

MENU DRIVEN BUSINESS PLANNING

By: Monte Zwang

So you want to open a restaurant? Many people come to me with their plans, and ideas after they have decided to build or open a restaurant. It is my responsibility to assist them in their planning process and determine how clearly they have thought their concept through. I ask them to show me a menu, and if their initial response is "I haven't gotten that far in my planning process yet," my response is "You haven't started the planning process yet".

A menu is the foundation of any restaurant; Guests will support or avoid a restaurant for its food. Starting with a preliminary menu is a simple and basic approach to restaurant development. Begin with a menu, and you are light years ahead in the restaurant development process. A menu will tell you and your Guest what you are trying to be as a business, and greatly enhance your chances for success.

I view a menu for content, image and pricing. Content (the actual items on the menu) will dictate service staffing needs, level of culinary experience and type of management required. Who will be doing the cooking, do they have experience in this type of food, and how much are you paying them?

Image is how the Guest will perceive the menu. Menu image helps define the targeted clientele and which other restaurants this operation would be competing with. Are the content and image of the menu appealing to your desired clientele? Pricing helps determine a potential restaurant's competitive placement. Is the pricing for the type of food offered competitive with other's in the market area, and does it permit the ability to manage a profitable food cost? Pricing sets the Guest's expectations in terms of food and service quality. This perception will, in turn, help define appropriate staffing levels. The budgeting process can now begin. Analysis of menu content, image and pricing will tell prospective restaurant operators whether their concept is appropriate for a certain market area.

With a preliminary menu in hand, a prospective operator can target a location that will be convenient and appropriate for their desired clientele. Once a site or facility is selected, sales volumes can be projected based on number of seats, menu pricing and the competitive business analysis. With projected sales volumes, how much an operator can spend to acquire, remodel or build a facility is determined. Leases and/or purchase agreements can now be negotiated.

With a clear menu, competitive analysis, sales forecast and development budget, financing can realistically be sought. A business plan can be derived which, if taken to potential investors will demonstrate what type of return they can anticipate on their investment.

Any restaurant business plan must begin with a menu. A proposed menu provides the basics for many questions that must be answered during the restaurant development process. It creates an image of the restaurant, identifies targeted clientele, and defines the proposed restaurant's competition. A preliminary menu allows a sound basis for business budgeting, tests potential profitability, and dictates the development dollars required for a facility. Most importantly, beginning the business planning process with a menu maintains the focus of ownership on the importance of food and the impact it has on the success of the restaurant.



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