



THE PLAIN LANGUAGE GUIDE TO

RESTAURANT SUCCESS

THE MUST-HAVE GUIDE TO ESTABLISHING A PROFITABLE BUSINESS!

THE COMPLETE SERIES



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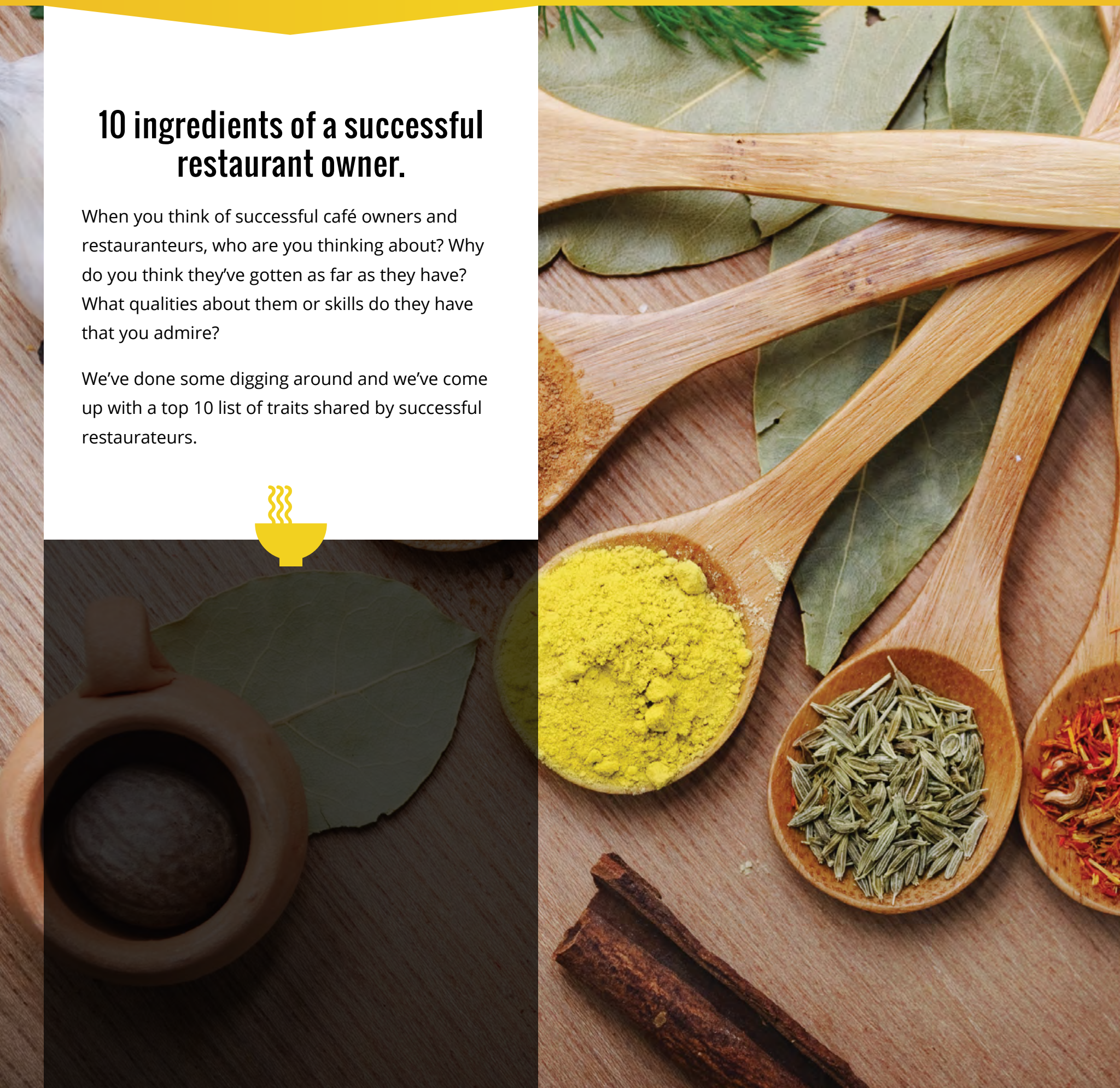
Where to now and in the future?

The basics of restaurant success (have you got what it takes?)

10 ingredients of a successful restaurant owner.

When you think of successful café owners and restaurateurs, who are you thinking about? Why do you think they've gotten as far as they have? What qualities about them or skills do they have that you admire?

We've done some digging around and we've come up with a top 10 list of traits shared by successful restaurateurs.



SKILLS

The shared qualities of success

1. GOOD PLANNING SKILLS



True to the old adage, failing to plan is planning to fail. Spend a lot of time researching and planning out how you're going to create your business. Trust us, this is the big step that you don't want to skimp on. Even if you've been in hospitality before, running your venture is a whole other ballgame.

These days there are some great productivity tools and you can usually get them to sync on the cloud so you can see the same thing across your computer, iPad and phone. Now is a good time to start playing around and acquainting yourself with them, if you haven't already. Whatever tool you choose will become your gospel throughout this process. Gone are the days of not-so-sticky sticky notes that seem to cling to your desk/wall/door for dear life.

Life Hacker, polled the online community for the best project managements tools. Here are the results; from 2,316 votes, the winner was Evernote with 778 votes at 33.59%, Trello came second with 20.47%, Asana at 17.27%, Microsoft OneNote at 13.99% and Azendoo at 14.68%.

You'll also need to identify possible roadblocks or challenges you might encounter, like managing expenses and cash flow, or mapping out contingency plans if something goes awry, like produce you're counting on being not available or financially viable at a particular time.

At the time of writing, persistent drought conditions in most of the South Island and dry weather in the North Island have meant a renewed focus on irrigation and water storage schemes for the country. With New Zealand being the world's biggest exporter of dairy, the drought signals a slowing down in production and price hikes for dairy products. According to **Global Dairy Trade**, an online auctioneer for dairy products, the price of cheddar cheese has increased nearly 17% .



SKILLS

The shared qualities of success

2. CONSISTENCY



Consistency is so important in hospitality. Think about how many times you've sworn to never return to a restaurant or café

because a waiter was snobby or the tablecloths were dirty. Imagine if one of your waiters or servers took the mobile phone number of a female diner (off a competition form she'd just filled out) and then texted her throughout her dinner (true story, read it here on [Reddit](#)).

You need to put a lot of thought into how you can maintain consistency not just with the quality of your food and beverage offering, but also your customer service levels. In order for this to really work, you have to get your staff to buy into it. You need to be clear so everyone's on the same page about what is expected of them and what level of service your customers expect. Think carefully about what kind of customers you're looking to attract with your new venture, and what kind of things you can do to win them over and have them coming back for more!

3. GOOD COMMUNICATION



Although being a good communicator is important for pretty much all aspects of your life, when it comes to running your own business in particular, it's up to you to take the reins.

Effective communication is vital in the hospitality industry! If you put time and consideration into good communication with your staff, your customers, your investors, and your suppliers, you will reap the benefits ten-fold. For example, encourage staff to provide their feedback and hold regular meetings to let them know of important updates and what's going on in the business.

When it comes to your potential customers, how can you get in on the conversation and make them think of your business when they want to go out for breakfast/lunch/dinner/dessert/drinks/etc? Can they find information about you online, like your menu options and location? Are there particular features about your business that would appeal to them, for example, ample parking space or a fancy boutique coffee offering?

“I judge a restaurant by the bread and by the coffee.”

- Burt Lancaster

ATTITUDE

The shared qualities of success

4. POSITIVITY



Think about the bad experiences you've had with people in the hospitality industry.

Remember that time you were out for dinner and you constantly had to crane your neck looking around to spot a waiter to ask for more water? Or that time those two girls made you wait a few minutes so they could finish their conversation before you could order your lunch, even though you were obviously in a rush? Or maybe the cashier looked so bored you wondered why they even bothered to show up for work at all.

