information Return of Tip Income & Allocated Tips"

4. Insurance

* 4 Types= Property, General, Liability for Liquor & Worker's Compensation.



Be Honest

= Don't Lie about Sales & Payroll.

Pay Professional= Lawyers, Insurance Brokers, Accountants, & Payroll Services

1. Read Your "Draft 1" Mission Statement ALOUD to Yourself, Read to OTHER people, and don't explain the confusing parts, just fix them WITHOUT ARGUING

2. Don't forget to put YOUR NAME, which also doesn't have to be your LLC name. GREAT names become Brands, so don't name after your personal life. Remember, this name has to be a SIGN so keep in mind 1-2 Words & 1-3 Syllables.

DRAFT part 1.

3. Make sure your name is not Trademarked. Google it to avoid now, so you won't be stressed later about having to change it. TM: Name, Logo &/or Tagline. TM= Intellectual Property & an Asset

4. YOUR NAME & CONCEPT

- TYPE OF RESTAURANT & FOOD THEME
- DESIGN, HOW YOU ARE UNIQUE & DIFFERENT. BE VISUAL
- YOUR TARGET MARKET, YOUR NAME, WHY PEOPLE WILL COME
 - Decor, Lighting, Location, Service, Menu, Size, Seating, Hours, Bar

DRAFT 1

MISSION Statement

1. "Draft 2" Mission Statement should be your FINAL EDITS that make your mission very clear, concise & specific after you receive feedback from your advisors

2. Remember to make a STORYBOARD in a presentation to help make your vision more clear with pictures in each slide to help VISUALIZE your statement.

FINAL DRAFT

3. EXAMPLE: "My Farm to table restaurant will support the work of local farmers & organically grown plants. We'll promote the best, freshest, seasonal foods & re-create unique dishes"

