

HOW TO SUCCEED IN RESTAURANTS AND CAFE'S



by Neil Willis

<http://www.sydneycommercialkitchens.com.au/>

**Discover How to Increase Your Chances Of
Success In Owning Your Own Restaurant Or Cafe**

How To Succeed In Restaurants and Cafe's

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Soon your kitchen will be creating delicious tasting food, quicker while reducing your electricity bills, food bills and wages...



Introduction

This eBook is a comprehensive guide aimed at increasing your chances of success in owning your own restaurant, cafe or take away food bar.

The food industry is a challenging combination of manufacturing and retail. It requires careful management, control of food and perishables, production, people, hygiene and customers.

Very few businesses include all of these variables as significant elements of success or failure. You must understand that your restaurant or café is also a business. The skills needed to run a successful business are very different from those required to manage a successful restaurant.

Your restaurant or café cannot hope to succeed without your developing business skills in these three key areas: operational; financial and marketing.

Included on the links below are excel spreadsheets that you can use to help calculate your weekly profit, expenses, mark up and efficiency. It is recommended that you store these on your computer where you can find them easily.

From the very beginning it is important to remember that in business you always have two sets of customers. The first set is the customer that buys your products on a daily basis, and the second set is the customer who will eventually buy your business. Everything you do in your business should ultimately be geared to both sets of customers.

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Instructions to download excel calculators

1. Download the excel calculator files to open them
2. save them on to your computer making sure it is a location that you can easily find e.g. make a new folder My Documents/Restaurant Calculators

Efficiency Calculator - <http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57612>

Expenses Calculator - <http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57613>

Mark Up—Gross Profit Calculator - <http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57615>

Weekly Expenses Calculator - <http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57616>

Sydney Commercial Kitchens hopes that this eBook will provide useful information to both current operators and to those who are contemplating entry into this exciting field.

Disclaimer: While the information contained in this book should assist you in every aspect of managing your business, the author, Sydney Commercial Kitchens, its staff and owners cannot guarantee your success.

Your Business Plan

Your business plan is the future of your business. So many small business owners simply go to work each day with no real idea of where they want to be or how they intend to get there. Little wonder that the failure rate of small business is so high.

Write down your business plan, then keep it open, so you can change it to reflect your ever- changing business environment. It is simply a written statement of your business goals and how you expect to achieve them. Keeping it open will allow your plan to continue to reflect your current thinking.

Your business plan should be written with a particular audience in mind. This is especially true if you plan to use your business plan to impress your bank or finance company and get a loan or lease. To be effective in a financial, marketing and operational sense, your plan needs to address all aspects of your business, now and in the future.

When completed, your business plan should be structured like this:

Cover Sheet

Statement of Purpose

Table of Contents

The Business

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- Description of the business
- Your product or service : what you intend to market
- Market analysis : how you see your business competing in the current market
- Location
- Competition - what are they doing?
- Operating procedures
- Personnel requirements
- Business insurance
- Financial data



Financial data

- Loan applications
- Capital equipment and supply list
- Balance sheet
- Breakeven analysis
- Income projections (profit & loss statements) - including

Remember, you are putting forward a business proposal that should show a win-win situation for both of you.

Forward your business proposals and plan well ahead of any scheduled meeting time so that if your banker requires additional information you can provide it without creating delays. If you are well prepared and well presented, then you are entitled to expect a decision by your banker on your meeting day. There is nothing worse than being sent away because you haven't supplied all the necessary details.

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Have confidence

You must be confident that your business not only has every chance of getting started, but that it will be a tremendous success. In any meeting you need to be upbeat, positive and have a clear understanding of all aspects of your business. If your idea doesn't look like it will work on paper, then chances are it won't work in real life.

Every small business that has ever been to a bank for finance has had to prepare the same information and put forward its individual case. The more thorough you are, the more professional you will look. It might seem like a lot of paperwork, but look on the process as training for the future of your business. If you can't be bothered then that should be a clear indication that you are not really suited to owning your own small business.

1. Three-year summary
2. Detail by month, first year
3. Detail by quarters, second and third years
4. Assumptions upon which projections were based



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Supporting documents

- Personal financial statement
- Current balance sheet
- Most recent income tax statement
- Your cash flow, balance sheet and profit and loss statements and your projections
- Your debtors and creditors list
- Your business name registration or company details.
- Your company memorandum of articles and company seals
- Any documents relating to a licence agreement, franchise agreement, market analysis or consultants reports
- Copies of your trade or professional qualifications or experience
- Details of security offered, such as real estate mortgage papers or a bill of sale over specific assets that you are prepared to use as collateral
- Copies of letters of intent from suppliers, etc
- Your trading history, assets and liabilities, current performance and how you intend to finance your business - if you have one

Do it yourself

This is your business plan, so you should write it so that you can fully understand it. You may be writing it to impress someone like the bank manager or finance company, and you need to be able to explain everything in it to them, or they won't be impressed. If you are approaching a bank, then the plan should spell out the reasons why your business is a good investment and how you plan to repay the loans.

Remember, you are putting forward a business proposal that should show a win-win situation for both of you.

Forward your business proposals and plan well ahead of any scheduled meeting time so that if your banker requires additional information you can provide it without creating delays. If you are well prepared and well presented, then you are entitled to expect a decision by your banker on your meeting day. There is nothing worse than being sent away because you haven't supplied all the necessary details.



“Making the process so easy!”

Thank you so much for your assistance and making this process so easy!” Mirjana C - Gloria Jeans Coffees Northgate

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Location

In business the real estate catch cry is Position, Position and Position. So how does this relate to your small business.

Much of the future success of your business will depend on the location of your business. It is quite difficult to generalise about the factors that make for a good location because so much depends on the type of operation for which the location is used. What is needed in a location is one that will ensure a sufficient number of customers to spend a sufficient amount of money to provide a profit. That is easier said than done!

Often the best location for your new cafe/restaurant is where other cafe/ restaurants are. This is because your prospective patrons are already used to dining at this location. However this should not be your only consideration.

Others points to consider are:

- **Rent**

The amount of rent you pay should be proportional to the size of the business. Every chair at every table owes you a portion of the weekly rent, every day. If your rent is too high with too few tables to share the expense then you are placing unwanted pressure on your business. Make sure you have a solid knowledge of the rents payable at more than one location in your chosen area.

- **Parking or public transport**

- **Wheelchair access**

In-house toilet facilities including disabled At the very least you should have clean public toilets with better than adequate lighting for evening use.

- **Heating and air-conditioning**

- **Visibility**

Is the location easy to find? Visibility has a great influence on sales. Studies indicate that 75 - 85% of customers state that the reason they first stopped at a particular outlet was because they saw it, saw the sign.

- **Traffic count**

This is extremely important as the people that flow passed your shop are potential customers. Competition, especially direct competition, is of the utmost importance to site evaluation. This is certainly true in shopping centres. Many do not have the capacity to support more than one or two cafes, therefore it is important to consider the number of potential customers and the overall turnover.

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- **Main street versus side street**

How comfortable and safe your customers feel will have a tremendous impact on your business.

- **Advertising**

Will you require lots of advertising to attract clientele or is there already good passing trade?

- **Council requirements**

Council levies on things such as outside dining areas, signage and advertising hoardings are additional to your rent, but are regular expenses.

- **Health requirements**

Does the building conform to current council health and building ordinances?

- **Landlord's attitude**

What is the landlord's attitude to your business?

- **Lease period**

Is the lease period suitable for your needs and what are your options for extension or termination?

- **Building outgoings**

What are the buildings outgoing expenses, and more importantly, who pays them?

- **Bond**

What bond are you required to lodge?

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- **Noise**

Do the noise and smells that your business make affect others? Or do the noise and smells that others make affect your business?

- **Building security**

- **Utilities**

Are gas, electricity, water and telephone connected?

