

NOT CONVINCED YOU NEED A BUSINESS PLAN? READ THIS

Dear friend,

You and I both know that you want a successful project or you wouldn't be reading this. I am 100% convinced that having a great business plan is one of the most important things you can do to minimize risk. At the same time, it will maximize your chances of having a successful outcome. Seems like a perfect two for one, so why do some people put it off, sometimes after it's too late? If you are not convinced that you need a business plan, please allow me to share a few insights with the hope of convincing you otherwise.



In the interest of saving money, many people try to write their own business plan, but once they have some or all of the narrative completed, they're stuck with doing the financials and few have the knowledge, time or experience to craft their own. The place to properly begin work, and this is where we start, is in the creation of solid and realistic financial projections – let me explain why.

High quality, accurate and relevant financial projections are the lifeblood of your new venture. Can you afford your lease? At the end of the month, will there be any profit left for you? Don't worry about the narrative yet, you simply **MUST** know if it's a financially worthwhile venture.

There's a man in Pittsburgh, PA who in the fall of 2018, signed a lease for a large space in one of the best areas in town. He then proceeded to put \$1.7 million dollars into improving that space, getting it just the way he wanted. Then, on top of that, he put another \$600,000 into finishes, equipment and lighting. \$2.3 million spent before he even opened. Why anyone would spend that kind of money to improve a space that was not even owned is beyond me. No, he was not a client.

Then there's a gentleman in Fort Collins, CO. He signed a lease to open his tavern in a highly desirable location near Colorado State University. He spent \$725,000 to improve the space in a building he did not own. Then, he opened poorly. We received a phone call from him shortly after he opened, he introduced himself, explained why he was calling, and complained of high rent and poor sales. One look at his business and it was immediately evident that he had not engaged for any professional assistance at the beginning of his project and was now paying the price.

Quality business planning before securing the site can save a tremendous amount of pain and loss. When we work with clients in the creation of the business plan, we fully realize that it's YOUR business, and we want and ask for your input. During this information-sharing process, we concentrate on providing every client with insights that help protect against pain or loss. "What is the best and highest use" is a term we bring up when referring to space, concept and your investment into the new place.

We truly believe that our job is to craft a document that gives our clients powerful information into their new concept, and along the way, there's new knowledge and industry insights that clients quickly benefit from.

Another thing we often see is the new operator who "knows it all" and wants to wait before having a business plan done. He/she will sign a lease, and then want a plan written. This happens so often it's shocking. How about a tenant improvement allowance from the landlord? Will this proposed business be able to afford the rent payment? At this stage, a lot of time and money has already been foolishly spent – without knowing what the business can generate in sales. He's already backwards on his project, not ever knowing what his new business can afford.

Or, how about the new owner who secures the space (spending money), then hires an architect (spending more money), and only then decides to have a business plan written. Now, this person has commonly spent anywhere from \$25,000 to \$75,000+ and is too far into the process to back out. All of this was done BEFORE financially validating the concept! We've seen this situation three times in the last 12 months.

Yes, we understand the natural hesitancy to spend money on a business plan, so here's six things you should know.

1. **GET THE FINANCIAL KNOWLEDGE AS SOON AS YOU CAN.** If your new business won't make any money, wouldn't you want that knowledge early in the process before you spend a lot of time and money trying to make a go of it? Getting this knowledge early is to YOUR benefit.
2. **REAL ESTATE / LEASE IS ONE OF YOUR LARGEST ONGOING EXPENSES.** If you've not negotiated a lease, don't know anything about how brokers work or don't know anything about a tenant improvement allowance, you should immediately stop and rethink what you're doing. Give us a quick call and let's talk through your thoughts, desires and process. There's no cost to have a conversation.
3. **YOU DON'T HAVE TO MOVE FORWARD.** If your business plan shows that there's minimal profit or other operational or financial issues, consider yourself blessed by learning this early in the game, thereby allowing you to bail or retool the concept before you get hurt. Just because you have a business plan written is not a commitment to launching it.
4. **WAITING FOR THE "PERFECT TIME" TO HAVE YOUR PLAN WRITTEN IS NOT A GOOD IDEA.** You don't have to know everything before having your plan written. Rarely will any client know 100% about every aspect of the business, and that's why we work WITH YOU to learn about your thoughts, ideas and what will truly make your concept a success.
5. **DON'T FOOL YOURSELF INTO THINKING THAT A 15- PAGE BUSINESS PLAN WILL GET YOU FUNDED.** A business plan is a complex undertaking that we handle very efficiently. We do the "heavy lifting" for you of figuring everything out and we'll be asking you for your insights and thoughts to ensure you get a document that's complete in every aspect. 25+ pages of top-notch financial projections and 30-50 pages of narrative is what you'll get, and this is what investors and banks need to see. Written by our professional staff of restaurant consultants, your business plan will be viewed as a professional document that deserves serious consideration. Banks and especially the SBA speak highly of our business plans because they know they're viable projects to lend on. We also have excellent bank and SBA contacts that we'll put you in touch with.

6. **MOST PEOPLE NEED AN INVESTOR OR A BANK LOAN, THAT MEANS YOU NEED A BUSINESS PLAN.** Waiting to have one written should not be an afterthought – it should be done early in the process so you know exactly what you can afford, how much additional funding you'll need, and in the eyes of an investor or bank, can the business pay the loan back? If not and regardless of how wonderful the new place could be, bottom line is that you won't get funded.

You want a great location that's suitable for your concept, that you like, that you can afford, that will bring many years of joy and profit. We can help make this happen. If you would like to discuss a restaurant startup, feasibility study or business plan, we invite your inquiry. <https://restaurantconsultingservices.com/>



Contact:

Mr. Kevin Moll, President
Restaurant Consulting Services, Inc.
501 S. Cherry St. Suite 1100, Denver, Colorado 80246 USA
Office Main: 720-363-0164

kevin@restaurantconsultingservices.com

501 S. Cherry St. Suite 1100, Denver, Colorado 80246 USA
Office Main: 720-363-0164
www.restaurantconsultingservices.com