4. **CLEAR, CONCISE & SPECIFIC**

Be Inspiring



Be Positive



Be Interesting

DRAFT 2

MISSION Statement

**Market
Analysis**

**Executive
Summary**

Financials

Budget

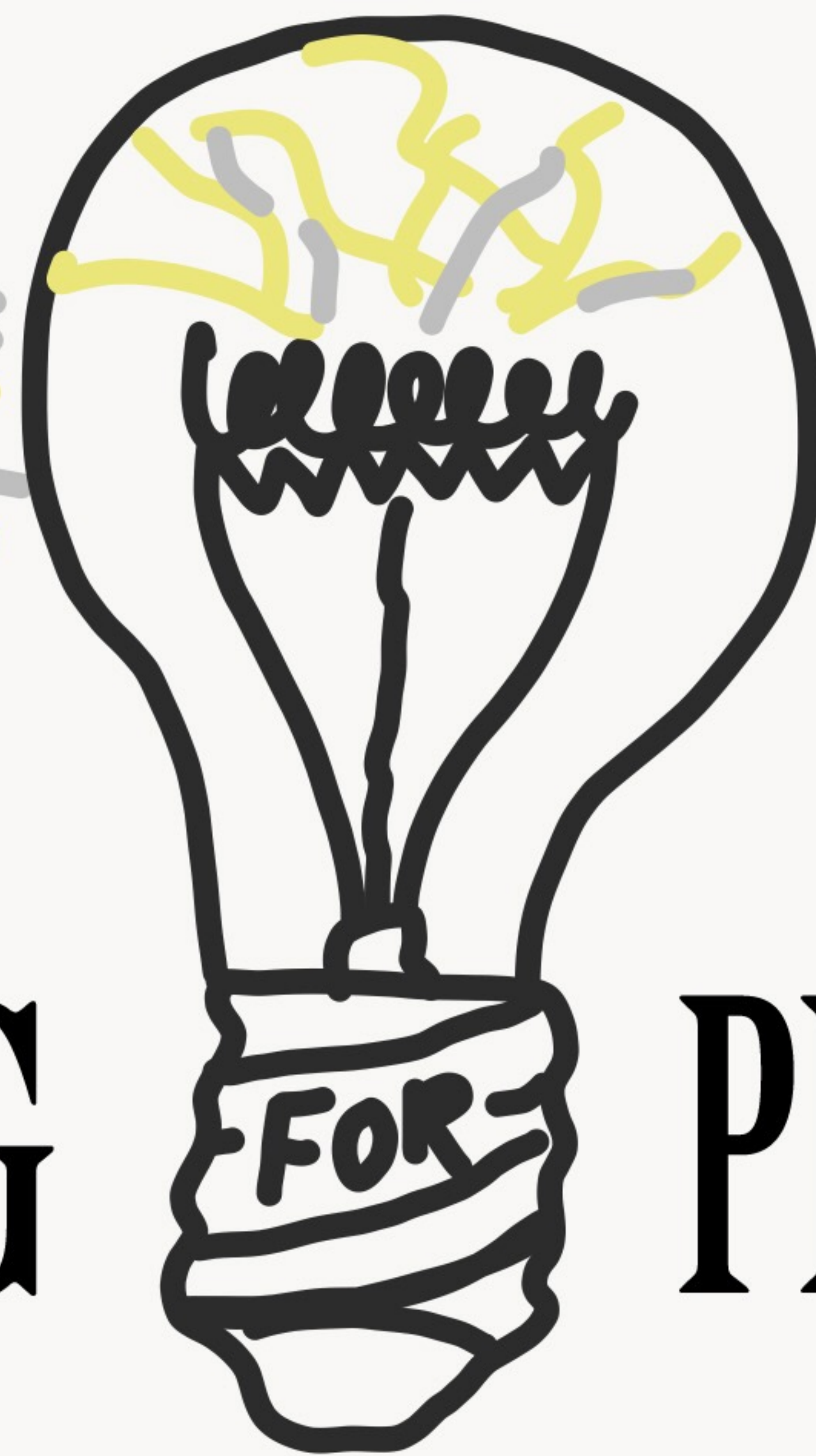
Concept

Marketing

Business

Plan

PLANNING



PROFITS

* Restaurants are unpredictable, so have a Plan!

Business Plan

8-40 Pages

12 Parts

- 1 **COVER PAGE** = A Powerful Image, Name of Restaurant & Business Name
- 2 **TABLE of CONTENTS** = List of all major headings & Subheadings.
- 3 **EXECUTIVE SUMMARY**
*1st Part: Fact based, Active voice, Why you will succeed...
2ed Part: Your Mission Statement & Concept that is WOW*
- 4 **BUSINESS CONCEPT** = How you will be relevant, How its changing, Quotes for validating your concept need.
- 5 **MARKET ANALYSIS** = How you will fill the gap in your location
- 6 **MANAGEMENT PLAN & ORGANIZATION PLAN** = Stress that you have Knowledge, Experience & Skills to Run a Restaurant.
- 7 **MARKETING PLAN** = Branding & Images of Menu, Table settings, Uniforms & Restaurant space. Draw People in it.
- 8 **FINANCIALS** = Daily Sales, Monthly & Yearly Sales projections. How you will pay back investors.
- 9 **START-UP COST PROJECTIONS** = Initial investment, construction, equipment, Furniture, Training, Opening, 6 Month reserve, Renovation.
- 10 **PRO-FORMA INCOME STATEMENTS** = Sales- Expenses = Profits
**Restaurant math vs Accounting = Restaurants include profits in Ops Expense. 1. DSR 2. Month Sales 3. Three year sales*
- 11 **TIMELINE/ GROWTH PLAN** = Show how you will pay back the investors
- 12 **CONTACT PAGE** = Final page should contain your contact info.

\$

Operation

Budget

Capital

\$

\$ CAPITAL BUDGET: The Realistic Budget that plans for when things don't go as planned. When the project gets delayed because of contractors missing or painters delay because of the rain... You have to have a buffer of 6 months

\$ OPERATING BUDGET: The Money making plan and Plan to make Profit. Project Costs & Sales, Overhead, Profit, Food & Liquor, Labor.