- **Building condition**

Are the walls and floor in good condition, and what is the general state of repair of the building.

- **Deliveries**

Can your deliveries be taken through a side door, or is it necessary to accept deliveries through the seating area of the cafe/ restaurant? This may require special delivery times so as not to effect busy business times.

- **Buying an existing business**

Is the current kitchen equipment relevant to your style operation? If not, what is the cost of upgrading to appropriate equipment?

Whilst having an average location for your business may not spell disaster, it is surprising how much the right location will improve your day to day business and increase your profitability.



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Expanding your current location

Almost every business feels pressure to expand from time to time and restaurants and cafe's are no different. Hopefully, as you become successful, you will find that you are consistently turning away clients due to lack of available tables. When this happens a bigger location seems like the logical answer.

In evaluating that decision, however, keep in mind that there will be several types of additional costs. Obviously, there will be the ongoing costs of a bigger location -- more rent, a larger mortgage payment, increases in utilities, insurance and the like. On the front end you will incur the costs of expansion. The hard costs are primarily the physical cost of increasing your space and making it useful. The hidden costs are also significant, however. Your business will be likely to have decreased productivity and interruption of customer activity during the expansion.

Much of your business' energy will be focused on the expansion. As in other situations, make sure that the rewards outweigh the risks. Project your business income and expenses with the expansion in place. Carefully budget the initial costs, factoring in the decreased profitability from loss of manpower and sales/service activity. Remember that more business doesn't always equal more profits.

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Customer Service

Everyone believes that they will be able offer better food and service than their competitors at competitive prices. However this is simply NOT true. You must make it your goal to continually improve on your best in food presentation, taste and service. Set standards to work to, and more importantly, make sure your staff have the correct training and manner to allow them to share in your goal. If they don't have skills in this area it is up to you to train them. Remember that they have less to lose than you.

Customers should no longer be satisfied with the same level of service that they accepted even just a few short years ago. In general people are much more aware these days of their rights and they expect good service.

People like doing business where they feel that their custom is appreciated. One of your greatest challenges will be making customers feel a warm welcome without being over-imposing.

Customers value expert opinion, so make sure all your waiting staff have a clear understanding of the menu and cooking styles on offer.

Customers also like to be recognised, greeted warmly and warmly thanked for their trade when they are leaving.

Reward your customers and they will reward you. A satisfied customer is your best advertisement and a dissatisfied one, your worst nightmare.



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Your customers know more about your business than you think, all based on their own experience. The ambience that you have created, the attitude and knowledge of your staff, the food taste and presentation and the timing of the meal will all play an important role in their decision to return. They will decide for themselves if your cafe/restaurant offers a unique and pleasant experience, or if it wasn't worth their time and money.

Find out what your customers want and give them more of it.



Complaints

Despite your very best intentions, sometimes things just don't go as planned. How you or your staff handle the complaints is your opportunity to turn a potential problem into a satisfied and repeat customer.

Asking the right questions of your customers will reveal how well your business is doing. Service in Australia is not always what it should be and asking the same questions of your clientele will probably always get you the same answers. Researchers know that our speech patterns design questions that illicit from our clients the answers that we would most like to hear. By varying your questions regularly you may get a more honest appraisal.

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Improving your Efficiency

It is possible through better management of time and table allocation to generate extra turn over on your tables and therefore create extra revenue.

Capacity management is the art of understanding the many small things you can do to save time and fit in more people, *WITHOUT* rushing customers or making them feel that they have to leave.

Time management is one of the dimensions of an efficient restaurant - It has been estimated that as much as 60% of a person's visiting time to a restaurant is spent *NOT* eating or drinking - it's the waiting time!

Anything that reduces this creates space for the next customer at the door!

Space management is the other dimension, and one key point is the inefficient allocation of tables - The obvious example is not putting couples on a 4 top table - don't be afraid to experiment to find out just what a difference it makes to customer numbers and sales if you adjust table sizes to the average size of the groups you are really attracting.

Staffing will be related to time management - it may be that by understaffing to 'save money' you are reducing the number of table turns you can do. Bringing in a runner to clear and deliver may make a big difference to re-seating times - check it out!



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By changing a number of simple operational steps, it should be possible to dramatically improve the maximum revenue you can achieve. These steps are:

- **Possible seating** - count the number of seats in your restaurant
- **Count the number of tables**
- **Calculate the average table size** - by dividing the number of chairs by the number of tables
- **Find out the average party size by doing a survey over a couple of shifts** - divide customer numbers by number of tables served in the shift
- **Your actual capacity** - This can be a scary figure - table numbers X average group size. It is often much less than you think!
- **Seating efficiency** (actual / possible seating): This is a way to measure your actual capacity as a percentage
- **Average time a customer stays** (minutes): measure this by doing a survey during several shifts. Take an honest look at how much time is wasted on unnecessary delays
- **Length of shift** (hours): your opening hours
- **Therefore maximum turns of the tables**: Divide your opening hours by the length of time people stay
- **Maximum seating**: Multiplying the number of table turns by your Actual Capacity
- **Per head spend**: Get this figure by dividing total sales by number of customers in a shift. Often lower than expected - because of lack of service, poor selling or underpricing



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Menu Planning

Making the best menu is always a challenge for the restaurateur. A good menu is definitely the foundation of your establishment. It can also be a powerful marketing and communications tool.

The menu determines the kind of equipment needed, the staff required, the purchasing methods, the storage requirements and even the design and decor of the food service. Your ultimate success may depend on the food offered in the menu.

Conversely, if you are buying an existing establishment, the type of equipment present will determine the style of food you can offer. Remember you can always look at refurbishing the kitchen to suit your style of food service either now or at a later date.

Other considerations involved in planning your menu are:

- **Needs** and desires of the patrons
- **The Location** of the business
- **Cost** and profitability
- **Food Supply** influences such as seasonal foods
- **Limitations** of the cooking equipment
- **Variety** and appeal
- **Nutritional Factors**
- **Time factors** of the patrons
- **Time factors** in preparing the food
- **Functional**
- **Presentation** issues i.e. distinction and attraction
- **Consistency** - Your presentation should remain constant. All staff members involved in food preparation should be able to reproduce the meal exactly
- **Accuracy** - Your food should reflect accurately what is displayed on the menu



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Menu Pricing

Pricing the menu

Good service, quality food, a clean environment - these are all goals every owner strives to achieve. They are also the means to maintain a viable profit margin. Today when growing costs and heavy overheads are eroding that margin, you should constantly look for new ways to build profits.

Pricing must be right to meet the competition, satisfy the patrons and afford a reasonable profit. That, after all, is the main reason for remaining in business.

Mark up

Mark up is the percentage you add to your raw food cost to determine the selling price. At a minimum you should allow for at least a 200 percent to 300 percent mark-up to maintain profitability. This means at 200 percent that if your food cost is \$2.00, your mark-up is \$4.00 and your sale price is \$6.00. At 300 percent if your food cost is \$2.00, your mark-up is \$6.00 and your sale price is \$8.00.

Some items, such as coffee allow for much higher mark-ups.

Gross profit

Gross profit is the dollar value of your mark up divided by the selling price, expressed as a percentage.

Do not get confused between mark-up and gross profit. Look at the following comparison table.

Cost of Product	Mark Up Percent	Mark Up Value	Sell Price	Gross Profit
\$1.00	100%	\$1.00	\$2.00	50%
\$1.00	200%	\$2.00	\$3.00	66.67%
\$1.00	300%	\$3.00	\$4.00	75%

Mark Up—Gross Profit Calculator

<http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57615>

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Increasing your profitability

Your menu pricing has a direct relationship with your profitability. It is your duty to continually explore avenues to increase this profitability.

The main ways are:

- **Control costs**
- **Increase prices**
- **Value add or up sell**

Value adding or up selling is something we all familiar with, but fail to take advantage of in our own businesses.

