

Seven Decisions to Make Before You Open Your Restaurant

by [Nayeli Rodriguez](#)
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Restaurant-industry sales average about \$1.6 billion on a typical day in 2010. For those aspiring to get into the big-money game, much must be done before the doors even open.

According to the [National Restaurant Association](#), industry sales are projected to reach a record \$580 billion in 2010, a 2.5 percent increase over 2009. So while a post recession economy may mean consumers watch their pennies more than they used to, enough of them still enjoy going out for a good meal. For those who are set on getting into the multibillion-dollar restaurant game, James Sinclair, principal at [OnSite Consulting](#), a national hospitality consulting firm, says it's going to take more than passion to succeed. He spoke to NEWSWEEK's [Nayeli Rodriguez](#) about what every new restaurant owner must consider before opening the doors. His advice:

AS THE OWNER, KNOW EVERYTHING

The best types of owners are the ones who know how to run their restaurant back to front. That means you know your way around the kitchen as well as you do around the register. The reason this is critical is because you're essentially giving up your life, as you know it, to make this restaurant succeed. A large part of that success is based on your staff. You can't hold your staff accountable if you don't understand what's going on. How do you even begin to evaluate them? Plus, having this kind of knowledge goes a long way in terms of respect from your employees. You also need to know how all parts of your business work so that when you have to make important decisions, you can do so without hesitation.

HAVE A SOLID BUSINESS PLAN

If you're thinking about jumping into this business, you've got to think about your location, what you're selling, the number of customers you need in order to make a profit, and what you'll charge for food. [That said,] anyone can create a business plan that "works" in theory. That's why when someone comes to me with a concept, I break success down as money made per weekend, because that's when you tend to do the best. One weekend should pay your rent, one should go to payroll, one to pay fixed costs like utilities, and one weekend should be straight profits. We ask that first-time restaurateurs look at this [as a measure for real-world success], and if it cannot be met, then they should reevaluate their idea. To drive the point home, restaurants can survive from bad midweek days; they cannot survive from bad weekends. This weekend strategy is gritty and never the model reflected in a business plan, but this is the reality for most restaurateurs, especially for individual operators.

HAVE AN EVEN BETTER MARKETING PLAN

According to the National Restaurant Association, word of mouth is still the best form of marketing for restaurants. So, when you're thinking about marketing, it's got to be based around giving the customers what they want. For restaurant owners, it's important to stop looking at things like half-price discounts.

That's not where you're going to make money, and that's not necessarily what customers want. From the moment you open your doors, it's about branding. The focus should be on creating a dining experience that fits the location and the customers in your area. Also, it's a given that customers are going to order an entree, so put as much focus on everything around the entree, which can double or triple your transaction.

SCOUT YOUR LOCATION

Pick a location based on demographics and economics, not because you "love" the neighborhood. It's got to be a location that works with your food concept and that is not surrounded by several similar competitors. You also have to think about how location affects things like alcohol, which tends to be great for your bottom line. For example, if you're in a corporate area and your primary market is lunch, you're probably not going to sell a lot of beer because people will be going back to work. And don't waste your time on obscure locations either. They tend to only work for name-brand destinations. And equally as important, pick a place you can afford, and factor in any construction the place needs to accommodate what you are trying to do. This is why you have to lay out the financials long before you pick a place, then work backwards. This way you know how much money you have to spend.

BE CLEAR ON CUISINE

Your cuisine type should be based, in part, on how much money you need to make per customer. In a lot of cases, your local competition has done this research for you. If they're doing it well, look at how you can do it better. Once you decide on cuisine, make sure you take the time to look at market prices for ingredients. As you put your menu together, try to keep it clean and simple, and stick to options that are going to increase your per-head revenue.

PLAN FOR INVENTORY CONTROL

Do inventory of every product you have and look at it on a weekly basis. You do this so that you know how many steaks are being ordered, how many are being sold, and where the difference is coming from—like they're being wasted because they got old. You have to order food based on what works for you. I tend to prefer that owners order food two or three times a week rather than do one big load and have to throw away a lot. You should also pay inventory expenses weekly, so should you have an issue at some point, you're only a week behind.

SELECT STAFF WHO CAN SELL

You can teach someone how to smile, how to sequence their service, but you can't teach someone to sell. To do really well, you need someone who's good at service and selling. Keep in mind that everyone in the restaurant is an extension of you. You've got to know they can fill the shoes you want them to fill. So don't be afraid of removing someone for underperforming. Remember, this is your livelihood.

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