As the food service industry is always changing, it may seem hard for hopeful restaurateurs to keep up. From food trucks to weekend brunch, there are no shortage of trends for foodies looking for a unique dining experience. Plus, with outdoor dining on the rise amid the COVID-19 pandemic, great food isn't enough to bring in customers looking for outdoor seating. But while there are new and more obstacles for restaurant owners than in years past, there are some essential elements that will always reign true when it comes to starting your own restaurant.

However, A hard reality is that many restaurants fail during their first year, frequently due to a lack of planning. But that doesn't mean your food-service business has to be an extremely complex operation. In fact, the more streamlined you can make it, the better your chances for success.

To help you get started, we've compiled this thorough, but easy-to-digest, guide to starting your own food business. Whether your dream is to open a Las Vegas wine bar, an Irish pub known for it's craft beer, a New York-style pizzeria, an old town feeling North Carolina soul food restaurant with the best fried chicken, or a downtown fine dining experience with happy hour cocktails and live music, start your business research here. Keep scrolling for our ultimate guide on how to start your own restaurant.

No single food-service operation has universal appeal. This is a fact that many newer entrepreneurs have trouble accepting, but the reality is that you will never capture 100 percent of the market. When you try to please everyone, you end up pleasing no one. So focus on the 5 or 10 percent of the market that you can get, and forget about the rest.

## Selecting a Food Concept

Restaurant patrons want to be delighted with their dining experience, but they don't necessarily want to be surprised. If you're anticipating a family-style steakhouse (based on the name or the décor of the establishment), but you find yourself in a more formal environment with a bewildering--and pricey--gourmet menu, the surprise may keep you from enjoying the restaurant. Concepts give restaurateurs a way to let patrons know in advance what to expect and also to provide some structure for their operation. Here are some of the more popular restaurant concepts:

Seafood. Quick-service seafood restaurants generally offer a limited range of choices, often restricted to fried seafood. Midscale and upscale seafood restaurants offer a wider selection, prepared in ways other than fried, such as baked, broiled and grilled. Seafood can be a risky area on which to focus, as prices are always changing, and many kinds of seafood are seasonal. Also, quality can vary tremendously. When shopping for seafood, make sure the items are fresh and meet your standards of quality. If you are not happy with what a distributor offers, you can be sure your customers won't be, either.

Steakhouses. Steakhouses are part of the midscale and upscale markets. Midscale steakhouses are typically family-oriented and offer a casual environment with meals perceived as good values. In terms of décor, comfort is emphasized and Western themes are popular. Upscale steakhouses offer a more formal atmosphere and may serve larger cuts of meat that are of better quality than those served in midscale restaurants. Upscale establishments also charge higher prices, and their décor may be similar to that of other fine-dining establishments, offering guests more privacy and focusing more on adult patrons than on families.

Family-style restaurants. As the name implies, these establishments are geared toward family fun. Since they charge reasonable prices, they also appeal to seniors. They offer speedy service that falls somewhere between that of quick-service places and full-service restaurants. Their menus offer a variety of selections to appeal to the interests of a broad range of customers, from children to seniors. Family-style restaurant prices may be higher than those at fast-food restaurants, but these establishments provide table service to compensate. The décor of family-style restaurants is generally

comfortable, with muted tones, unremarkable artwork, and plenty of booths and wide chairs. Booster seats and highchairs for children are readily available.

Casual-dining restaurants. These establishments appeal to a wide audience, ranging from members of Generation Y to Generation X to baby boomers with families to seniors, and they provide a variety of food items, from appetizers and salads to main dishes and ice cream for dessert. Casual-dining restaurants offer comfortable atmospheres with midrange prices. Many center on a theme that's incorporated into their menus and décor.

Ethnic restaurants. Ethnic restaurants enjoy a significant share of the U.S. restaurant market. They range from quick-service places with limited selections to upscale eateries with a wide variety of menu items. Their menus typically include Americanized versions of ethnic dishes with unique flavor, as well as more authentic food. The three most popular kinds of ethnic restaurants are Italian, Chinese and Mexican. Other popular ethnic restaurant types include Indian, Thai, Caribbean, English, French, German, Japanese, Korean, Mediterranean and Vietnamese. An even wider variety of ethnic restaurants can thrive in areas with a culturally diverse population, such as large metropolitan areas.

Pizzeria. You have two primary choices when entering starting a pizzeria. One is a to-go restaurant in a modest facility with a specialized menu highlighted by pizza and beer, limited seating and a self-service atmosphere. The other is a full-service pizza restaurant with a menu that features not only a variety of pizzas, beer and wine, but also Italian entrees like spaghetti, ravioli and lasagna, side dishes such as salads (or even a salad bar), and a few desserts. The foundation of a pizzeria is, of course, the pizza. If you don't know how to make a good pizza, hire a good pizza cook who does. Invest in top-quality ingredients and preparation methods, and make every pizza as if you're going to eat it yourself. Do that, and your customers will keep coming back for more.