Remember where you heard, "Would you like hash browns with that". It is one of the most quoted value-add lines in the business.

In your business this could be as simple as every time you sell a cup of coffee ask "would you like one of our delicious cookies with that?" or every time you sell a food item try to sell a drink as well. It may not happen every time, but it will happen often enough to impact on your bottom line.

This skill is one of the most important things that you can teach your staff. By continually value adding, your staff can justify their own position in your business.

See the following table

Current Pricing	Cost	Sell	Profit	Gross Profit
Current Price	\$2.00	\$8.00	\$6.00	75%
Cost - 10%	$\$2.00 - 10\% = \1.80	\$8.00	\$6.20	77.5%
Sell + 10%	\$2.00	$\$8.00 + 10\% = \8.80	\$6.80	77.2%
Combine Both	\$1.80	\$8.80	\$7.00	79%

As you can see, controlling costs and increasing prices both have a similar impact on your profitability, though obviously a combination of both is ideal.

How can I increase my prices above my competitors?

The key is to give your customer a better experience for their money. Make their experience unique by giving better service, or by offering a coffee mug instead of a cup at an increased price, or even keeping a special mug on the premises for regular patrons with their name on it at your cost. Think about it, people are not afraid of spending extra money as long as it is worthwhile.

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So, price to the customer is really a mix of value and cost. The price a customer is prepared to pay for a product depends on the cost of the product and the value they place on that product. In highly competitive locations, the margin of profit is often narrow and can be wiped out by high food costs, high wages, high rents, high waste in food or a low volume of business. Keeping the right price for the customer and allowing a satisfactory profit for the owner means exercising extreme economy in places where economy really counts.

Food and labour costs must be kept at the lowest point possible, compatible with good quality and service. Food wastage must not exist. Volume must be increased through alert merchandising and turnover increased by value adding to the sale.

Food costing

Standard portions. In order to obtain control over food costs, it is essential that food portions be uniform. This makes it possible to compute unit costs and prices based on standard sized portions. It also insures that each customer is treated alike as far as food portions are concerned. Carelessness in food portioning can affect the food cost percentage adversely.



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Food Preparation

Everyone needs food and we all expect our food to be safe. While governments cannot guarantee the safety of all food, it is their role to develop a framework that promotes the delivery of safe and healthy food by the food industry and the provision of adequate information to consumers.

An effective food regulatory framework and a reputation for safe food are also vital to the competitiveness and survival of the food industry - one of the major industries and export earners in Australia.

Cooking food

Before food can be cooked it must be prepared for cooking.

Most cooking is based on common sense and sound practices. To obtain the best results, the following points should be closely observed:

- good quality ingredients - the end product is never better than the original ingredients
- minimum lapse of time between preparation and service
- proper cooking methods

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HACCP

HACCP stands for Hazard Analysis Critical Control Point (and it is pronounced hass-up).

A system for preventing food safety hazards was required for application to foods intended for the space program. The only alternative was end product testing and, if certainty was to be assured, a 100 percent sampling rate would be required leaving little or no products for the astronauts to eat. Process control emerged as a solution. Since then, HACCP has been taken up by food companies around the world, to help control the food production process. It is usually part of a wider quality assurance program.

Basically, a HACCP program means finding out where the really serious problems occur, monitoring these steps so you know if there are problems, and fixing any problems that arise. There are seven key steps:

1. Hazard analysis

Work out what the hazards are. 'Hazards' are often things that processors cannot control, and an integrated HACCP system means that producers, suppliers and transporters also use QA to eliminate or reduce the risks before processing.

2. Identify the critical control points

These are the steps where the really important things can go wrong, so they are critical to eliminating the hazards. Common critical control points are sanitation and temperature control.

3. Set the 'critical limits' for each critical control point

Again, these vary from business to business but examples could be the refrigerator temperature or cooking temperature. If you go over (or under) the critical limit, a problem could be slipping through.

4. Monitor the critical control points

See whether you are meeting the targets and track the results. You can see instantly if things go wrong.

5. Establish corrective actions

These are the things you do when the monitoring shows there's a problem.

6. Verify that your HACCP system is working correctly

It is all very well having this terrific system but you have to check that it's actually doing what you want it to do. You might use microbiological testing, for example, to check that the bug counts are what you aimed for.

7. Set up records

You need records so people know what to do, check if your results are improving and for auditing. It's not hard but it's thorough. It saves you trying to keep it all in your head and it lets the auditors check that you do what you say you do.

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Given that your customers constantly expect higher standards, you can expect that your HACCP system will keep changing too. It's a means of preventing problems, rather than you hoping that you will find them before it's too late.

The sequence of events we recognise as HACCP will certainly work to control food safety concerns from microbiological, chemical and physical hazards. However, HACCP's implementation requires diligence and training. HACCP is a discipline. It creates a culture that revolves around good management with a systems orientation.

Hygiene

Regulations of local councils and state health authorities regarding food service must be followed. These regulations are quite similar in every council, although there may be some local rules to abide by. Most council's will provide you with a booklet or pamphlet outlining their regulations for little or no cost. It is worth checking out.

When we opened our restaurant in busy Crows Nest we were visited by the local council health inspector. Immediately we were on his good books as he could see that we were steam cleaning what had been a filthy kitchen. Then we always maintained a high level of hygiene and cleanliness, so that on his regular future visits he would see that there were no hygiene issues.

In maintaining hygiene standards it is always better to err on the side of cleanliness. As implementation of sanitary practices depends on you and your employees, constant vigilance is required.



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The main points of hygiene are:

- Equipment and layout should be set up to allow good sanitary practices.
- Food should be handled, stored and refrigerated so as to prevent spoilage and contamination.
- Food should be safe guarded in distribution and service.
- Never accept frozen or refrigerated products that arrive at an unacceptable temperature.
- Washing of dishes, glasses, utensils and equipment should always be to the highest of standards.
- Floors, wall, ceilings, counters, tables and chairs should be cleaned regularly.
- Hair bands, hair nets or caps are recommended for all kitchen staff.
- Hands and finger nails must be clean at all times.
- Chef Knives and cutting boards should be washed thoroughly prior to working with different meats to prevent cross contamination.
- Kitchen exhaust hood and filters to be cleaned regularly.

All of these regulations can be enforced by strict surveillance, but the task is easier if your staff have an understanding of the dangers of food contamination.



“Awesome to deal with”

“Thanks for the speedy purchase, you have been awesome to deal with. I wish other companies were as easy to deal with. Thanks again” **Simeon - Ovens Valley Motor Inn**

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Cash Flow and Profit

Although it is important to have the right location, ambience and menu, your business cannot survive unless you make a profit.

The reason you are in business is to make money. Profit is what you are paid from and managing your cash flow is how you protect that profit.

Some ideas to protect your profit are:

- Small additional expenses must be kept to a minimum
- Perfecting your ordering to stop casual expenditure when you run out of something should remain one of your prime priorities
- Always think major expenditures through thoroughly by calculating the impact of that expense on the future performance of your business

Right from the start you must implement systems to protect that profit. Your staff would not like it if you started spending their pay, but if you let them order indiscriminately then that is exactly what you are allowing them to do to your own pay.

Profit is also what keeps your business alive. From day one it pays to remember that you need to make a profit to reach your goal of a successful business.

Cash flow and profit go hand in hand. They are the two essentials every small business needs to be most concerned about. If either cash flow or profit are missing from your small business then you will be in a downward spiral until you can correct it.

You should learn to appreciate just how important they are to the survival of your small business. Cash flow and profit are not dirty words. In fact they are so important that you should try to use them every day in your business discussions.

Talking about cash flow, profit and your margins reinforces the importance of keeping more money than you spend and helps everyone appreciate their obligation to your business.