Negative experiences tend to etch themselves deeper in our psyche than the positive experiences, so don't let this happen to your restaurant! Consider the learnings from your own experiences and inject the positives into your business. Work hard to create an environment people want to be a part of and where they feel happy and supported. If your staff is giving off happy, friendly vibes this will rub off on your customers and they'll want to keep returning. Don't ever underestimate the power of positivity!

5. VISIBILITY



This might sound like a no-brainer, but if you want to be successful in the restaurant game, you need to be on-site at your premises as much as possible. If you're not, you're neglecting the important task of getting to know your customers, motivating your staff, and immersing yourself in the everyday running of your business.

6. DEVOTION TO DUTY



If you don't love what you do, sooner or later your drive will lag, which will definitely affect your bottom line. Passion is contagious. If your staff don't feel the love, you can't expect them to sustain a great attitude or 'go the extra mile' for your business – but remember this too: apathy is also contagious. More than that, your customers want to know you care about giving them the best experience possible and offering a fantastic atmosphere in which they can dine. You can't do that without passion for what you do.

7. LEADERSHIP



Running a food-service business can be extremely stressful, with many things competing for your attention, all at the same time, like customer demands, suppliers, staff issues, and so on. If you're to stay on top of everything, you need to be able to remain cool, calm and collected. While everyone else is losing their head, you have to be the one to guide them through.

8. BALANCE / MULTITASK



No, we don't mean balancing three plates on your arm and a bowl on your head – although we'd like to see it done! Instead, it's important that you can balance the details of the everyday running of a restaurant, café or takeaway establishment (staff issues, paperwork, admin, supplier relationships, finances) with the end result, i.e. great food and happy customers. Get the balance right, and you're on a winner.

ATTITUDE

The shared qualities of success

9. CREATIVITY AND THE ABILITY TO THINK OUTSIDE THE BOX



A big part of your ability to draw in business is about identifying the message you want to send to potential customers and making sure it's communicated. Look at what the competition is doing, and see if you can offer something more or different. A great place to start is by working out what is unique about your business. Is it the food, the location, the portions, the cost? Include your point of difference in your business plan. It will make it easier to convince potential financiers that you have a competitive edge.

10. COURAGE TO DREAM



There is an innate drive in all of us to do better, be better. Dreams are highly valuable commodities that propel us forward and give us energy. Don't be afraid to dream big and go after what you want!



Your road map to success: how to create a business plan

It doesn't matter if this is your first foray into starting your own business, or you've done this before, any good entrepreneur will tell you to write a business plan – the more comprehensive and detailed the better! The planning stage is crucial to your success. By developing a detailed business plan, you're giving yourself an opportunity to really understand what's ahead and what you need to do to achieve your dreams.

The process of putting together a business plan will make you sit down and think about what your goals are and how you will get there, step by step. Internally, this business plan will help you to crystallise your concept, understand the market you're trying to penetrate, and create strategies to help you achieve your objectives.

It explains why you think your restaurant will work and how much money you need to make it happen. You'll also need to estimate your budget, including expenses and cash flow – all the things potential investors want to see. As you'll read about in part three of this series, **How to finance your dream venture**, most people can't afford to fully fund their venture themselves, so bringing on investors can be a great option to help get your idea off the ground.

Remember, knowledge is power – and, in this case, success.





HOW TO STRUCTURE YOUR BUSINESS PLAN

Business plans are typically set out with much of the following sections:

- Cover page with the name of your business on it
- Table of contents - summarising what is in the business plan
- Executive summary – a couple of paragraphs about your plan
- Your current position – if the business has been registered, if you are currently trading, how many employees you have, etc
- The objectives - of your business
- Business concept – outline the product/service you want to provide

What’s your concept and theme? You’ll be asked this question time and time again. Give it some serious thought right now, and get it down on paper, in your business plan. In this section, you explain what your vision is, but not how you’ll achieve it. It’s the ‘big picture’, not the ‘fine print’.

Your menu - Your menu should go hand-in-hand with your concept, and the type of patrons you are targeting. It should also take into account what the competition is doing, so you can mount a good challenge! Creating a menu now will also give you a better idea about what equipment you will need.

As a way of showing your potential investors you have really thought things through, consider including your menu mix in your business plan. You can read more about [the menu mix in part six of this e-series](#).

Clientele - who will your clientele be? Here you need to show you will be able to attract enough customers to make a profit, and explain how your concept will whet their appetites.

In order for your business to be a success, it’s absolutely imperative you get to know your target audience well, also known as your target consumer’s demographics. A great idea does automatically not ensure success, and unfortunately many businesses have fallen over due to poor or outdated research or not spending enough time getting to the crux of who their customers are or what they want.

Include a brief overview of the type of customer you will be targeting. Include things like how often they dine, where they currently dine, are they couples or families predominantly, full-time workers or students, what age bracket do they fall into, how much disposable income do they have, and what would make them choose your restaurant over the competition.



Images courtesy of Pinterest



HOW TO STRUCTURE YOUR BUSINESS PLAN

Market analysis and plan - explain how your business concept is different to competitors in the market and the unique point of difference your product or service will offer. You should also highlight any research that indicates you will be able to fill a gap in the market.

You should also include specific information like how close your competitors are to your restaurant, their opening hours, and the elements of their service delivery that make them a success.

There are two types of competition, and they don't have to be the restaurant or café next door.

These are:

1. Direct competitors: restaurants that sell the same sort of food, offer a similar service, and charge around the same prices.

2. Indirect competitors: restaurants that have a different concept but are competing for the same customers as you. For instance, if you want to open an Indian restaurant next door to a steak house, and you're both trying to attract a lunch crowd, you are indirect competitors.

Sales and marketing strategies – not just for launch but ongoing to build awareness and increase sales.

If you're interested in reading about some of the cool low cost ways you can market your business, you might like to read this blog post, [How to Market, Shop & Tempt Your Customers on a Shoestring Budget](#).

Management team – add information like skills, experience and strengths here of yourself, your managers and other key staff that will add credibility to your plan.

Financials – here you need to outline how much funding you need, how it will be spent, and how you're going to grow your profits.





FINANCIAL DATA

Compiling your financial data will make it easier for you to bring your vision to life, convince financiers to invest, and help you run your business once you've opened your doors. In this section of your business plan, you need to show that you will be able to make the money required to pay for your projected expenses. Remember to plan for the worst so you can avoid any nasty surprises down the track.



FORECASTING SALES

Before forecasting your expenses, start with your sales. That way, you'll have a good idea of how much you'll be earning, so you'll know how much you can afford to spend.



FORECASTING EXPENSES

When you forecast your expenses, include everything you can think of, including rent, equipment costs, fit-out, wages and advertising/marketing expenses.

There are two types of expenses:

1. Controllable expenses: managed through good business practices, for example, marketing costs, wages and admin.

2. Non-controllable expenses: these are often fixed expenses, like council rates, rent and taxes.

Try to be as detailed as you can and, when you're doing your expense projections, take off the rose-coloured glasses and be conservative about how much money you expect to earn from your project. If you plan for the worst, you're prepared.

Of course, things might turn out brilliantly, in which case, congratulations!

“There is only one boss.
The customer. And he
can fire everybody in
the company from the
chairman on down,
simply by spending his
money somewhere else.”

- Sam Walton



YOUR BREAK-EVEN ANALYSIS

A break-even analysis is a tool to help you see exactly how much you must sell in order to cover your expenses. If you can't 'break even' you need to take another look at your expenses to see what can be adjusted.



WHAT WILL YOUR PROFITS BE?

In the profits section of your business plan, you forecast your profits by subtracting your controllable and non-controllable expenses from your estimated sales. The figure you come up with will be your bottom line. This is the section that a lot of your potential investors will be looking out for, so it's crucial. If you're interested in reading more about investors and finance options for your new business, why not check out part three of this e-series,

[How to finance your dream venture.](#)



CASH FLOW PROJECTION

Cash flow is the make or break for any entrepreneur and its importance cannot be underestimated. You need to know you will have enough working capital in the bank to pay all your expenses even when you have a slow month – and unfortunately slow months are unavoidable. A cash flow projection details when money will be coming in and when it will be going out.