Sandwich Shop/Delicatessen. One reason sandwich shops are so successful is that they enjoy high profit margins. Sandwich shops and delicatessens can also change their menus quickly and easily to adapt to current tastes. For example, with the growing interest in health and nutrition in the United States, sandwich shops and delicatessens have started offering more low-fat, healthy ingredients in their sandwiches, salads and other menu items. In addition, many sandwich shops and delis have been able to keep up with workers who eat at their workplaces by adding delivery and catering to their sit-down and take-out operations. Sandwich shops and delicatessens can be differentiated by the foods they serve. Most sandwich shops serve only sandwiches, possibly with some side dishes or desserts. A delicatessen usually offers a more extensive menu, including sandwiches, prepared meats, smoked fish, cheeses, salads, relishes and various hot entrees.

Coffeehouse. With more than 400 billion cups consumed every year, coffee is the world's most popular beverage. But beyond the beverage itself, people frequent coffeehouses and espresso bars for a variety of reasons: to meet with friends, for a quick lunch and a drink to perk up the afternoon, or simply to start off each morning with a great cup of coffee to start off each morning. Most successful coffeehouses have heavy foot traffic and high-volume sales. The majority will serve up to 500 customers per day and manage up to five customer turnovers during the lunch hour, despite having limited floor space and modest seating capacity. Profit margins for coffee and espresso drinks are extremely high--after all, you're dealing with a product that's more than 95 percent water. At the same time, your average ticket amount is around \$3, so you need volume to reach and maintain profitability. Besides specialty roasted coffee by the cup, most coffeehouses also have espresso-based drinks (cappuccinos, lattes, etc.), assorted teas, bottled water and fruit juices, along with an inviting assortment of baked goods, a selection of desserts, and coffee beans by the pound.

Bakery. With the emergence of strip malls and competition from supermarkets that have in-store bakeries, "bread-only" retail bakeries have almost disappeared from the United States. Bakeries today offer cakes, scones, bagels and coffee drinks, and sometimes even offer full dining menus, including

sandwiches, hot entrees, beer and wine. Consumers love fresh bakery goods, but the market is extremely competitive. As you develop your particular bakery concept, you'll need to find a way to differentiate yourself from other bakeries in town.

## Writing a Business Plan

Armed with practical experience, you're ready to put together your business plan--the most critical element of your restaurant. Map out everything on paper before you buy the first spoon or crack the first egg.

When you're writing a business plan you should include: a clear definition of your concept; a description of your market; your menu and pricing; detailed financial information, including data on your startup capital (amount and sources) and your long-term income and expense forecasts; a marketing plan; employee hiring, training and retention programs; and detailed plans that outline how you'll deal with the challenges restaurateurs face every day. Including an exit plan in your strategy is also a good idea.

## **Funding Your Business**

How much money you need to start depends on the type of business, the facility, how much equipment you need, whether you buy new or used, your inventory, marketing, and necessary operating capital (the amount of cash you need on hand to carry you until your business starts generating cash). It's easy to spend hundreds of thousands of dollars starting a restaurant, but it's not essential. For instance, when Borealis Breads owner Jim Amaral started his first bakery in Maine, he rented a space that had been a commercial bakery and came complete with mixers, benches, ovens and other equipment. He was able to start with just \$10,000 he'd borrowed from family and friends, and used that primarily for inventory.

Regardless of how much you need, you will definitely need some cash to start your food-service business started. Here are some suggestions of where to go to raise your startup funds:

Your own resources. Do a thorough inventory of your assets. People generally have more assets than they realize, including savings accounts, retirement accounts, equity in real estate, recreation equipment, vehicles, collections and other investments. You may opt to sell assets for cash or use them as collateral for a loan. Also look at your personal line of credit. Many a successful business has been started with credit cards.

Family and friends. The logical next step after gathering your own resources is to approach friends and relatives who believe in you and want to help you succeed. Be cautious with these arrangements; no matter how close you are with the person, present yourself professionally, put everything in writing, and be sure the individuals you approach can afford to take the risk of investing in your business.

Partners. Using the "strength in numbers" principle, look around for someone who may want to team up with you in your venture. You may choose someone who has financial resources and wants to work side by side with you in the business. Or you may find someone who has money to invest but no interest in doing the actual work. Be sure to create a written partnership agreement that clearly defines your respective responsibilities and obligations. And choose your partners carefully--especially when it comes to family members.

Government programs. Take advantage of the abundance of local, state and federal programs designed to support small businesses. Make your first stop the SBA, but be sure to investigate various other programs. Women, minorities and veterans should check out special financing programs designed to

help them get into business. The business section of your local library is a good place to begin your research.