Get into the habit talking margins and profit to your staff from the very beginning.

Keeping Records

As with any advice on book and record keeping it is important to check with your professional accountant to clarify what system they prefer.

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From day one it is important to keep proper records for your business. The reasons for this are:

1. Accurate records are the best way to clearly understand if your business is succeeding, or failing.
2. You are required by law to keep accurate records so that your business can pay the correct GST component by the due date.

The best time to do the books is when everything is fresh in your mind. If you delay book keeping until you have time it will always cost you money. You are likely you will forget some important legitimate deductions which would have reduced your business' taxable income.

The more self reliant you are with your book keeping, the greater the understanding of how your business is doing. In my various businesses I have always kept my own books, though I always use a professional accountant for lodging of business and personal income data. For the last six years I have been using MYOB, although there are many other software packages that you can use.



When I run my business I always have a simple weekly summary sheet I can use and print out so that I instantly know where my business is at financially. The following table is a sample of what I use:

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WEEKLY SUMMARY				
WEEK ENDING		Your Company Name		
30-Apr-2003				
Incomings				
DAY	SESSION		COVERS	TAKINGS
Monday	Lunch			\$450.00
	Dinner			\$600.00
Tuesday	Lunch			\$900.00
	Dinner			\$1,100.00
Wednesday	Lunch			\$1,175.00
	Dinner			\$1,525.00
Thursday	Lunch			\$1,400.00
	Dinner			\$1,875.00
Friday	Lunch			\$1,800.00
	Dinner			\$2,100.00
Saturday	Lunch			\$1,000.00
	Dinner			\$2,000.00
Sunday	Lunch			\$1,750.00
	Dinner			\$870.00
TOTALS			0	\$18,545.00
GST on Turn Over		Tax Rate =		10.00%
				\$1,685.91
Actual Turnover				\$16,859.09
Outgoings				
Total Wages				\$5,546.58
Percentage to Gross Sales		33%		
Total Food Costs				\$0.00
Percentage to Gross Sales		0%		
Total Other Costs				\$0.00
Percentage to Gross Sales		0%		
Total Expenses				\$5,546.58
GST Collected		\$1,685.91		
GST Paid		\$0.00		
Profit Percentage to Gross Sales		67%		
Profit				\$11,312.52

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There is a working model of the above chart to help you calculate your profit on the CD-Rom. It is called Weekly Summary Calculator, and all you have to do is double click on the file. Each week you could fill in the information, print it out, staple all the receipts to the back and retain for your records and to give to your accountant.

Instructions on how to use the weekly summary calculator are contained in the chapter called "Calculators".

GST

The cost of an accountant completing your BAS statement will be crippling to most small businesses. My recommendation is learn to do it yourself.

There are two ways of paying GST, either Cash or Accrual. Your accountant will tell you which method best suits your style of business.

In Australia many of your purchases in the food industry will be GST exempt, yet everything that you sell will have a GST component. This means that you will have few tax inputs to offset your GST collected.

Because of this it is important to keep your GST liabilities in a separate bank account from your business trading account. At the very least you should keep track of GST as it really isn't your money to spend. You are just holding the funds for the government until it is time to hand it over. If you don't have your GST liability when it is due the government will go to extraordinary lengths to collect it, not to mention giving you a substantial fine.

You must ensure that what GST you have paid out of your business is offset against the GST that you have collected. It is your right to do this and to slip up here is like stealing money out of your own pocket.

Since the introduction of GST I have upgraded my MYOB to the latest version. This allows me to enter all my expenses GST inclusive into the accounts. However I still use a simple Microsoft Excel spreadsheet to give me the individual totals that enables me to easily enter the details into MYOB and ensure that I claim all that I am entitled to for GST. I use this for both my monthly cash expenditure and also my visa payments that are business related. The following table is a copy of that spreadsheet.



"Fast Delivery"

Thank you very much for your help. The Display Cabinets arrived today around midday.

Kind regards, Royce - Chris's Patisserie & Bakery

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EXPENSES			
	Amount		Amount
Petrol	\$0.00	Electricity	\$0.00
Car Repairs	\$0.00	Internet	\$0.00
Tolls & Parking	\$0.00	Bank Fees	\$0.00
Office Supplies	\$0.00	Advertising	\$0.00
Hardware	\$0.00	Phone	\$0.00
Insurances	\$0.00	Merchant Fees	\$0.00
Repairs	\$0.00	Gas	\$0.00
		Water	\$0.00
Total	\$0.00		
Petrol		Office Supplies	
Total	\$0.00	Total	\$0.00
Car Repairs		Phone	
Total	\$0.00	Total	\$0.00
Tolls & Parking		Merchant Fees	
Total	\$0.00	Total	\$0.00
Hardware		Insurances	
Total	\$0.00	Total	\$0.00
Repairs		Internet	
		Advertising	
		Electricity	
		Gas	
		Water	
Total	\$0.00		

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Expenses Calculator

<http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57613>

How to use the Expenses Calculator:

1. The summary section at the top is automatically updated as you add information below in the Detail section.
2. Sort your invoices and receipts into categories.
3. Add the amount from the invoice or receipt into the Total section in the appropriate category.
4. The calculator does the rest for you.
5. Change the month and year at the top of the spreadsheet.
6. Print it out.

Breakeven point

It is important to know your business breakeven point. In real terms it is when your income equals your expenses.

This is all the more reason therefore to complete the Weekly Profit Sheet [see above]. When your income exceeds your expenses then you get paid. If you increase your staffing levels it also tells you how much extra business you will require just to cover costs.

To determine your breakeven point, simply add all of your expenses for the month, multiply by 12 to give you a yearly figure then divide by 52 to bring it back to a weekly figure.

Cash Registers

Cash registers are an important topic, worthy of their own chapter.

Cash registers range from very basic to highly computerised with information sent directly from the service point to the kitchen and bar areas.

When used correctly they are one of your greatest tools for having a successful business. Basic cash registers tell you how much money should be in the till and not much else. The more detailed the cash register the more data it can give you.

An electronic cash register with departments, individual products and perhaps table numbers allows much greater scope. You can do detailed analysis within your business to find out what is selling and what isn't. You can quickly change items on your menu that are not selling and replace them with other products that may sell better.

From a customer's perspective a detailed account at the conclusion of the meal is much easier to understand than just numbers on a slip of paper. If all their purchases are listed under the table number you can quickly realise if mistakes have been made, and perhaps correct them before they become a problem.

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They are also useful in stock taking. If the register shows that 50 items were sold and you are out of stock despite buying enough for 70 portions then you have discovered a problem. It could be that food is disappearing from the kitchen, or not being declared at the till. Be careful before accusing anyone; it may be as simple as incorrect key entry at the time of purchase.

These days, as we become more computerised and with so many demands on our time as business owners, it makes good sense to combine your computer with the cash register. This means that you can directly link between the point-of-sale and your accounting program, calculate your GST liabilities and reconcile your bank statements all from the one system with no duplicating.

A good cash register will even help with your ordering. You can calculate how much of almost every item to order based on historical sales.

You may have already guessed but I am highly in favour of detailed cash registers. I like to receive my financial good news and bad news quickly and the ability to analyse my business from more than one perspective.



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Marketing

There are many ways to market your business. These days, with so many choices of where to eat, how you market your business will definitely impact on the success of your business. Traditionally the following avenues are open to you for marketing:

- Yellow Pages
- Local paper for both advertising and submitting food articles
- Business cards
- Neon signs
- Sidewalk blackboards
- The internet via your own website
- Radio
- Letter box drop in your local area
- Food guides, especially online ones
- Satisfied customers

Getting to the local market

In addition to using most of the above in our restaurant, we also printed leaflets of our weekly menu, and hand delivered them to local business houses. Doing this I became so well known that the local businesses would allow me to pin the menu list to their notice boards. At the time there were 51 other restaurants in the Crows Nest area, all vying for business lunches, so every little bit extra helped. The cost was minimal and the results were almost immediate.