Food & Liquor: 20% Profit Margins for Liquor & 30% Profit Margins for food. Can be 25% of Sales. Utopia Model= 20% of Profits is good. Don't forget about WRAP-Around Costs= Things that are FREE. WINE= Huge profit Margins. People order the Middle Prices. Don't use popular wines that people know how much they actually are.

TESTING FOOD Costs: PROFITABLY, POPULARITY & PRODUCTION. Grade each 1-3 in each category for all menu items. If it adds to only 7, think about taking it off.

MANAGING LABOR COSTS: Employees Standing, Kill Revenue, Send Home staff that don't make you money...like the host, bus boy, Food Runners. The bartender can clean & sell one drink per hour.

OVERHEAD: Rent, Utilities, Repairs & Maintenance, Marketing, FOH Supply, Admin. "Penny Pinch" with things you don't need...Linen.

Finding Money

The title 'Finding Money' is written in a large, bubbly, multi-colored font. Each letter is a different color: 'F' is pink, 'i' is light blue, 'n' is purple, 'd' is orange, 'i' is yellow, 'n' is light blue, 'g' is yellow, 'M' is light green, 'o' is orange, 'n' is pink, 'e' is light blue, and 'y' is green. Below the letters is a row of colorful dollar signs (\$) in various colors including green, black, blue, pink, grey, orange, purple, yellow, light blue, dark blue, brown, light green, grey, pink, purple, orange, brown, purple, blue, black, and yellow.

- Banks don't like high risk investments, but high-interest loans through (SBA) Small Business Association do.
- Family, Friends & Business Partners could just give you Money, but involving sweat equity with someone can be worth it.
- Know what you need & show professional Marketing Material. Take your time to find your investor.
- Private Equity = 80/20 Model. 80% of all profits directed to retiring the investor's capital infusion & 20% of all profits to be distributed to the equity base of members according to their percentage of ownership. Once investment is recouped, Flip this to 20% to investors & 80% to owners.
- Don't let capital budget cost overruns infect your operating budget.
- Make Operating agreement very specific on who gives orders & who stays silent. Give investors a monthly amount they can spend.
- Family investments are hard because they sometimes want more and are even more hard when you lose. Get investments when they are supporting you only.
- Pay Back your investors ASAP so they don't have to look over your shoulder. They will ask questions when you buy a nice new car instead of pay them back.

MONEY OPTIONS



- Set Realistic Expectations. Share your Pro-for a budget and goals honestly. Outline the terms of repayment. Don't make the amount of repay and FIXED amount.
- CROWDFUNDING is hard for restaurant's that need \$100,000. Good for \$10,000 or so. KICKSTARTER, FOODSTART & EQUITY EATS are all things you can look into. What you will have to make for these is a badass video, set prizes that aren't heavy on budget.
- Remember, if you don't reach your goal on crowdfunding, you don't receive any of it.
- Leasing Equipment is tricky. Sign everything in your LLC so you are not responsible for it yourself. Read contracts carefully.

FINANCING TRAPS TO AVOID

* Finding yourself short on cash will lead to desperate Traps.

- Cash for credit card receipts: Usury loans= Lending money at exorbitant rates. Only do this if your going to make money with the money to pay off quickly.

- Personal Lines of Credit: Don't do for your business.

- Built-In Credit: Most vendors will establish a 7-30 day credit term. Most Liquor companies give 30 day window to help give you time to sell it. Keep up with you P&L Daily, Monthly & Weekly to be able to pay on time.

- Pay Sales & Payroll TAX so you don;t get into trouble. Pay every time.

- Setting up a Bank Account: Pick local branches that do wire transfers, bank checks & payroll accounting. FREE cash deposits & good customer service.

PAY BACK INVESTORS, MAKE MORE MONEY..