THE BALANCE SHEET

This is a summary of your business' financial position on a given date. That date is usually at the end of an accounting period. It's a snapshot of your assets (the funds you have) versus your liabilities (what you owe). It's a handy tool when it comes to seeing where you can improve your restaurant's efficiency because it allows you to measure the number of turns on inventory; this figure appears on the balance sheets under the column labelled 'assets'. By maximising the efficiency of your assets you'll be able to maximise your business' profitability – a.k.a. more money in your pocket! Tracking and managing your inventory is a delicate balance because you need to have what your customers want in stock so they can order off your menu, but at the same time, you don't want to have loads of excess stock piling up around the place when that money could be better used elsewhere.

We think it's really important to write the business plan yourself so you know it back to front, but you should also consider the help of professional advisors. If you're not quite sure how financially feasible your idea is, here's a great resource for you to play around with:

[Download your FREE Café Feasibility Chart here to help you predict your income revenue and expenses](#)

[Click here If you'd like a free business plan template from the NZ Government website.](#)



How to finance your dream venture



I need an Angel for startup capital for a cupcake store.

I need your help. I have the brains, the will, the ideas, and the product - but I need YOU!

I currently run an online cupcake business here in New Zealand. I have over 8 years experience in the hospitality industry and my online business has been successful but somewhat limited due to not having a storefront and the funding for proper advertising.

Please help me make my dream come to life by being a silent business partner and making the most of this great opportunity.

Source: www.go4funding.com

If this has ever been you or you know someone like this who needs a bit of help to get their awesome idea off the ground, then you've come to the right place.

This is the third part of a 10-part series, called The Plain Language Guide to Restaurant Success.

Silver Chef surveyed our customers recently and found that a whopping 92% of businesses were on or over budget when setting up their venture - **Download the Hospitality Trend Report**. And that's even when they thoroughly plan everything out!

In this section, we'll talk about how to work out how much money you need, how to get investors to sit up and take notice, approaching the bank for a loan, and paying for equipment. You might have grand visions for your establishment but they'll remain just that – visions – unless you can find the readies.



Working out how much money you need

This depends very much on how well you actually did your business plan! **Here's the link if you need to go back to part 2 and refresh yourself on what goes into a business plan.**

There's a few key things you should keep front-of-mind when you're planning, like your particular concept, the extent of your own savings, where you want to start your business, building and fit-out costs, the list goes on and on. **Don't forget to jump back to part one if you missed the top voted productivity tools you can use to map out your dream business!**

You should also try to be a bit frugal with your money too. And if it's luxurious and classy you're after, then you should invest in your statement pieces, whether an amazing wallpaper or splashback or sign, and go cheap on the items that don't matter. It's like how you can spend next to nothing on home brand raw sugar, but you couldn't switch your single source fine coffee bean for some instant and expect people not to notice. Look for savings where you can get away with it and think twice before splurging on everything because you've whipped yourself into a fantasy frenzy!



THE IMPORTANCE OF WORKING CAPITAL

Working capital is easily described as ‘the cash available for day-to-day operations of an organisation. Strictly speaking, one borrows cash (and not working capital) to be able to buy assets or to pay for obligations.’

source: **Business Dictionary**

To work out what working capital really means in terms of your net liquid assets (which affect your ability to borrow money or secure finance), subtract your current liabilities from your current assets. ‘The amount of available working capital is a measure of a firm’s ability to meet its short-term obligations.’

source: **Business Dictionary**

It's important to keep in mind that opening a restaurant, café or takeaway outlet almost always takes longer and costs more than you've originally planned for. Of course, it would be amazing to have patrons lined up the day you open, but reality is that it'll generally take a bit to get going. Make sure you put aside at least three months of working capital to cover unforeseen expenses, like:

- 📌 construction and fit-out costs going over budget
-
- 📌 problems with equipment
-
- 📌 local council requirements, and
-
- 📌 the need for extra marketing.

About investors

Most people can't entirely fund their new restaurant venture, so if this sounds like you, you may choose to go down the investor route. So what does this look like? What sort of options do you have?

You may choose to bring on a silent partner, also known as a limited partner, whose involvement in the business is often restricted to the capital invested in the partnership. However, there are also other types of partners that contribute in other ways outside of cash. They may be particularly skilled in an area you're not overly familiar or comfortable with. For example, they may have great business acumen, know a lot about the area, its residents and local dining scene, or be a gracious and enchanting host and get people in the door.

Another option you could look into is equity crowdfunding, which has only been around in New Zealand for a few months. Websites like [Snowball Effect](#) and [PledgeMe](#) are brilliant, because they 'allow [sic] businesses to raise up to \$2 million a year from investors without the usual red tape involved in share issues.' *source: [Stuff.co.nz](#)*

There are also two types of small business investment, each with their own advantages and disadvantages, so make sure you weigh up your options carefully. You can either allow the investor to take equity in your business in exchange for money, or they can essentially give you a loan, where you arrange for interest to be added on and you make future repayments, usually over a set term.

You may also have family and/or friends willing to invest in your venture. However, you would be wise to remember that if your friends and family do decide to invest in your business, they should be treated in the same way as you'd treat your other investors. That includes signing a contract and agreeing to dates for repayment.





KEEPING YOUR BUSINESS PARTNERS ON SIDE

Remember that the more partners involved in your restaurant, the more opinions you will need to deal with. In your business plan, make sure you put forward a decision-making strategy, and have your partners agree to it before going any further. If you and your partners can't agree on this part of the plan, it's a safe bet to say that this will likely cause issues in the future and you should think very seriously before going into business together.

GETTING A LOAN

Often banks will baulk at the idea of lending money to a restaurant business because the industry is notoriously risky. Bear in mind that if you do get the nod they'll often ask you as the owner to personally guarantee the loan - making you responsible for repaying it, no matter what. Alternatively, they might require a co-signer or guarantor. If you're just starting out, you'll probably need some sort of collateral, like property, before the bank will look at you twice.

On the other hand, if you're looking to expand your restaurant business, you can show that it's successful, and you're fortunate enough to have collateral, your chances of qualifying for a loan are greatly increased.

What the bank will ask for

It will be easier to get a bank loan if you have the following information at the ready:

- ❓ **Prove that you can repay the loan:** This is where all the hard work you've put into your business plan will help. It will show that you've done your homework and you are taking the project very seriously.
- ❓ **Equity:** How much are you personally investing in your restaurant? The more you have, the better (obviously), just as if you were putting a deposit on a car or a house.
- ❓ **Check your credit history:** The bank will most certainly do a credit check on you, so make sure it's in order. Sometimes people are unaware that there is something awry in their personal credit history. By checking it, you'll give yourself a chance to fix any unexpected anomalies before approaching the bank. Did you know that it's free to request a copy of your credit file? However, keep in mind there's a cost if you need the information fast. For more information on how to check your credit file, check out this page on the [New Zealand Government website](#).
- ❓ **Collateral:** Think about what assets you own that you can offer as security if you default on your loan.
- ❓ **Experience:** If you have industry experience, use it to your advantage. A strong track record goes a long way towards making the bank more confident about giving you money.

Equipping your business

Once you decide what equipment you need in order to make the business operations run smoothly (see part 8 for advice on setting up the kitchen), it's time to consider how you're going to pay for it. Silver Chef offers a flexible Rent-Try-Buy Solution which means you can save your capital and keep your options open.

Rent equipment – save your money where you can – why would you not?



RENTING

Renting your equipment can give you a great head start, because it leaves your savings for other important expenses. With renting, far less paperwork and evidence is required than for a bank loan (and it doesn't put your house on the line as collateral!).

You also have something unique and much-needed in the hospitality world – flexibility.

TIP

A key benefit to renting is that nothing is recorded on your balance sheet – which means it won't affect your ability to borrow in the future.



RENT-TRY-BUY

Rent-Try-Buy is a rental product offered by Silver Chef, a company that has been helping hospitality businesses for almost 30 years.