One night at about 9.30 pm a customer approached us hoping we would still serve dinner. Many of the other restaurants closed their kitchens at that time for meals, serving only desserts after that. As we were the owners we had no problem with this request, and soon it was also part of our marketing strategy.

Crows Nest has a predominance of two types of businesses - restaurants and film production companies. Pretty soon we were regularly feeding between 20 and 40 people after 9.30 pm, all of them from the film industry. As they were also good tippers, our staff seemed to enjoy serving them as well.

Whatever strategies you use, you must monitor the results. If a particular strategy is not working then you need to stop doing it and find something else which will work better for your business.

Staff

Staff can be your greatest asset or your biggest nightmare. As the owner of a small business, the strength of your staff depends on your ability to manage.

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As owner/manager you must develop skills in the following areas:

• Advertising

A well worded advertisement in the right paper attracts potential staff. It is a good idea to read the advertisements from other restaurants/cafes to get a good feel for what works. Don't be afraid to experiment with different style ads to see what works best for your business. Although advertising for staff can be expensive, the better your advertisement, the more the professional the staff who will respond. Try not to cut costs here, without going overboard. Remember to set times for prospects to ring say between 9.00 am - 10.00 am and 3.00 pm - 5.00 pm. By selecting times that suit your business or management style you give yourself the best opportunity to pre-qualify staff.

• Job application

Have each applicant complete a job application form asking for information relevant to the job and containing references that you can check later. Leave some space for your own interview notes. This allows you to screen them later at a time convenient to you.

• Interviewing

Having placed your advertisement and pre-qualified applicants over the phone or perhaps by having reviewed their resumes sent by fax or email, it is now time to interview. You should have worked on what questions you want to ask well in advance and also what type of response you are looking for. Try to ask questions that get more than Yes/No responses. Questions that challenge the applicant give you a much greater chance of understanding their real ability.

Prior to the interview you must also have calculated what wages and conditions are appropriate to the job.

Most times there will be an award structure that is applicable, however in some jobs, such as Executive Chef, wages are often negotiable.

• Employing staff

Having decided on the right applicant to compliment your establishment you now need to ring them to offer them the job. Reiterate the wages and conditions of their employment and confirm a starting date. On their first day of employment they should be given relevant forms to complete, some for your office records and others pertaining to the current tax laws.

• Training

Never assume that new staff know exactly what to do. It is always a great investment in your business to walk the staff through the systems and procedures, introduce them to other staff members and to give them relevant training. It is always preferable to be over trained than under trained.

My experience is that in most establishments, systems differ depending on the management style and sometimes locational factors

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- **Grooming**

Grooming and personal hygiene are both important issues for food service staff. Have rules and guidelines in place and make sure your staff respect these. Nothing turns customers away quicker than poor personal habits, hygiene and grooming.

- **Staff systems**

In larger hotels, clubs and chain restaurants comprehensive staff manuals are common. Staff manuals document company policies and rules and all staff issues. These include such areas as uniform and appearance, working at other jobs, meal and rest breaks, absence from work, lateness, Equal Opportunity policy, harassment, language in the workplace, grievance procedure, correct use of email and computers, confidential Information, soliciting, telephone use, telephone answering, playing of CD's and radio, communication between management and staff, staff discounts, taking food/drink out of the business, Code of Conduct, stealing, government inquiries, immigration and visas, personal problems, political activity, religious activity, employment of relatives, visitors, support for education, warnings and dismissal from the company.

They also set guidelines in other areas including Occupational Health & Safety, pay and administration, holidays, leave and time off.

It is a proven fact that staff always perform better and enjoy their work more when they know exactly what is expected of them.

To find out more about how you can have detailed staff manuals for your establishment please go to: http://www.sydneycommercialkitchens.com.au/_catalogue_6947/Business_Tools



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• Consistency

As an owner/manager it is important that all your decisions be consistent. Consistency develops a happy workplace. Systems should be implemented that allow for this consistency to happen automatically, even in your absence.

This is another area where a complete staff manual will be of great assistance to your business.

How you personally handle staff disputes, customer complaints, your attitude and the way you generally conduct yourself will all be noticed by staff members, and duplicated. Pride in everything that you do always shows and a relaxed and happy demeanour is easy to duplicate by other staff. This is good news for a restaurant/cafe because customers will recognise this and be more comfortable.

Management

How you manage will have a great influence on the success of your business.

Leadership

Leadership involves being successful in two main areas. Knowing where you are going and how to work with people.

Effective leadership has many parallels with successful coaching. Coaches look for the strengths of the people in their charge. Then they devise a game plan to improve not only on those strengths but also on the weaknesses.

Coaches also lead by example.

To be totally effective as a leader you must gain the respect and loyalty of your staff. Here are some tips for being the best possible leader:

- Provide training and encouragement
- Employ extra staff when needed
- Provide the best equipment that you possibly can
- Look for ways to help them yourself
- Provide the best possible working environment
- Always have a positive attitude
- Learn to recognise the skills your staff possess and then encourage them to be better

Teach when you have the opportunity to teach and pass genuine compliments when you see something good being done. Never criticise in public, and when you have to in private, be gentle. Always remind staff of the things that they do well along with the complaint.

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Operating systems

Research shows that while 90% of independent restaurants and cafes fail, over 90% of franchised restaurants are successful.

Given those percentages, doesn't it make sense that you would want to operate your business more like a franchise than an independent restaurant or cafe.

So, what are the franchise operations doing that allows them to enjoy a high percentage of success and gives them such an edge over independent restaurants?

The answer is really quite simple.... when you buy a franchise you are trained right from the start using a proven system. Nothing is left to chance. They duplicate the way they operate time and time again using written systems that everyone can follow.

Operation systems are rare in small businesses. Usually the reason is a lack of time to prepare the detailed information, and lack of a model on which to base it.

Yet the percentages above clearly indicate that your chances of success in this exciting industry are dramatically increased by having your own operating system.

Despite knowing this, when faced with the choice of spending hours to create these systems or doing nothing, many business owners choose to do nothing.

A restaurant and cafe operating system usually contains the following sections:

- Staff costing and managements systems
- Cost control and financial management systems
- Functions management systems
- Bar management systems
- Front of house management and administration
- Customer service
- Cash register and point of sale systems
- Marketing

I am sure you will all agree it is obviously worth investing the time in developing an operating system for your business. In fact, your success could depend upon it.

To find out more about how you can have detailed operating manuals for your establishment please go to:

http://www.sydneycommercialkitchens.com.au/_catalogue_6947/Business_Tools

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Franchising

First Time Business Owners

First time business owners often turn to franchises because:

- although they may have the people skills and food industry knowledge they don't know how to run a business
- they have been retrenched and instead of seeking another job they use their payout to start their own business. Backed by a national or international brand name they can use the business and marketing training they receive from the franchisor to overcome this lack of business knowledge.

The increased interest in franchising isn't surprising given that franchise growth has historically been the strongest during economic downturns.

However be warned, many people believe that launching and running a franchise is easy. This is definitely not the case - running a franchise is a lot more work than a 9 - 5 job. You have to have a really strong work ethic. Many people choose the franchise route because they think it represents a shorter path to success figuring that if they do what they are told then that is enough to ensure success.

That is not necessarily the case. After all a strong brand name and business model cannot make up for poor business decisions made by the franchisee. While purchasing a franchise may not guarantee a business owners success it would increase your chances as 90% of brand name franchises are successful, a tribute to the system and training skills of the franchisor. This is definitely not the case in independent businesses, just go to your local shopping mall and ask the cafe operators how long they have been in business.