Location



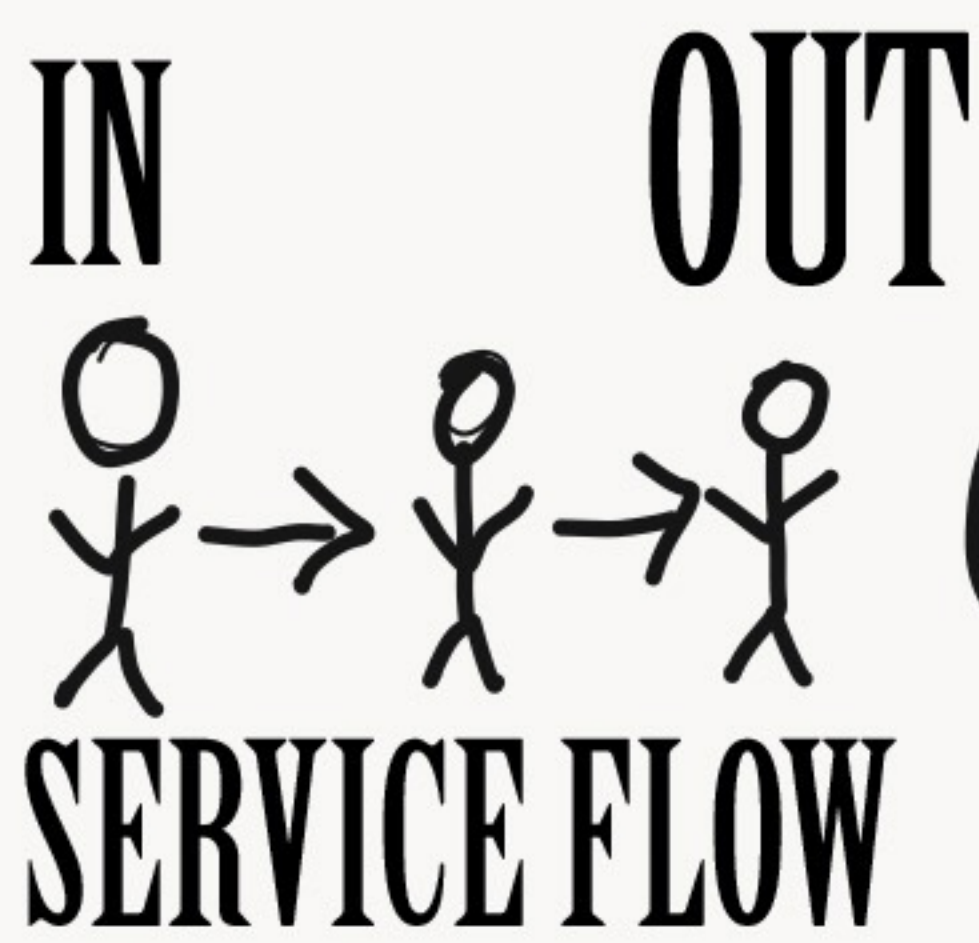
Not a make it or break it. If you are interesting enough, People will find a spot and walk to you.

“Valet Parking” is cultural. Understand the culture first.



People will leave their house to come to your restaurant because they Crave and Rave about your place. Location not so important...

vs.



If your looking for mostly grabbing people as they drive & walk by, your location is very important.

“Make 0.20 for every \$1”

1. Total Square Footage
2. Back of House Sq. Ft.
3. Dining Room Sq. Ft.
4. Number of Seats
5. Average Check per seat
6. Monthly Rent

Total Sq. Ft.

1/3 BOH (Typically)
12- 15 sq. Ft. Per seat. Fine Dine = 20 Sq. Ft.

* Role Play your Menu w/ 8-10 People to figure out Avg. Check

“Triple Net (NNN)” Responsible for all costs of spot



- Know the threshold to breakeven. When expenses are covered & Profits Begin

- Rent abatement during building-out & permit process
- Contingency in the event zoning use changes prevent opening a restaurant or getting a liquor license
- Exclusive use: Ask the landlord not to lease the same type of restaurant near.
- Assignment: Your right to transfer the lease to a new tenant is a valuable asset you might want to sell 10 years from now.

Rent to Start at 6% when restaurant is growing & rise to 7% when making money. Landlord will want you to make money.

10 Year Lease = Negotiate Cheaper lease Rent

NEGOTIATING

CONDITION OF THE SPACE

- Key Money: Know what you are getting.
- Get things inspected before agreeing to terms.
- Up-Cycle: Refresh the look of used furniture.