Using Rent-Try-Buy has the benefit of allowing you to try the equipment first, and change it if you need something different. If the equipment is perfect for your needs, you can purchase any time, with a generous rebate. In the ever-changing world of hospitality, this is the perfect equipment solution for your business.

See www.silverchef.co.nz for more information.



LEASING

Leasing is a very different concept to renting, so it's important to make sure you understand both well before choosing the best equipment financing option for your business. Equipment leasing is considered on balance sheet funding, meaning that instead of being an operational cost (like renting), it is an expense liability.

This means it can affect your equity ratio, which is part of what the bank looks like when it considers you for a loan. Make sure to understand the tax benefits of leasing too. When you rent your equipment, the full amount of your payments is tax deductible; however with leasing you can only claim the depreciation amount of the equipment for your tax return.

Although the payments may be smaller with leasing than renting, if there is a sliver of doubt about the equipment you need then you may want a finance option with more flexibility to return equipment you don't need and upgrade whenever you want.



SOME KEY DIFFERENCES BETWEEN RENTING AND LEASING

The table below compares the Silver Chef Rent-Try-Buy Solution to a typical leasing situation.

Rent-Try-Buy vs. Leasing		
	Rent-Try-Buy	Traditional Leasing
Minimum term	12 months	3-5 years
Off balance sheet	✓	✗
Upgrade anytime	✓	✗
Purchase anytime	✓	✓ (may incur penalties)
Payments	Weekly	Monthly

How to get the legal side of your business in order

HELP WITH STARTING UP

At various stages of your start-up, you'll need to call in a few experts. Get your little black book ready and pop in the name of a good accountant (to help with your business plan) and solicitor (to review contracts, and steer you through the world of food and alcohol licences, and other legal matters), as well as a few reliable contractors, fit-out specialists, equipment suppliers, and so on.

We can't stress enough how important it is to get legal and financial advice about the laws, regulations and reporting responsibilities that pertain to the restaurant industry. Failure to comply – even if you didn't know you were doing something wrong – can result in hefty fines or losing your operating licence.

Just some of the things the law covers include whether you can have an outdoor dining area, food safety, signage, whether children are allowed in certain areas of your restaurant, and whether you can serve alcohol. It can all seem a bit overwhelming, so here's a look at some of the people who can help. Check out Hospitality New Zealand, [New Zealand Parliamentary Counsel Office](#) for a list of legislation pertaining to hospitality and [Food Smart](#), an initiative of the [Ministry for Primary Industries](#). This section will also cover off the different types of business ownership you should consider.



Who should you call?

When looking for the right professional to help you dot the i’s and cross the t’s, try to find someone who has experience in the restaurant industry. Communicate your concept to them, show them your plans and make sure they understand exactly what your vision is. This way, they’ll be better equipped to help you achieve it.

TIP

Make sure the professional you choose knows how to call a spade a spade. You don’t want a ‘yes’ person, you want a straight-shooter who can tell you what you need to do and have the tough conversations with you. In the long run, it’s in your best interest



SOLICITORS

A good solicitor will help you navigate the mountain of red tape you’re sure to be confronted with.

They can also:

- deal with all the necessary paperwork
- draw up a partnership (or any other) agreement
- review contracts, and
- apply for your permits and other licences.



ACCOUNTANTS

An accountant who knows their stuff is absolutely invaluable. They can assist with the financial planning aspects of your business plan, and explain the ins and outs of things like raising capital, depreciation, and reducing your debt. When you finally open your doors, you can turn to them for help with your bookkeeping and reporting requirements. They can also look after your taxes and identify as many deductions as possible, so you don’t miss out on any tax breaks.

“Making money is art and working is art
and good business is the best art.”

-Andy Warhol

Setting up your business

When you are setting up your restaurant, café or takeaway outlet, you can choose to either be a sole proprietor, part of a partnership, or form a company. Each of these comes with its own tax implications and commercial obligations. Here's a brief overview of each of your options:



SOLE PROPRIETORSHIP

This is a really popular, low cost and straightforward option, particularly if this is your first time going into business by yourself. If you own your restaurant by yourself, you're a sole trader or proprietor. Everything you make is yours. Everything you owe is your responsibility. If you'd like to read more about what this option entails, check out the [Business Government website here](#).



A BUSINESS ENTITY

This is often considered a safer option because it means you have some protection if your restaurant is not a success. Speak to your solicitor and accountant about how you go about it, but be aware the tax implications can be quite significant. Setting up a business entity doesn't mean you are without any responsibility; a lot of lenders will ask you to personally guarantee a loan, anyway. And that means you'll still be held accountable for the debt.

If you'd like to read more about what this option entails, check out the [Business Government website here](#).



PARTNERSHIP

A partnership is when you go into business with other people. The profits and the risks are shared. It's extremely important to have a solicitor draw up an agreement before you begin. All parties involved in the partnership should have their own solicitor, so everything is 'above board' and you all know where you stand. Things to include in your partnership agreement include:

- ? Who is responsible for what, and who reports to whom
- ? How the money will be divided
- ? Who has the final word
- ➔ Your exit strategy, i.e. if a partner wants to move on, or the business doesn't work out the way you wanted it to, you need to make sure you have exit options ahead of time – whether that includes the option to buy the other partner/s out and whether they'll accept only a lump sum, a payment schedule over time, or both.

If you'd like to read more about what this option entails, check out the [Business Government website here](#).

Location, location, location!

Tracking down the perfect location for your restaurant, café or takeaway outlet is a huge undertaking. Where you choose will very much depend on your concept, whether you're targeting the breakfast, lunch or dinner set, your menu, whether you want to attract the attention of passers-by, and a host of other factors.

Most restaurateurs choose either a 'sure thing' location, i.e. somewhere that's already located in a popular part of town (although these locations often come at a high price), or they choose to locate in a part of town that has the potential to become a trendy area in future. In the case of the latter, the prices are usually much less; however you'll need to make sure you have the funds to wait until boom time. Of course, it's a lot easier when your business is in a high foot traffic area because you're right in front of potential customers faces, so if you choose a 'slower' location, make sure to invest more in your marketing. You'll need this to get your business' name out there so you can draw potential customers to you. To find out cool tips about marketing and examples of ways you can promote your business, make sure you don't miss out on reading part nine of this e-series, **The 101 Guide to Marketing Your Restaurant.**



Do your research

Before you sign on the dotted line,
make sure you research the history of the building and the locale.



See if you can find out what sort of business was there before and why it closed down.

In addition:

- 🏠 Find out from the local council if there are any new housing or business developments in the area. If so, are they the kind of developments that will attract the kinds of customer you're targeting?
- 💬 Ask the landlord if they can supply you with the names of previous tenants, and contact them. Ask them about their experiences of the space.
- 📊 Check out the existing demographic and what other businesses are thriving in the area.
- 💬 Have a talk to the neighbours. They'll give you on-the-ground insights that might help with your decision-making process.

Also, keep an eye out for ease of access. Is there enough parking? Is the space easy to get to? Will you gain maximum exposure from the street?

Traffic

How many potential customers will pass by your establishment every day – either on foot, by car or bike, in taxis, on public transport, etc? In addition, does the traffic demographic match your concept? Is it mainly truck drivers? Are these people going to and from work? Are they visiting nearby places of interest? A truck driver on the go, for instance, will probably want a big, nourishing meal, delivered quickly. They won't be interested in small portions and a 10-course degustation menu.

“The precept that location is key to the success of business applies to art, and even to life itself: we thrive or wither depending on how nourishing our environment is.”

-Yann Martel



Locations you should avoid

Locations you would be wise to avoid include:

- ✗

anywhere that is surrounded by other businesses that your customers might find ‘unsavoury’;
- ✗

an area that is constantly under construction. Check with your local council to see if there are ongoing construction sites in the area which could interfere with the comfort of your clientele;
- ✗

an area with limited parking combined with low foot traffic; and
- ✗

anywhere that is too out of the way, hard to get to, or hard to find.



IS THE AREA RESTAURANT-FRIENDLY?