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The Pro's

Like independent business owners, many franchise owners pursue the opportunity not to make their millions but to become their own bosses and feel more connected to their communities. Without a doubt franchises represent an important and growing part of our economy. Buying a franchise essentially enables potential entrepreneurs to use a corporation's products, trademarks, advertising and business model to start their own business.

As many franchise owners point out, entering into such an agreement comes with a myriad of advantages:

- An established business system
- Product acceptance
- Extensive training
- Ongoing marketing support

For these reasons a franchise is often particularly attractive to people who lack solid business experience.

and the Con's

Franchisees pay handsomely for these benefits. Usually an upfront fee to cover start up costs and training, a monthly fee for marketing and advertising and then a monthly royalty of between 5% - 10% of profit.

While some franchises are more flexible than others, they do exert a lot of control over how you run the business.

You are locked in to doing things that the franchisor wants it done.

When you start an independent business you can create something that can change over time, based on yours and your customer's needs and preferences. If you are creative and entrepreneurial a franchise may not be for you.

Do your Homework

Anyone considering opening a franchise business is well advised to do their homework:

- Have the contract reviewed by a professional franchise solicitor
- Make sure you fully understand all of the implications of the contract
- Speak to other operators of the franchise for their opinion
- Try to find previous operators - people who have bought and sold their franchise to ask their viewpoint
- Mall owners like brand name concepts in their malls, maybe you can get a concession on your rent and outgoings - it never hurts to ask
- Conduct market research to test your customer base prior to purchasing.

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Selling your Business

Starting a small business is definitely one of the hardest things you will ever do. However this experience is nothing when compared to selling your business.

If you are eventually going to sell your business you must make it attractive to prospective purchasers from the very start.

Who would want to buy your restaurant or cafe?

There are many different reasons why people purchase a restaurant but it's probably safe to assume that making an income is high on the list. A profitable business will definitely attract more buyers and bring a higher price than a struggling business.

Growth and profit potential as well as the value of the assets may also be important, however as a rule of thumb, the more profitable an existing business is, the more it is worth to potential buyers.

Another point to be considered is how much the existing business will suffer without the current owners. Potential buyers will recognise a well run business. By taking the time to create staff, operating and kitchen systems you are giving your business the best chance.

If your business depends on you for its daily survival, then when you want or need to sell you really are only selling a job, with overheads and large capital outlays. Doesn't sound that attractive does it!

Because of this many restaurant and cafes fail to sell for anywhere near their proper market value, or at least what the current owner wants.

Building a business that's not dependent on you Systems allow your business to run automatically whether you are there or not. People definitely notice a well run operation, so even if you are forced to sell, the business with all its systems in place, still has the potential to run smoothly. You will probably get a better price for it as well.

Having a set of manuals outlining all the systems that make your business what it is means that someone else could take over and also run your business successfully.

A last word... When we sold our restaurant we initially approached a business broker who gave us a valuation based on his experience. Finally we placed an advertisement in the paper ourselves, sold it to the first caller and achieved a sale price over double what the broker had valued it at. Plus they took over existing equipment leases.

Choose your advisors carefully!

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Business Pitfalls

There is probably no business on earth that is taken more for granted, or looks easier to run from the outside than the restaurant or cafe business. Yet the highest rate of bankruptcy occurs in the food service industry.

The general rule is that for every ten restaurants, cafes, coffee and fast food shops that open for business, four will have closed their doors by the end of one year. Of the remaining six, four will have changed hands at least once.

Properly approached, the food service industry can be very rewarding. In my life I have met accountants running pubs - hands on, telephone technicians operating delicatessens, qualified chefs running great restaurants, solicitors working as chefs and running restaurants, all successfully. I have also met people who, with their industry experience should have had no trouble running a successful food business only to fail.

Failure can be attributed to some of the following reasons.

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- **Lack of management know how**

The most frequent cause is the lack of management knowledge. You may have sufficient capital, but if you do not know how to manage your business, your capital will soon disappear.

- **Inadequate food knowledge**

Some businesses are started by individuals with little or no food industry experience. They hire staff and allow themselves to be guided by them. They become disillusioned by the long hours that they have to remain at work with little result. When things start to go bad they sell out at fire sale prices, if they are lucky.

- **Food knowledge comes from experience and understanding.**

Sometimes it is better to learn in someone else's business. This has the advantage of helping you recognise if you are suitable for the industry before you outlay the large sums required to buy or start a new venture.

- **Insufficient working capital**

Many food service businesses are bought or started by individuals who fail to plan in advance and budget their funds, or lack the necessary capital to start a new venture. They use up their available funds in furnishing and equipping their establishment, with no surplus funds available for meeting emergencies when they arise.

Even successful operators sometimes embark on an expansion program which uses their own surplus funds. If the expected additional business is not forthcoming, they may become financially embarrassed.

Plans should be made for the expansion in advance and budgets made for the expected flow of cash.

- **Other possible explanations for failures for the new operator are not knowing what is really involved in a food service operation**

1. The location is poor
2. Food is of poor quality
3. Service is faulty or slow
4. Conditions are unsanitary - lack of cleanliness is usually the result of negligence, poor training, or inadequate cleaning systems
5. Menu's are monotonous - lack of imagination, poor planning or just plain indifference
6. Prices are out of line with the competition - this may be due to careless purchasing, waste, or overstaffing
7. Long hours of operation causing stress
8. The shop or restaurant is unattractive
9. Promotion is inadequate
10. Rents are too high

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10 Common Business Mistakes

Making mistakes in business is expensive. Ten common mistakes people make when starting a new restaurant or cafe are:

1. Over capitalisation

Over spending to establish your business puts unwanted pressure on the business to perform from the very beginning. Make sure you budget for every possible cost and allow sufficient money for operational expenses. There are always unplanned expenses in a startup so try not to panic, instead look for the most effective way to counteract the problem.

2. Under capitalisation

One of the most common mistakes people make in a new business adventure is to underestimate the amount of capital required to start their business. Very few businesses are self supporting from the word go. You have to plan to build up to success.

3. No business plan

If you fail to plan, you plan to fail. It is as simple as that!

4. No operation plan

Once your business is up and running you should develop operational plans for its continued success, if you don't already have one. These plans should cover expansion, staff training, how to maximise your efficiency and in fact anything that you think may help your business grow. As your business increases your plans should change to reflect that growth.

5. Keeping records

With such a vast range of computerised programs available for business, failure to keep accurate records is inexcusable. No longer can we use the excuse that I don't know how to use a computer. These programs are designed to be simple to use and mostly they are, or they would not still be in business.

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6. Overdrafts

In business it is common to "use other people's money". What you should realise is they are not talking about your business. They are referring to the shares offered by public companies to investors. If your business is making 30 percent profit on Gross Sales and it is costing you 10 percent for your overdraft facility, does that mean you are only really making 20 percent profit? Actually it may even be worse than that. As your overdraft is calculated on the total of your expenses and not just on the gross profit, it may be an even higher cost. An overdraft means that you are spending this week the money you plan to earn next week!

7. Second hand equipment

Often sold as "preloved". Sometimes it can be an incredible bargain, especially when purchased for the right price at auction. Before you purchase any equipment make sure you have done your homework. Know exactly what the new price for the equipment is. Understand that the new price is not the retail price, but the discounted rate that an authorised dealer is prepared to sell it for.

Many people have been caught out buying used catering equipment, only to later realise that they paid almost new price without any of the benefits, such as the NEW warranty period. Also stainless steel equipment is timeless. It may look 2 or 3 years old but the reality is it could well be 10 or more.

The bottom line is: if it is that good why was it sold in the first place? The answer to that question may save you a fortune!

8. Failure to learn from mistakes

It is important to constantly analyse your business performance and the performance of all the people involved in it, including yourself. If something is not working, or it is not being done as well as it could be - Change it.

You can learn a lot from the experience of others. Sometimes the best investment you can have in your own business is to work for someone else in a similar business.