YOUR LEASE

NEW CONSTRUCTION

- Vanilla Box: What landlord says they will bring to the table. Check the:
 - Gas
 - Electric
 - Plumbing
 - Ventilation

Rent Should only Be 5-7% of Sales!

T.I.A.= Tenant Improvement Allowance: Payed Renovation.

F.F.E.= Furniture Fixture & Equipment: Payed Furniture upgrades.

Should you Lease Or Buy???

LEASE= 1st Restaurant

BUY= When you have the experience &/or finances. It's a good asset

Lease Terms:

- NNN: Triple Net= Property tax, Insurance..
- CAM: Common Areas= Parking, Walkways, Maintenance.
- Repairs: Know what the landlord is Responsible for.
- CPI: Consumer price index=
- * Ask for Past 3 year records
- * Watch out for Vacancy Costs around the location

BOLD
 - Be Rememberable
 - Be Talked About

- Commercial Design= Balance & Effect
- Don't Overdo using decorative accessories
- Punctuate the room to draw eyes to reinforce your concept
- Lighting= Guide guest's eye & Hide Weaknesses

PRIVATE DINING ROOMS

- Beneficial, but don't seclude from others.
- Make a Wine Cellar that is see through to be sexy

MAKE THE GUEST FEEL WELCOME



PAINT

- Warm Undertones

- * If Windowless, use wine cellar, mirrors & Candles
- * Large Windows that open can pose problems to Ventilation.

SEATING

- Consider your concept.
- Guests like to feel like they aren't "Floating, back against something. Most like booths.

ATMOSPHERE

CURTAINS: Energy Efficient, Dampeners
TABLETOPS: Sets Tone, Napkins, etc.
FLOWERS & CANDLES: Save Room
PLANTS: Difficult to maintain
SCULPTURE & ART: Match Concept
RESTROOMS: Clean & Hidden
OUTDOOR SEATING: Relaxing, No Reservations
LIGHTING: Magic & Mood. Side Lighting and dimmers.

COMMUNAL TABLES

- High Tops only. Beware of chair legs damaging the floor.
- Marks the table & Dividers at communal tables to give privacy.

NOISE

- Dampen Sound with curtains or Heavier Material. At Entry to keep out air (Don't cover Exit Sign)
- Hide sound dampers in Ceilings
- Music= Turn up When Empty, Turn Down when busy.

TAKEOUT

- Separate Entrance to not bug dining customers

SERVER STATIONS

- POS & Busier Reset Console Separate

FRONT OF THE HOUSE

"Cook-Throughs" = Practice making the Food.

- Make Meals Exactly the same EVERY TIME

YIELD TEST: Make Spreadsheets to how much a dish will cost you. L:if it Changes. You can however Refine the dishes to make simple flavor adjustments & cost effective adjustments.

REAL-TIME TESTING

- Investors

- Family & Friends

* Not a night of judgment, but of celebration to almost opening.

THE PHYSICAL MENU

- Chalkboard, iPad, or Traditional Card.
- Print Professionally, less Hassle.



- Use sparingly & Sometimes give pronunciation & definition on the menu

- Shouldn't Provoke "Mockery" laughter

- No TYPOS

- NO POMPOUS TALK

- Logo

- Categories

- Dish Names

- Prices

- Drinks

- "Chef-Owner"

- Health Warnings

- Policies

- Allergies

- Philosophy



WORDS

- Longer the item name, Higher the Price.

