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A restaurant can be the most valuable asset one owns. It also can become the worst liability

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"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us."

by Charles Dickens, "A Tale of Two Cities"

A restaurant can be the most valuable asset one owns. A successful restaurant can provide a wonderful home, a great lifestyle, and fund an excellent retirement program. It could also become the worst liability.

Who hasn't been by a big restaurant or a busy sub shop and envied the money the owner must be making. Ever notice the Mercedes, or Cadillac, parked in back of the building and thought, why can't I afford one of those?

Usually a successful restaurateur has been through a number of minor successes, or losses, before he reaches his present plateau of success.

On the other hand, the food & liquor industry is fraught with losers. Well-meaning and conscientious people who saw 'the dream' of owning one's business...being captain of one's own ship. "If I can make breakfast and lunch for myself...and sometimes dinner for the family, I certainly should be able to run a business." Subsequently they quit their job, cash in their savings, borrow from friends and family and jump emotionally into the fray.

Ignoring the advice of friends (who are just jealous) and trivializing the concerns of counsel to do more research, the optimistic and inexperienced dreamer goes headlong into the food service business. Obviously this is a worst case exaggeration to make a point. Most independent operators are not that naive and do reach modest levels of success. On the average, this operator has just bought himself a job...which for many is OK....cash flow, tax benefits, a level of freedom, and food to take home for the family.

The components for a successful food operation are the same whether you're a site selector for a chain, a successful operator looking for a second location, or the corporate executive looking to start a new career. It's pretty much the same whether you're looking to buy a big 200-seat restaurant/lounge, a breakfast/lunch place, a pizza/sub shop, or a location for a new Papa Gino's.

1. LOCATION, LOCATION, LOCATION. Can your customers see you, can potential customers find you, can they easily get into your parking lot from the busy thoroughfare.

2. COMPETITION. No sense opening up a pizza-sub shop in an area where there are five others already established. "Does the world need another upscale Italian restaurant?" No sense going into business if you can't clearly state your 'competitive advantage'.

3. LEASE. Are you so excited about the location and potential that you don't give enough credence to the annual escalators or the triple-net charges? Is the lease lessee-skewed enough that you'll be able to sell it some years down the road? Your lease is one of the most important components to your exit plan.

4. EQUIPMENT, FURNITURE, FIXTURES. New...used? Good condition...junk? They can make or break your budget. Starting from scratch or buying an existing business, the functionality and the quality of the kitchen equipment, and the ambiance that you create with the furniture and fixtures will directly impact your level of success.

5. PARKING. Today everyone has a car. Even if you can walk to a place, we all drive there. Is there enough parking space for both customers and your staff?

The biggest, and most important, component of success is YOU!!!

* Do you have basic cooking experience? Even if you're not going to be the cook, you still need to understand food preparation and presentation.

* Do you have the temperament to deal with customers?

* Do you have management skills?

* Are you driven for success? If it's not in your DNA, your success will be somewhat diluted.

The food service industry has made millionaires and legends as evidenced by the likes of Anthony Athanas and Roger Berkowitz. It has also decimated the lives of Jon Dalton and Lisa Payne (long gone and forgotten).

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