Remember if it works - keep doing it, but also keep trying to improve it. If it doesn't work - stop doing it!

9. Relying on the skills of others

Relying on the skills of others may be enough to get your business started and even successful. However it is not enough to keep it successful. Never stop seeking to improve yourself, both as a manager and as a business owner. Everyday is a school day! We only stop learning when we are dead. understand and support these.

10. Failure to explain key issues to staff -

As a business owner it is natural that you will have expectations for success. Make sure that your staff understand and support these.

Ultimately, if something goes wrong with your business, it is your responsibility. Blaming other things may sound good in conversation, but it never justifies the loss of the business. Losing your business may also mean losing the collateral you placed as security for the business.

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Useful Links

Government departments

Department of Employment, Training and Industrial Relations

<http://www.deewr.gov.au/>

Australian Business Register

<http://www.business.gov.au>

Australian Tax Office

<http://www.ato.gov.au>

Work Cover and Occupational Health & Safety

<http://www.workcover.nsw.gov.au>

Australian National Training Authority

<http://training.gov.au/>

National Training Information Service

www.ntis.gov.au

Australia New Zealand Food Authority

<http://www.foodstandards.gov.au>

www.sydneycommercialkitchens.com.au

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Commercial kitchen equipment suppliers

Sydney Commercial Kitchens

<http://www.sydneycommercialkitchens.com.au>

Food service information

Australian Institute of Environmental Health -
National Code for the Construction & Fitout of Food Premises
www.trove.nla.gov.au/work/8068555?

Food Law and Policy Australia
<http://www.ausfoodnews.com.au>

National Restaurant Association [USA]
<http://www.restaurant.org>

Restaurant & Catering NSW
<http://www.restaurantcater.asn.au>

Accounting software

MYOB
<http://www.myob.com.au>

Quicken
<http://www.quicken.com.au>

Xero
<http://www.xero.com/au/>

Consultants

Profitable Hospitality - Restaurant consultant Ken Burgin
<http://www.profitablehospitality.com.au>

Restaurant Profits
<http://restaurantprofits.com.au/>

Books

More Bums on Seats
<http://www.morebumsonseats.com.au>

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Calculators

Along with all the information you have received on how to succeed in restaurants and cafe's there are also 4 excel spreadsheets that hopefully you also will find of great benefit. They are:

1. Weekly Summary Calculator
2. Mark up / Gross Profit comparison Calculator
3. Expenses Calculator
4. Efficiency Calculator - courtesy of Ken Burgin at Profitable Hospitality

Instructions to access excel calculators

1. Download the excel calculator files to open them
2. save them on to your computer making sure it is a location that you can easily find e.g. make a new folder ../My Documents/Restaurant Calculators

Efficiency Calculator

<http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57612>

Expenses Calculator

<http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57613>

Mark Up—Gross Profit Calculator

<http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57615>

Weekly Expenses Calculator

<http://www.sydneycommercialkitchens.com.au/LiteratureRetrieve.aspx?ID=57616>

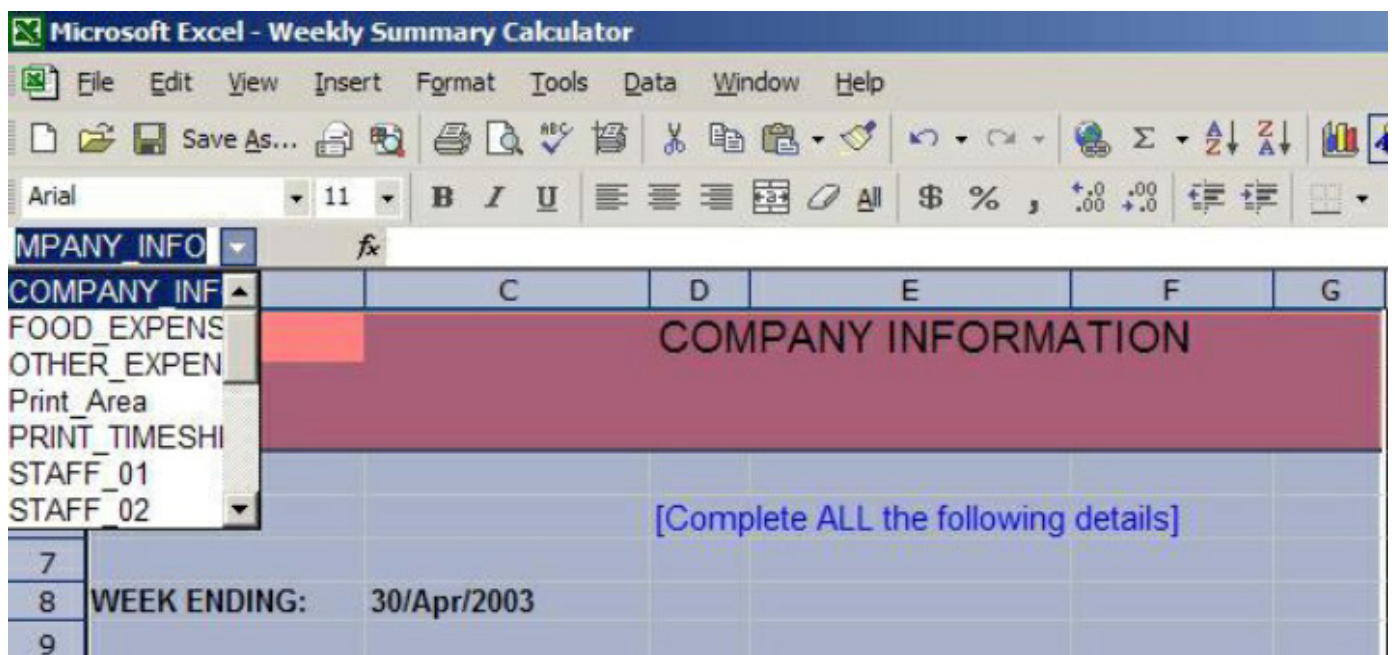


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How to use the calculators

1. Weekly Summary

When you open the spreadsheet 'Weekly Summary' it should automatically open on the Company Info section. If not, use the following instruction to select and also to move freely around.



Company Information

Type in your company name and your staff names, positions and hourly rate [up to 10 staff]. They will automatically be updated throughout the calculator.

Every week when you complete the calculator you need to firstly update the week ending date, so that your print out reflects the correct information.

Weekly Summary

In the Incomings section, every day complete the number of covers and the takings amount, including GST. The calculator automatically calculates the total GST collected as a weekly total. The Outgoings section is completed automatically as you complete the other sections of the calculator i.e. the time sheets and expense areas.

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WEEKLY SUMMARY				
WEEK ENDING		30-Apr-2003		Your Company Name
Incomings				
DAY	SESSION		COVERS	TAKINGS
Monday	Lunch			\$450.00
	Dinner			\$600.00
Tuesday	Lunch			\$900.00
	Dinner			\$1,100.00
Wednesday	Lunch			\$1,175.00
	Dinner			\$1,525.00
Thursday	Lunch			\$1,400.00
	Dinner			\$1,875.00
Friday	Lunch			\$1,800.00
	Dinner			\$2,100.00
Saturday	Lunch			\$1,000.00
	Dinner			\$2,000.00
Sunday	Lunch			\$1,750.00
	Dinner			\$870.00
TOTALS			0	\$18,545.00
GST on Turn Over		Tax Rate = 10.00%		\$1,685.91
Actual Turnover				\$18,859.09
Outgoings				
Total Wages				\$5,546.58
Percentage to Gross Sales		33%		
Total Food Costs				\$0.00
Percentage to Gross Sales		0%		
Total Other Costs				\$0.00
Percentage to Gross Sales		0%		
Total Expenses				\$5,546.58
GST Collected		\$1,685.91		
GST Paid		\$0.00		
Profit Percentage to Gross Sales		67%		
Profit				\$11,312.52

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Time Sheets

Provided you have completed the 'Company Information' section correctly the data is already correct on the individual time sheets. All that remains is to fill in the hours that each staff member worked for that week and complete the tax payable using the Tax Tables available from the ATO or their agents [some post offices and newsagents].

