

Opening a restaurant not an easy task

RISKY BUSINESS

BY CYNTHIA SCANLON

Have a great recipe everyone loves? Do you think that opening and running a restaurant would be a dream come true? Before donning the chef's hat, you might want to explore just how much is involved from a personal, professional and financial point of view.

According to Bob Smith, president and CEO of Alliance Beverage Distributing Co., many would-be restaurant entrepreneurs eat up frequently and think that gives them the credentials to run a successful restaurant.

"People tell me, 'I make this great tuna fish sandwich,' and, 'I've always wanted to open a restaurant.' Those people fail," he says. "The reality of the restaurant business is that it is a tough, tough business. It's a seven-day-a-week, virtually 24-hour-a-day job to get these things up, running and established. People don't anticipate all the things that go into making this a really important enterprise."

For those who are undaunted by the task, opening a new restaurant requires forethought, planning and persistence. A long-term vision wouldn't hurt either.

Most importantly, says Jere Planck, managing partner for Archicon, a successful restaurant is built on word-of-mouth. And that, he says, is created by rock solid consistency. The food, service and atmosphere must be quality every time.

"If you have consistency and high-quality product, you'll knock them dead every time," he says.

For starters, the actual look of the place is crucial. Planck says restaurateurs have discovered proper ambiance enhances food. Many of them are spending the money to hire quality architects who can design their restaurants for the best possible appeal. These owners understand the importance of creating an



atmosphere that is visually appealing, yet comfortable to be in.

Planck believes it is a trend that will continue. Companies such as Archicon know the restaurant industry and can provide overall designs, kitchen layouts, tenant improvements and add finishing touches to complete the whole.

For owners in the quick service, fast-food industry, the most important issues are charging the right amount of money for the food and speed of service. In other words, getting the food hot and to the customer as quickly as possible. For those restaurants specializing in table service, the most important success factors become accuracy concerning the variety of food and drink combinations.

Fortunately, technology today makes these goals easier to achieve with what is commonly called a "point of sale" system. POS systems record orders, transmit them to the cooks and print out order forms. POS systems can separate checks, perform credit card authorizations, handle inventory control and even project how much food to prepare. Additionally, employees can use the system to clock in and out of work or calculate different rates of pay for different jobs, including overtime. At the end of the pay period, the system will compute what the gross paycheck should be.

"It's no longer a question of whether or not I should buy a POS system, but which one should I buy," says Dick Stamp, president of Southwest Business Systems, a Tucson-based company specializing in POS systems. "The system gives you information to help you make decisions, and it's so important that you have them in place."

Stamp adds, "You can have information available at your fingertips instead of going through 100 guest checks to try and figure out what you sold. You can take a report and you know in a matter of seconds what you sold, how much money you generated and what servers are doing the best job."

Once the restaurant is planned, designed, and constructed, Jim Fuller, commercial trade ally for Southwest Gas says some restaurateurs either forget they need to have the utilities turned on at all, or they wait until the last minute, thinking that gas can be turned on with a flip of the switch. "They don't realize that occasionally there are some hoops they have to jump through," says Fuller. "And it may take three to five weeks to get the pipe in the ground."

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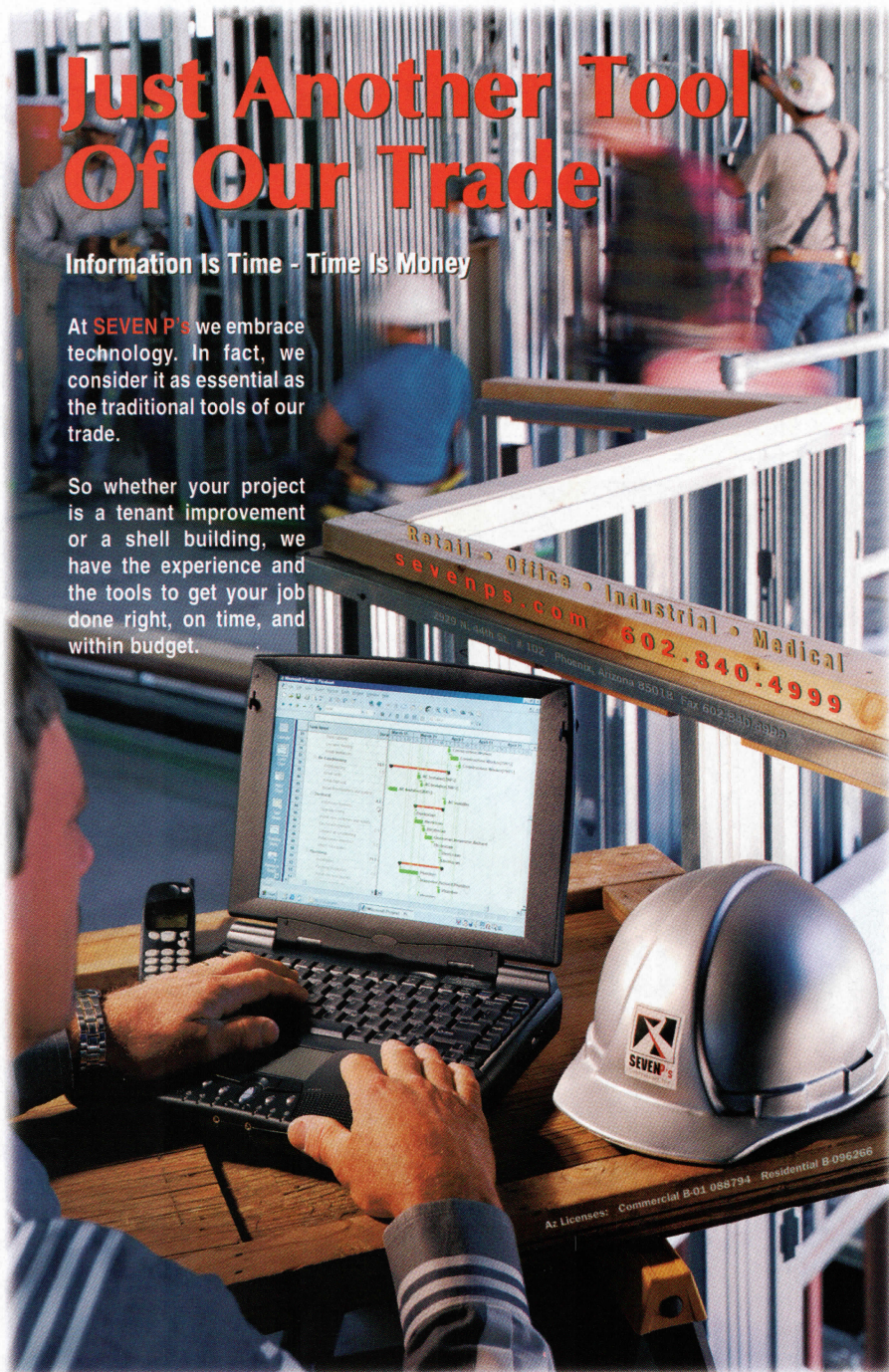
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While there is already piping in place close to most Valley locations, Fuller advises would-be restaurateurs to make utilities the forefront of the planning stage. This will not only eliminate problems in the end, but will also provide the owner with access to Southwest Gas' experience up front.