Destinations like the movies, city centres, tourist attractions, shopping centres and theatres are the natural allies of the restaurant trade. Similarly, locating yourself near a busy office district ensures you have a perfect opportunity to capitalise on passing traffic.



WHAT’S THE NEARBY COMPETITION DOING?

If you’re thinking about opening a Thai restaurant in an area which already has a couple of Thai outlets, consider whether or not your concept is different enough to attract sufficient trade. Does your venue have a strong ‘hook’ that will persuade people to eat with you? If not, consider looking elsewhere.



HOW MUCH WILL IT COST?

Apart from your rent or mortgage, other costs associated with setting up a new restaurant, café or takeaway outlet include fit-out and construction. If the space you are considering wasn’t previously a restaurant, you’ll need to spend a great deal of money on installing a kitchen, dining room and so on. If you’re still prepared to go ahead, make sure you check with the local council to see if there are any planning restrictions. For example, if your concept includes an outdoor eating area, double-check to see if this is something you can get development approval for.

How to put together a profitable, mouth-watering menu

Now for the fun part: creating your menu! In this section, we'll address the things you need to know to put together a fantastic menu, anticipate your equipment requirements, and work out how much you should charge.



FIRST THINGS FIRST

You don't need us to tell you your menu needs to match your theme. It also needs to contain items your kitchen staff can handle with aplomb. If any of the items on your menu don't match those criteria, delete them from your list. While you're working out your menu, feel free to include as many dishes as you like but, when it comes to the final cut, be brutal.

Remember:

You don't have to have 50 items on your menu to get mouths watering. Keep the number of items down to something you can manage. You're looking for quality, not quantity!





WHO WILL BE COMING THROUGH YOUR DOOR?

Compose your menu according to your customers and their needs. Here are a few ideas to get you started:

The lunch crowd:

These are people who usually need to get their food quickly. Design your menu with this in mind. If you can turn tables around in half an hour or so, and offer them a good meal at the same time, they'll be back for more!

Takeaway:

The key word here is 'convenience'. Make your menu easy to read, make ordering easy, and make the collection a breeze. You might want to think about offering combos, for example, a roll, a drink and a small side salad. Make sure the food you use can be carried easily and will stay fresh and edible after it's served.

Families:

Make sure your menu includes simple, wholesome meals the kiddies won't turn their noses up at. You might even think about offering a separate kids menu.

Fine dining:

If you're offering a fine-dining experience, you'll probably want to apply the 'less is more' philosophy, so your kitchen can give the food the extra love and care your clientele demands.



A quirky yet casual approach to a pizza and coffee business. Image courtesy of Pinterest.



Make sure you carefully think about the theme of your restaurant, café or takeaway so all your elements have a consistent look and feel. Image courtesy of Pinterest.



TAPPING INTO THE LINKS BETWEEN YOUR EQUIPMENT AND MENU¹

The size of your kitchen, its layout, the size of your fridges and freezers, and your dry-storage capacity all affect your menu. If you want to serve only from-scratch items, you need lots of refrigerated space to store it. If you need to have 15 different pieces of equipment to produce the items on your menu, you have to decide whether you have the space (and budget) to accommodate them. Answer these questions early in your menu development process and save yourself hassle later on:

How big will your dining room be?

The size of your dining room dictates how much room there is for the kitchen and related storage space. Too much area dedicated to the dining room may severely limit what the kitchen can produce. You have to consider space for fixtures, equipment, storage, and staff access to tables, but keep in mind that too much space in the kitchen could reduce seating from the dining room and curtail potential revenue. In general, restaurants use between 15-25% of their total space for kitchen space. The perfect balance depends upon what you do with the space in each. Take a look at parts 7 and 8 for dining room and kitchen layout and design tips.

Does your menu have a number of different cooking techniques?

Assuming that you have several different stations (areas to prepare food, like the grill and the fryer) in your kitchen, you want to have dishes with a number of prepping techniques so that you maintain a balance of the number of dishes coming out of one station at a single time.

Note: finding a 57-burner cooker or managing that many grill chefs in the kitchen at one time is difficult. Give the grill chef something to do. As they say, too many chefs spoil the grill, er, we mean broth.

¹Source: © Michael Garvey, Heather Dismore, Andrew G Dismore and Carol Godsmark. 2007. *Starting and Running a Restaurant For Dummies*. John Wiley & Sons, Ltd, Chichester, West Sussex, England. Reprinted with permission.

As with many things in this e-book series, this is not an absolute rule. If your concept centres around a particular preparation technique, don't feel like you must diversify. A well-known restaurant concept fries chicken all day and all night. You can't argue with success!

Do your menu items have a consistent preparation time?

You want most items to be prepared in about the same amount of time. That way, all items are cooked at about the same time and come out at about the same time. Or if you have inconsistent preparation times, you can find ways to partly cook items so that some of the work is done early, and the dish is finished when it's cooked or plated.

Does your menu reflect a synergy between your ingredients?

Or more simply, do the items on your menu work well together? And represent your stock? For example, unless you're known for the variety of seafood you have available, you may want to just keep one variety of clams on the menu and use them for pasta dishes and seafood salads as well as seafood stew.





HOW MUCH SHOULD YOU CHARGE?

There are a number of ways to determine the prices on your menu. These include the income of your customers, who they are, what the competition is charging, and what the industry standard is.

Setting your price points

Price points are ranges of prices for types of menu items. They come in very handy when it comes to pricing your menu items. If your competition is charging less for the same item on your menu, there needs to be a good reason why you are charging more, like the ingredients you use, or the tone of your restaurant, or the quality of your service.

Food cost percentages

To arrive at your food cost percentage, you need to divide how much it cost you to purchase a menu items ingredients by the price you are charging for the dish. The final figure is your only source of revenue, and it will need to cover the cost of the food, wages, rent, bills and so on. Keep the food cost percentage firmly in mind when you're determining your prices.

Download your FREE Café Feasibility Chart here to help you predict your income revenue and expenses.

Mixing your menu

No matter how hard you try, it's impossible to ensure that all your menu items command your ideal food cost percentage. Some might be higher, others won't, but if you can achieve the right 'menu mix', you'll be able to average everything out and achieve your food cost percentage target.



WORDS THAT GET MOUTHS WATERING

Great words can raise the value of your menu items in the customers' eyes – and that means you can charge more for them! For example:

Ingredients:

If your ingredients are great quality, or difficult to source, or seasonal, mention this in your menu description.

Preparation:

Think how much better an item will sound if you mention how it is prepared. For example, 'steak' becomes 'succulent pan-fried steak'. And why serve 'pizza' when you can promise 'wood-fired pizza'?

Point of difference:

Is your chicken free-range?
Are your sauces made on the premises?
Is your stock simmered for 12 hours?
Where is your produce from?
Is it grown locally?

Provenance:

Elevate a dish from simple to sensational by mentioning its inspiration, i.e. Mediterranean-inspired salad, or the Goan fish curry.

How to set up the front of house

The front of house (or FOH) includes the entrance, dining area, bar – anywhere a customer will be exposed to when they visit your restaurant.

The layout and design of the FOH area requires careful thought and consideration to ensure the right ambience is presented to guests when they arrive.

Entering the restaurant business will be a lot of hard work and getting the look and feel right will be one of the major challenges. While you should add a personal touch to your design and stand out from the rest, make sure you look at the bigger picture when you set up your front of house.

Some suggestions are:

How many guests can you comfortably accommodate on a busy night?

.....

Are you able to accept and seat walk ins?

.....

Is there capacity to add in a waiting area for arriving guests and takeaway guests?

.....

Setting up your front of house well can help contribute towards a successful business, but being smart in increasing your earning potential with value-added ideas is even better!



The design

How much you spend on design will depend on your restaurant concept but there are a few things to remember along the way:

- 💡 **Practicality.** This needs to be a priority when it comes to designing properly functioning spaces and flow.
- 💡 **Be flexible.** Keep flexibility in mind. If you want to change the design down the track, you might want to consider using partitions to separate different dining areas. These can be moved or taken away completely later on when you complete a refurbishment of your facilities.
- 💡 **Everything must work together.** Instruct your designer to look at the full picture, including fixtures, furniture, flooring, the ceiling, crockery, glassware, cutlery and your theme.