- CHEAP WORDS = Tasty, delicious & World Famous

- Keep it simple. Use Region Names for the food

ACCURACY

DESIGN

- Check Pinterest & Competitors Sites

- Menu Guides the customer to order

- Be able to Fit on Tables

BALANCE

- Mix Color, Texture & Taste

- Mix Traditional with Trendy

KITCHEN COOKING STATIONS

- Cold dishes

- Oven

- Fried Foods

- Stove

- Sauté

- Grill

Mix Menu items w/ Cooking stations

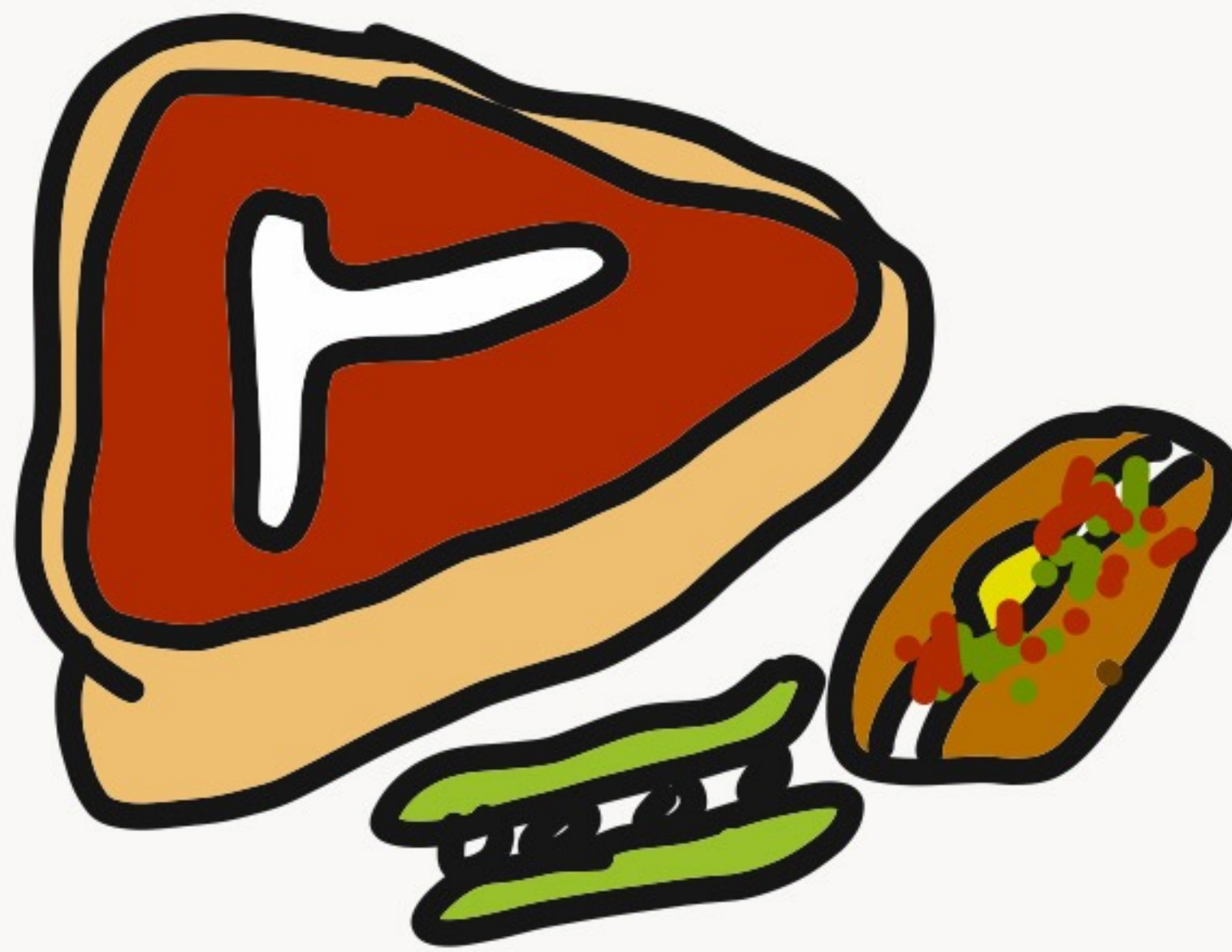
- a la minute = Cooked to order

- One, Two, Three: Three acts of food

APPS, MAINS & DESSERTS

MENU

Are you going to go with side dishes with Entree or a la carte?



Starch & Vegetables

Food Choices

- Allow for Modifications

- Vegans

- Gluten Free

- Allergies

BEVERAGES

- Take a genre & make it contemporary, relevant & more interesting.

- THREE ACTS of BEVERAGES