"The restaurant industry is a very large segment of our market," says Fuller. "We are disappointed when we are not able to capture a restaurant's energy source. We have commercial sales staff who are dedicated to going out and capturing as many restaurants as possible."

Like most every industry, the restaurant

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industry is experiencing labor shortages in many areas of operation. And this state of affairs doesn't look like it will be remedying itself very soon, according to Smith.

"In this marketplace, it is increasingly more difficult to find good people and hire them," he says. "This market has been raided by Las Vegas for high-quality restaurant people."

As an example, Smith mentions the departure of chef Eric Estrada from the Phoenician Resort to take a job in Las Vegas. "He took almost 35 people with him out of the Phoenician," says Smith. He also mentions Ian Davis, the food and beverage manager for the Phoenician who became the vice president of food and wine at Caesars Palace in Las Vegas. When he left the Phoenician, he took 37 people with him. Other resorts have also experienced a loss of talent. Those considering opening a new restaurant will want to keep the hiring and staffing challenges in mind.

While Smith concedes the Scottsdale Culinary Institute is turning out qualified people with sound training, he also notes that

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much of the success of running a business comes from experience.

"If they are told they will be serving 400 covers a night, how much food do you have to buy? What if you have 250 reservations and only 175 show up? Knowing what to do comes from experience," says Smith. And that is in short supply here, he says.

Despite the many difficulties and challenges of opening and running a successful restaurant, overall, things look bright for the industry, says Planck. With the Valley's continued population growth, and our desire to eat out frequently, most restaurants should continue to thrive.

For the future, Planck thinks the Valley will see an increase in family-oriented restaurants that welcome children. "You see a lot of baby boomers with children, but they have no place to take them," he says. "And they're pretty sick of it. They don't want to be relegated to McDonald's."

So, he says, look for some new style restaurants making a special effort to incorporate the entire family.

Another change Planck sees as a possibility on the horizon is the take-home market, which he feels is ripe for real success. He believes this will happen when the right combination of vision, sound operation and target marketing converge to create the synergy needed to boost it out of the doldrums. "I think the first person who hits on the take-home market and can figure it out will be a bazillionaire," says Planck. "So far, they just haven't hit it right."

For now, some restaurants may come and go. Others may change their focus. But Planck says these changes will probably always be, part of our culture of change. In the '70s, he says we were drawn to themed restaurants. In the '80s, it was nouveau cuisine. "Now, we're back to basics like steakhouses and standardized foods."

One thing is for certain though, good food, friendly efficient service and a well run operation will never go out of style. These are the core fundamentals that all successful restaurants have in common.

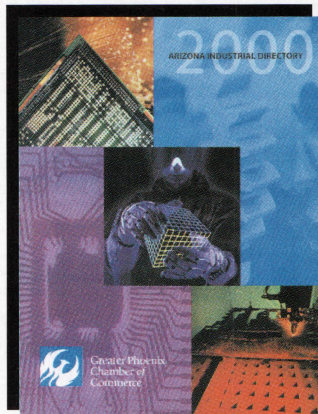
Says Planck, "The people who are successful today offer extremely high-quality foods that are flavorful. We blended down our food for the past 10 years because we were afraid to offend anyone's palate. We're now seeing more staple but flavorful foods."

And good food will always go a long way in helping you meet success.

AB

Cynthia Scanlon is a Phoenix free-lance writer.

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