CHOOSING A DESIGNER

You will be investing a significant portion of your money to bring your vision to life so you need to spend a bit of time finding the right person to help you transform your dream into reality.

Start by asking your network for word of mouth recommendations on who they use. Review the designer's website which will contain a section of previously completed projects. If your network is unable to recommend someone, look at venue designs you admire and complete a desktop search to discover who created it – you'd be surprised what information Google can deliver!

Shortlist a few designers you are interested in and organise appointments to meet with them to discuss your vision to help you decide if they will qualify in achieving the results you're after. Bring along some visual examples for the designer to have an understanding of what you like and as a reference point.

Don't be afraid to assert what you want to achieve. At the end of the day, it's your business, your money and your customers' satisfaction that count.

Images courtesy of Pinterest.



THE FLOW

Making sure your customers and staff can move through your restaurant with ease is the cornerstone to a great atmosphere, and good, efficient service.

Be mindful of how your dishes from the kitchen flow into and out of the dining area. Consider how your customers will get to and from their tables and the toilets. If customers are tripping up in between chairs and tables, it's a sign that perhaps there isn't enough space for patrons to make their way through the venue. Their paths should be unobstructed.



POINT OF SALE SYSTEM (POS)

A POS system ranges in complexity from one cash register to state-of-the-art computer systems with portable ordering tablets. Every restaurant is different, so choose what you need that is most practical for your business – perhaps a single cash register and a notepad for taking orders is sufficient for your needs!

On the flip side, there are a number of advantages to consider if you choose a computerised POS:

- ✓ Allows you to add new menu items with ease
- ✓ Are reliable and saves time at checkout
- ✓ Helps with reporting and inventory requirements, and
- ✓ Allows you to track staff and labour

If you're worried about the cost, remember you don't have to buy a brand new POS system outright. They can be rented or purchased second-hand.

Image courtesy of Pinterest.



YOUR TOILET FACILITIES

Don't neglect the design and maintenance of your toilets in your budget! They are an extension of the front of the house, and give your customers as much of an impression of your establishment as your dining area. You don't want to be known as the venue on Urbanspoon or Trip Advisor that serves excellent food but the toilet facilities were a bit questionable!

When installing bathrooms, it's recommended that there's at least one for men, women and disabled access.

Make sure your toilets are checked regularly during opening times and as scheduled maintenance to ensure they are clean, working properly and adequately stocked with toilet paper and other supplies.

“I think a lot of times people design restaurants with flash in mind. I think you should design restaurants with function in mind. Make sure it's functional and works with what you're trying to accomplish. Design can come later.”

- Bobby Flay



How to set up your back of house

Although your customers can't usually see your back of house or kitchen area, it doesn't mean you should skim the planning in favour of focusing on what they can see. Think of your back of house as your 'working hub'; it needs to be super-efficient and organised in order to present a clean and professional front to customers.

If this is the first time you've opened a restaurant or café, it can be pretty daunting trying to work out where everything needs to go. We'd suggest seeking out expert advice individually tailored to your business concept and plan, but there's some great free tools out there that can help you get started!

First things first, have you got your menu sorted? If not, go back and check out [part six of this e-series, How to put together a profitable, mouth-watering menu](#). Scottish-born chef Gordon Ramsay of Kitchen Nightmares gives some brilliant advice when compiling your menu: "The more dishes, the lower the standard". Start small and focus on consistently delivering a succinct, simple menu really, really well. In hospitality, reputation is everything. You want to focus on efficiency, organisation and quality. You don't want your chefs running around like mad, your customers waiting too long for their meals – or worse, walking out – or produce going off at the back of your fridge. Food wastage and high operating costs are the two biggest things you want to keep an eye on, as these areas have a tendency to blow out if not carefully monitored.



How to lay out your kitchen

Right, now that you've got your menu sorted, it's time to plan your back of house and your kitchen!

But what if you have no idea where to start?

Ideally, you want to divide your kitchen down into sections or stations (however the number you'll require will depend on your menu). The two biggest factors that affect how many stations in your restaurant kitchen are space and budget.



THE LARDER

This is the food storage area and is kept close to food preparation areas. Your larder needs to be kept as cool as possible and away from the hot side of your kitchen. It also needs to be constructed so that it's easy to clean and keeps flies and bugs out.



PASTRY

This may or may not be required for your menu; however this section can also sometimes be combined with your larder. If you need to incorporate this section in your kitchen, it will likely run quite differently to the main hot areas, the key difference being that many of the components such as mousses, gels, ice creams and garnishes are prepared well in advance. Your larder and pastry stations need fridges and freezers, plus multiple power outlets for blenders, mixers and inductions hobs.



SAUCE

Headed up by a saucier (considered to be the highest position of the station cooks, though still under the chef and sous-chef), this station is responsible for preparing sauces, stews, and meats. "The sauce chef is under pressure from the start of service until the end, there is a lot to concentrate on, food is expensive and time is short, so it's got to be right. The sauce chef is watching every bit of meat, fish, sauce and garnish cooking whilst serving different dishes at different times, calling on order and supervising service in general. It's not easy," says Miles Collins from **Beyond the Kitchen**. This station needs access to stoves, grills, and low boy fridges, etc.

"The cardinal rule of cooking: your kitchen must be clean, and by clean I mean spotless!"

- Gordon Ramsay



THE FLOW

Making sure your customers and staff can move through your restaurant with ease is the cornerstone to a great atmosphere, and good, efficient service.

Be mindful of how your dishes from the kitchen flow into and out of the dining area. Consider how your customers will get to and from their tables and the toilets. If customers are tripping up in between chairs and tables, it's a sign that perhaps there isn't enough space for patrons to make their way through the venue. Their paths should be unobstructed.



PREPARATION/MISE EN PLACE

This station should include ample storage and cutting space to maximise the kitchen's efficiency in running. You also want to be placing your (walk-in) fridges and freezers here; how big the operation is you're running will dictate the number of appliances you have. In an ideal world, you'd have 3 walk-in fridges and a freezer, as well as plenty of shelving, storage capacity, sinks and bench space. Don't forget you'll also need storage space for your pans, utensils, etc



PASS

The pass, otherwise known as the plating area, is usually fitted out with heat lamps to keep hot food hot, and under bench refrigeration for garnishes and ingredients used by the chef. Your benching generally needs to be big enough for 20-30 plates and needs to be positioned between the kitchen and the dining area so your waiters can get the food out quickly to your customers. If needed, your larder can also provide a secondary pass for your restaurant if it's set up like an L shape.

BE FLEXIBLE

Gordon Ramsay said, "In my own business I'm very aware that you have to react instantly to changing trading conditions: cutting down on overheads, reducing costs, tapering menus, you have to react straightaway, not wait. In today's climate we're producing figures weekly, not monthly, you have to be on top of what's happening". [Source](#)

Planning an existing kitchen

If your new premises already have an on-site kitchen, chances are you'll still need to modify it to best suit your own menu. Often, modifying your kitchen space can be even more expensive than designing one from scratch.

Check the existing equipment to make sure it is in good working order. If it isn't, will your landlord cover the cost of an upgrade? If they won't, see if you can have the equipment excluded from the cost of the space, and either buy or rent equipment more suited to your needs. Also, have the electrical wiring and gas checked to ensure it meets regulations.



Acquiring your kitchen equipment

Once you know what equipment you need for your operation, you'll need to secure it. Some people prefer visiting their local dealership to visualise the equipment but these days many good dealerships also operate online. Whether the products are new or used, you'll probably source them from these places. If you're not located in a major city, going to a major supplier may be worth the trip, as you may save some money this way. Make sure you do your homework prior to arriving and bring your bartering hat.

Researching the right gear

There are many different types of commercial equipment on the market and if you are new to cooking commercially, it is a good idea to seek advice from those who have been in the game for a while.

