

## Ten Questions to Ask (and Answer) Prior to Opening Your Own Restaurant

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So you're thinking of opening your own restaurant. The restaurant industry is very exciting and vibrant way of life. It is also very hard work involving extremely long hours and with a very high failure rate.

There is an old saying in the restaurant business, "If you want to retire from owning your own restaurant with one million dollars, then start with two million dollars." So far, you can see that our approach is somewhat guarded and less than optimistic. Well you're right, ... we have witnessed far too many new restaurant failures despite the good ideas and hard work of the owners.

The purpose of this article is to provide the reader with a set of questions that need to be answered in detail prior to investing in your new restaurant operation.

1. **Experience:** Have you worked in the restaurant industry as a server, cook or bus person? If not, find yourself a job in a restaurant that is similar to the one you plan to open. Work there for at least two months. Try to work all of the shifts - opening, closing, weekends, evenings etc. By that time, you will know if this is the business in which you should invest. During your first year or two of operation in your own business, you will be working sixteen hours per day, six or seven days per week. You will be working while your friends are playing. If at the end of the two-month work experience period, you will know whether or not you want to proceed.
2. **Validate Your Concept Definition:** Can you clearly state what experience your restaurant will offer, what products it will serve and what service-style it will employ? If not, you are not sure what your restaurant is all about and your customers will not know either.
3. **Location:** Regardless of your restaurant's concept, customers must be able to find you and have easy access to your premises. Remember, once you sign the lease and open your restaurant, the one thing that is almost impossible to change, is your location.
4. **Food Quality:** Everyone goes into the restaurant business with the intent of selling great food. Each and every menu item must be perfectly prepared each and every time. You're only as good as the last meal you served. What is your plan to ensure highest quality food at all times?
5. **Service Quality:** There is no magic here. Provide great service at each and every customer interaction. Your greatest challenge will be both finding employees and then leading and motivating them. What is your plan to ensure service excellence in your restaurant?
6. **Realistic Financial Formula:** Does the potential throughput of your restaurant generate sufficient revenue to cover off all of your expenses? You need to cost all of your recipes, write your employee schedules and create realistic pro-forma operating statements before you sign on the dotted line. Enlist professional help in this area. Far too often, we are called in to help a restaurant in trouble and we find out that their financial formula will not work in their situation.

7. **Menu Engineering:** You bank dollars, not percentages. Your menu should be designed to steer the guests to your highest margin and most popular items. How are you going to write and engineer your menu? You may need some professional help in this area.
8. **Labour Balanced to Demand:** You need to master the art of writing employee schedules so that you have the right amount of staff on the floor to meet current demand. Sounds simple, but this is a complex process. Know your labour requirements for each half hour period of the day. Have you thought out your staffing patterns on half hour periods?
9. **Effective Capitalization:** Do you have sufficient funds in reserve to provide you with six months of working capital? Many restaurants fail because they are under capitalized.
10. **Targeted Marketing:** Have you written a marketing plan that focuses on your trade area? There will be little or no time to do this once you open your doors for business.

This sounds like a lot of work. However, if you diligently respond to these ten questions you will increase the potential of opening and operating a successful restaurant.

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