When entering the hours worked for each employee remember to type your times using a colon as the separator e.g. 10:00 [excel uses a 24 hour clock so 2:00 pm would be 14:00].

Public Holidays - to change the rate for public holidays i.e. from single to double time follow these instructions:

1. Go to the Staff 1 Timesheet
2. Select the appropriate day to alter
3. Make the adjustment to the Rate i.e. from 1 to 2 in the case of Mon-Fri
4. Adjusting the Staff 1 sheet automatically adjusts all the other timesheets.

TIME SHEET									
		Your Company Name							
WEEK ENDING		30/Apr/2003							
		STAFF 1		STAFF 1		CHEF			
		Hourly Rate		\$25.00					
	Rate x Time	ON	OFF	ON	OFF	ON	OFF	Total Hours	Sub-Total
Monday	1.00							0.00	\$0.00
Tuesday	1.00	9:00	13:00	13:00	16:30			7.50	\$187.50
Wednesday	1.00	9:00	12:00	13:00	16:30			6.50	\$162.50
Thursday	1.00	9:00	12:00	13:00	16:30			6.50	\$162.50
Friday	1.00	9:00	13:00	13:30	16:30			7.00	\$175.00
Saturday	1.50	9:00	12:00	13:00	16:30			6.50	\$243.75
Sunday	1.75							0.00	\$0.00
Weekly Totals								34.00	\$931.25
TAX									
TOTAL PAY									\$931.25

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Wages Summary

The wages summary is completed automatically as you complete each time sheet. However you will be required to fill in the correct percentage for compulsory superannuation payments. [TIP - ask your accountant if you don't know].

The totals are automatically transferred to the Weekly Summary page.

WAGES SUMMARY						
						Your Company N
WEEK ENDING 30-Apr-2003						
Staff Member	Hour Rate	Wages	Tax	Sub-Total	Super %	Superannuation
STAFF 1	\$25.00	\$931.25	\$0.00	\$931.25	9.0%	\$83.81
STAFF 2	\$18.50	\$661.38	\$0.00	\$661.38	9.0%	\$59.52
STAFF 3	\$15.40	\$550.55	\$0.00	\$550.55	9.0%	\$49.55
STAFF 4	\$15.40	\$550.55	\$0.00	\$550.55	9.0%	\$49.55
STAFF 5	\$15.40	\$550.55	\$0.00	\$550.55	9.0%	\$49.55
STAFF 6	\$15.40	\$550.55	\$0.00	\$550.55	9.0%	\$49.55
STAFF 7	\$11.20	\$400.40	\$0.00	\$400.40	9.0%	\$36.04
STAFF 8	\$11.20	\$400.40	\$0.00	\$400.40	9.0%	\$36.04
STAFF 9	\$15.40	\$550.55	\$0.00	\$550.55	9.0%	\$49.55
STAFF 10	\$11.20	\$400.40	\$0.00	\$400.40	9.0%	\$36.04
TOTALS		\$5,546.58	\$0.00	\$5,546.58		\$499.19
TOTAL WAGES						\$5,546.58
PAYG TAX DUE						\$0.00
TOTAL SUPERANNUATION						\$499.19

Food & Other Expenses

On both the Food Expenses and Other Expenses forms complete all your purchase expenses for the week and if GST has been paid on an item put the GST rate in the appropriate column [currently 10%].

The totals are automatically transferred to the Weekly Summary page.

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It is possible to print a hard copy of the wages sheet if required. Just select 'Print Timesheets' from the drop down box, click on the Print Area button and print. It has been set to print each time sheet on a separate page.

2. Mark Up - Gross Profit Comparison

Use this calculator to help calculate your selling price and your gross profit.

1. Calculate and enter your item cost into the first column.
2. Your selling price should be automatically calculated.
3. Efficiency Calculator

This excellent tool has been made available by Ken Burgin of Profitable Hospitality.

The Efficiency Calculator is designed to show you how much more revenue you could generate by better management of time and table allocation.

By changing a number of simple operational steps, it should be possible to dramatically improve the maximum revenue you can achieve.

- A - Number of Seats: This is the number of seats in your business
- B - Number of Tables: This is the number of tables in your business
- C - Your average table size as presently set up: The average table seating - A / B
- D - Actual average party size: Find this out by doing a survey of 1 or 2 shifts - divide customer numbers by number of tables served in the shift
- E - Actual capacity: This can be a scary figure - table numbers X average group size. it is often much less than you think!
- F - Seating efficiency (actual / possible seating): This is a way to measure E as a percentage
- G - Average time a customer stays (minutes): Measure this by doing a survey during several shifts Take an honest look at how much time is wasted on unnecessary delays
- H - Length of shift (hours): Your opening hours
- J - Therefore maximum turns of the tables: Dividing your opening hours by the length of time people stay (G)
- K - Maximum seating: Multiplying the number of table turns by your Actual Capacity (E)
- L - Per head spend: Get this figure by dividing total sales by number of customers in a shift. Often lower than expected - because of lack of service, poor selling or underpricing
- M - Maximum Revenue at this level of efficiency: The maximum revenue possible if you were working at peak efficiency. See how you can raise what's possible just by a number of timing and space changes Set up X as things are now, then make changes to Z to see what's possible!

The Calculator sheet has been protected to prevent accidentally changing the formulas. If you need to change the spreadsheet, you can change it by going to TOOLS > PROTECTION > UNPROTECT.

The password you must use to have access to changes is profitable

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Top 3 reasons to buy from SCK

1. Rapid Response Centre

Because we recognise that speed matters we established Australia's first Rapid Response Call Centre. Our promise is that once we know what your catering equipment requirements are, our focus will be in supplying you with that information, quotation or product, ASAP.

And our sales specialists are qualified chefs, we know what you do and how you want to work.

2. Peace of Mind

All our restaurant equipment products are supported by the Manufacturer's warranty. Our team will help you make contact if you need it.

On some products we are able to offer additional warranty for your additional peace of mind.

3. Reputation

Operating since 1998, Sydney Commercial Kitchens enjoys a highly respected position within the hospitality industry. The trust from our long term suppliers and repeat customers is testament to the quality of service we provide. This has also been recognised by numerous awards for both social responsibility and business services.



**Soon your kitchen will be creating delicious tasting food,
quicker while reducing your electricity bills, food bills and wages...**

We hope that you have found this book to be of great value to your business. Certainly the feed-back we have been getting has been very positive.

However the book is work in progress. As business principles change or we find other areas where our knowledge of the industry could likely be of assistance to you we will update the book.

Sydney Commercial Kitchens is proud of the role it is playing in the catering equipment industry through our web site and also through the installations that we do. We would love to provide you with a quotation for your new kitchen and bar area.

We will also be continuing to develop the web site to bring you more information on all products.

Our goal is to develop long term relationships with all our customers.
Do a friend a favour!

You may have some friends or business acquaintances that would also benefit from what we offer. Please tell them about us or just drop us an email with their name and phone number. We promise to take good care of them and provide the same standard of service as we did for you.

Don't forget to contact us should you find that now, or in the future, you need some further equipment or just want some advice on some equipment. Please give us the opportunity to discuss this with you.

To maintain our high standards tell us if there is any way you feel we could improve our service. Your comments are most appreciated. In fact, they are very important to us. We want you to know that we really appreciate your business. We look forward to working with you again!

Neil Willis
Sydney Commercial Kitchens
Sydney, Australia



Sydney Commercial Kitchens

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