Your equipment dealer is probably the best source of information to find what suits your business. If you end up choosing to rent your equipment, there isn't the same pressure to get the choice right at the outset – you can usually change or upgrade the equipment if you need to. **Flick over to part 3 for more on the differences between renting and leasing, including Silver Chef's Rent-Try-Buy Solution.**



Used Equipment

If money is tight, consider buying used equipment. Make sure that you get the goods from a reputable seller and preferably with a warranty.

You can buy many pieces of used equipment, such as these in the following list, and sleep soundly:

Gas appliances: These appliances are excellent candidates for buying used. Look for items such as range ovens, cooktops, deep fryers and char grills. Like all gas appliances, ensure they are compliant with regulations and installed correctly.

Refrigeration: If the product is from a reputable dealer and accompanied by a warranty, refrigeration can be a great second-hand item. Ensure it is working correctly in the first few months as this is usually when its quality will become apparent.

3-phase electrical items: Equipment such as combination ovens, which are usually expensive to buy new, are great second-hand purchases.

For more information about our unique funding solution or to view our range of quality ex-rental commercial equipment visit us at www.silverchef.co.nz or alternatively give us a call on 0800 453 101.

TIP

Buying used can save you considerable money and if the equipment is high quality and from a reputable seller, often there is little difference between new and used. Consider ex-rental equipment that has been looked after and is under 18 months old.



Marketing your restaurant

You're about to open your doors, and you can't wait to get cracking! Now comes the big question: how do you let the world know you're out there? How do you get those customers beating down your door? You do it through great marketing.

Marketing sounds expensive and a lot of work, right? It doesn't have to be! In this day and age, there are a plenty of ways to get your business name out there without having to spend thousands of dollars. In fact, a lot of options are completely free!





DEFINING YOUR MESSAGE

Effective marketing boils down to knowing two things:

- 1. Who your customers are, and
- 2. What you want to say to them.

What experience/atmosphere do you offer? Is there any point of difference between your restaurant and others? Craft your message accordingly, and do it using words and images that speak directly to your audience.



YOUR POINT OF DIFFERENCE

Work out who your competition is and observe how they market themselves and what they offer.

How is your business different? Once you've identified the point of difference, highlight it in your marketing communications. This doesn't necessarily mean saying negative things about your competition. In fact, studies have shown that this kind of approach will often turn people away.

What it does mean, however, is that you can highlight your own offering. For example, you could say, 'We only use organic, locally grown produce in our restaurant'. This implies that your competition doesn't - without saying it outright.

Alternatively, you could say, 'All our bread is baked in-house, daily.' By saying this, you're not implying that your competition doesn't, but you are planting a seed of doubt in the potential customers mind about the quality of bread they're getting from other establishments.



Marketing tips

Here are some great tips to market your business without having to spend big.



LOOKING GOOD

First impressions count. Ensure your marketing collateral – website, business cards, stationery, etc – looks professional. Poorly designed marketing collateral, or business cards that don't match your concept or theme may confuse or even turn-off potential customers. You'll be holding onto the branding for at least a few years (or forever!) so don't scrimp on paying for a good graphic designer who understands your brief and is open to revisions if the first draft doesn't quite hit the mark.



YOUR WEBSITE

When people are considering visiting your restaurant, chances are they will search for you online. At the very least, you need a landing page with a short blurb about your restaurant, your contact details and address, and some enticing images. It's very easy to purchase a website domain from sites like Crazy Domains and Namecheap for less than \$10 a year and build a simple webpage through sites like Squarespace and Wix.

If you want to be more 'searchable', smatter your content liberally with key words that potential customers might search for example family restaurant in Auckland. Use headings and subheadings that use these key words also. This way, you're more likely to move up the search rankings. But be careful to only use your keywords if they are relevant. Some search engines penalise businesses that go overboard and you might even be banned! In addition, think about having a blog. Recent changes to Google's ranking algorithm means that content which is regularly updated, used and shared is more likely to see you climb up the rankings ladder.

All this can sound very overwhelming!
Why not download a free copy of the **Google SEO Starter Guide** today!

If you have a marketing budget, think about employing a Search Engine Optimisation (SEO) company to help you navigate the murky world of internet marketing.



FREE ONLINE DIRECTORY LISTINGS

These days, there are heaps of website directories that offer free restaurant listings. Sites like Urbanspoon and Yelp are the most popular when it comes to researching eateries but there also lots of local directories that may be suitable as well.

The more of these you're on, the better, but make sure you keep track of where you post your business name in case you need to update the details! There's nothing more frustrating for a potential customer who attempts to call to make a booking and finds that your phone number has been disconnected or you have moved premises.



ONLINE MAP SERVICES

Often, potential customers will search for restaurants in a particular area. Take advantage of the free online map services. As well as bringing up your name in the customer's search, online maps rank highly in search results. Google a few local and well-known businesses and see how they list their company online.



MAIL DROPS

A mail-drop doesn't mean you have to spend a fortune on flyers or brochures. Instead, why not write an article about your signature dish and include an image? Do you have any special offers on at the moment? Use your creativity!

“People are in such a hurry to launch their product or business that they seldom look at marketing from a bird's eye view and they don't create a systematic plan.”

-Dave Ramsey



EMAIL NEWSLETTERS

Start putting together an email database. You'll need the customer's permission to email them but, assuming you get it, it's a great way to deliver targeted communications, like:

- Changes to the menu
- Specials and discounts
- Events at your restaurant

You don't need an email marketing program with all the trimmings. Programs like Mail Chimp and Campaign Monitor are affordable options with built in templates to make email marketing simple for small businesses.

PUBLIC RELATIONS

Spend a bit of time on your public relations (PR) – in other words, getting your business' name out there in the media and the community.

For example:

- Look into sponsoring a local sports team or community event in exchange for a 'good news' story in the local paper or magazine
- Invite restaurant critics to review your venue (but don't be disheartened if the review isn't completely positive!)
- Cross-promote with neighbouring businesses in your area

For further marketing ideas and tips and tricks, look at visiting restaurant marketing websites like

Restaurant and Catering Magazine,
Hospitality Magazine or **Marketing Mag.**



PRINT ADS

Find a publication that is read by your target audience - local newspapers, magazines, dining/foodie/entertainment mags – and advertise your message.

Advertising can be expensive, but start small and measure the response from your ads before embarking on booking bigger spaces.



GET SOCIAL!

A presence on Facebook, Twitter, Instagram, Pinterest, Google+ and other social networks is a great way to raise your profile – plus it's free!

You'll also be able to update people on any menu changes or events at your restaurant, and basically start a conversation with your customers. Just be sure to make enough time to post regularly, and reply promptly to comments or feedback.



Where to now and in the future?

In this e-series, *The Plain Language Guide to Restaurant Success*, we've given you some great tips on how to set up your brand new restaurant, from financing to front of house, legals to location, and creating the right balance in your menu mix to marketing! But what if you are a little further down the road, so to speak, and you are now running a fully-fledged, functional restaurant?

You've put blood, sweat and tears into carefully crafting your idea and bringing it to life. You've worked through the night to bring your grassroots operation to life, and experienced every single element of running a hospitality business, from budgeting, to carefully managing your produce turnover, to reducing wastage and maximising profitability.

So, how can you make your restaurant go from good to great? What other options do you have?



Silver Chef is passionate about supporting small business heroes, like yourself! Our mission is to help you succeed and bring your dreams to life, whether that's running your own café or restaurant, expanding your existing business, or opening more stores.





REFRESH YOUR MENU

Now that your restaurant has been up and running for a while, you should have a good handle on how receptive your customers are to your menu. For example, do your sticky pork baby back ribs sell out insanely fast, yet your burger just isn't that popular? It might be *your* favourite item on the menu but no one else really seems interested... What now?

There are a couple of things you should take into consideration before you start making changes. For example, if your business was facing a situation like the above, consider the following:

1. What's special about your burger?
2. How do you describe it on your menu (both on your menu in-store and online)? Is your beef succulent, free-range and grass fed? Does it have secret ingredients in the seasoning to make it extra tasty?
3. Can you swap out a plain ingredient or two to take the menu item to the next level? Instead of your standard cheddar cheese, maybe you could try experimenting with Smoked Gouda, Monterey Jack or Stilton?
4. Take advantage of the #foodie trend (a hashtag that has earned it's place in nearly 20 million posts across Instagram). If you're not already leveraging off this channel to attract customers, now is the time to jump on the bandwagon! If you have the budget, it's worth paying for a professional photographer (or these days, a smartphone camera & some light re-touching using app software often does the trick) to take some exceptional shots of your food that you can blast on social media like Facebook and Instagram, your website and anywhere else you think would be appropriate.
5. How will these changes impact the profitability of the menu item? Is a price increase required to cover the extra cost of producing it? Is this an amount customers will be willing to pay? How many serves do you expect to serve a day?

Do some research to understand what your competitors are offering to see how you stack up against them. Work out how many serves of the revised menu item you expect to sell a day and monitor this so you can understand the difference

TIP

Stick to what you know and give it a twist - yes, you *can* make a humble burger and chips exciting!

1. between the products and tweak your budgets and forecasts as you need.
2. If this menu item is available during peak trading hours, can it be produced quickly to a consistently high quality?

Making some changes to the menu livens up the venue and keeps things interesting. It will also offer regular customers new items to experience. Keep this in mind, however: although it's so important to stay on top of food trends, be mindful you don't go overboard. One of the most important factors in hospitality is consistency, so make sure you know your brand, style, theme and concept intimately so you know what elements you can play with and what is outside these parameters.

If you go overboard and start making drastic changes, if not managed correctly, it can really blow out your costs and reduce profit margins. If you need, refer back to **Part 6: How To Put Together A Profitable Mouth-Watering Menu** to achieve the right balance in your menu mix.

Trialling new equipment is a great way to test out new menu items before committing to permanently including them on your menu. Typically, most restaurant and cafe owners focus on reducing wastage and staff wages (trending towards casual work arrangements), and increase operating efficiencies by replacing old, faulty or outdated equipment.

Intense competition in the market also tends to drive prices down as you try to win customers, which means you need to look to other areas to save your profit margins.

Using an equipment funding option that specialises in flexibility at its core, such as our Rent-Try-Buy Solution, allows you to protect cash flow and keep capital in your name.



TIP

Rent-Try-Buy gives you the much-needed flexibility to quickly adjust your business plans in response to changing consumer tastes and dining trends, and to make important capital investment decisions at the time of your choosing. Remember: it's the use of the equipment - not the ownership of it - that makes a business successful, so there's no need to spend your cash on depreciating equipment and have this as a liability on your profit and loss statement.



EXPANSION

Your first restaurant might be performing exceptionally well, but this doesn't automatically mean you should open a second store. Of course, it doesn't mean you shouldn't, but there are a few factors you need to carefully consider before you hit 'go!'.

Answer the questions on this checklist honestly:

1. Can your business model be duplicated?
2. Are you at the coalface of your business so often your customers insist on doing business directly with you? (You should reconsider a second store if your presence is integral to the running of your business.)
3. Is your current restaurant profitable?
4. What are the strengths of your current operation that could be easily transferred over to a new location?
5. What are the weaknesses of your current operation that could be improved upon when setting up a second business?
6. Are there any nearby shops that bring customer traffic to the area that you currently take advantage of?
7. When considering a proposed new location, what opportunities are there to attract customers to your restaurant, i.e. other retail stores nearby, on a main road with easy parking, in a high foot traffic area, for example?
8. Conversely, when considering a proposed new location, what factors might adversely affect the running of your second restaurant?
9. How will you split your time between the two stores? How effectively will you be able to manage your time between the two businesses?
10. How comfortable are you with your current employees, and will you be able to source an adequate number of quality staff for your new venture?
11. Who will manage your restaurants? (You won't be able to do both!)
12. Have you done market research on the proposed new location to better understand your potential customer base?
13. Have you put aside budget for advertising your business and worked out the metrics on how you will track the effectiveness of your spend?
14. Would investing in digital advertising and/or a responsive, mobile-friendly website design be a better alternative to opening a second store to boost business?
15. What funding options do you have available to you for your second store? According to **Entrepreneur**, it's really important to keep the two separate and avoid using the profits of your first location to fund the second. They should be considered as two separate ventures.



HOW DO YOU KNOW WHERE THE RIGHT LOCATION IS FOR THE SECOND RESTAURANT?

Back in **Part 9: Marketing Your Restaurant**, we advised you to ask for customer permission to obtain any data from them. Requesting a customer’s postcode when they settle the bill is a great way to generate some basic data to analyse where your customers are coming from to visit your restaurant. From there you can start researching potential suburbs and sites that offer high car or foot traffic to boost your restaurant’s exposure to the public.

But beware: there is A LOT of work involved in opening a second restaurant. Fred Exum, former CEO of **The Krystal Co** (America’s second-oldest hamburger company) says strong capital is very important when considering opening up a second venue. If you’re a franchisee, don’t lose sight of the hard work involved opening another restaurant. There’s now another set of logistics to consider, splitting your time between two businesses and increasing reliance on management to ensure everything runs smoothly in your absence, as you run between the two venues.



SELL

Selling a restaurant is both a business and personal decision. If you feel that it is time to move on, selling the restaurant may be an option.

There will be two types of buyers for a restaurant: cash buyers and bank loan buyers. The bank loan buyers will be more reliant on the financials of the business so make sure all your paperwork is up-to-date and organised accordingly to present to them. Moreover, having all your financials ready means you’re prepared for potential buyers who may try and play hardball when it comes to negotiations.

It’s important to consult an accountant to organise your financial paperwork, and a lawyer to oversee the exchange of contracts. Don’t forget you’ll need to appoint a trusted agent to sell your restaurant. It’s advisable to not go for the cheapest agent in town who promises you big returns, or you’ll end up disappointed when you receive a low offer. Find an agent that is reputable, honest and has integrity in what they do. Just like choosing the right person to design your venue in **Part 7: How to Set Up Your Front of House**, finding the right agent who you can trust is worth the money.



Start planning approximately six months prior. It takes on average 3-4 months for a restaurant to sell so ensure you have done the prep-work before going to market and set realistic expectations.



Silver Chef is the only dedicated hospitality equipment funder in New Zealand. We have protected small hospitality businesses like yours for 30 years from the number one killer – poor cash flow – by offering speciality hospitality equipment and store fit-out funding solutions that are as flexible as your business needs to be in this competitive landscape.

HOW IT ALL WORKS

1. Rent

Set up a line of credit with Silver Chef and choose equipment from 160+ accredited equipment dealers across New Zealand.

2. Try

Test out the equipment in your business and see if it's right for your needs. Feel confident knowing you can upgrade or purchase any asset at any time.

3. Buy

At 12 months choose your option: purchase, return with no penalties, upgrade or continue renting the equipment.

HOW IT BENEFITS YOU

Equipment worth \$10,000 is yours for just 6 cups of coffee daily!

Take advantage of:

- ✓ A short 12 month agreement
- ✓ 100% tax deductibility
- ✓ Low weekly payments
- ✓ Off balance sheet funding (doesn't affect your ability to borrow from lenders in the future)
- ✓ The opportunity to save your working capital when you need it most.

"I am extremely happy with Silver Chef. We have been on the market for 1 ½ years and our business is experiencing significant growth; in one year we grew 1180%! Although it's a great problem to have, cash flow becomes an issue as we struggle to keep up with customer demand. Silver Chef's Rent-Try-Buy model has been invaluable in preserving capital, as well as allowing equipment upgrades and returns to adapt to the ever-changing nature of hospitality."

– Barbara Scholten of Traditional Brazilian Foods, Auckland

DISCLAIMER

The information provided on and made available in this e-series does not constitute as business advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Silver Chef recommends that you obtain your own independent professional advice before making any decision in relation to your particular requirements or circumstances.



Here at Silver Chef, we're determined to help you achieve your hospitality dreams. We were once a small business too remember; one person's idea that snowballed into something great.

#BringBackTheDream!