

**RESTAURANT BUSINESS PLANS - FUNDING YOUR VISION, AVOIDING THE RISKS**

*By Kevin Moll, President, Restaurant Consulting Services, Inc.*

After consulting with hundreds of clients over the last 21 years, history proves that having a great business plan is one of the most important things you can do to minimize risk and maximize your chances of restaurant startup or expansion success. So why do some people not create one, or put it off until it's too late? If you're not convinced that you need a business plan, please allow me to share a few insights to convince you otherwise.

**The Challenges of Writing a Business Plan**

Many people try to write their own business plan to save money, but they often get stuck on the financials. Fact is, few have the specialized knowledge, time, or experience to craft a comprehensive business plan which leads to their frustration. Business plans should be written first by starting with the financial projections and then writing the narrative which supports the financials. This is how we write our business plans, and our proven methodology assures you of a 90% chance of getting bank approval. For a startup or expansion, a business plan should be considered a core requirement before doing anything else.

**The Importance of Detailed Financial Projections in Your Restaurant Business Plan**

Having accurate financial projections is critical for your new venture. Can you afford your lease and build-out? Are the sales and costs in line? Ultimately, is the business financially viable? Knowing this early can save a lot of pain.

**Avoiding the Risks: Two Real-Life Examples**

Consider the man in Pittsburgh, PA, who signed a lease for a large space and spent \$2.3 million on his buildout, only to close six months later. Or the gentleman in Fort Collins, CO, who spent \$425,000 on improving the space he did not own, and then he opened poorly. Both faced significant financial and operational challenges because they did not engage professional assistance early on which could have fleshed out these problems. There are hundreds of stories like this where so much pain and loss could have been avoided by having a professionally written, restaurant business plan done in advance. In fact, not having a business plan done in advance is the #1 cause of restaurant failures. Want to know why restaurants really fail? Check out: <https://restaurantconsultingservices.com/why-restaurants-fail>

**The Benefits of Professional Business Planning**

Quality business planning before securing a site is greatly to your advantage by knowing what you can afford. When we work with clients, we provide helpful, comprehensive insights that help maximize your project. Our responsibility is to craft a document that provides our clients with powerful information about their concept, along with knowledge and industry insights, while leveraging their ability to obtain funding.

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## Don't Sign a Lease or Spend Any Money Unless Your Business Plan Proves It's a Worthwhile Venture

Many new operators don't plan to have, or they wait too long to have a business plan done. They sign a lease, hire an architect, and spend significant money before validating the concept financially. This can lead to costly mistakes.

Here are six important things you should know:

1. **Get Financial Knowledge Early:** If your new business won't make money, you need to know that early in the process. This allows you time to retool or bail on the venture before getting hurt.
2. **Real Estate/Lease:** This is one of your largest ongoing expenses. If you're unsure about leases or tenant improvement allowances, get some help to ensure you get the best value for the best space.
3. **You Don't Have to Move Forward:** If your business plan shows minimal profit or other issues, there's nothing forcing you to proceed further. A "future snapshot" is another way to think of your business plan. If you don't like what you see, there's time to act on it in advance.
4. **Timing:** Waiting for the perfect time to have your plan written is not a good idea. Have it done at the onset of your project and certainly before signing a lease.
5. **Need for Investors or Loans:** Most people need an investor or a bank loan, which means you need a business plan early in the process.
6. **Proprietary Methodology:** 90% of our clients have been funded because of our proprietary methodology. Quite simply, this means you can be assured of a great document that you, your investors and the bank will be happy with, with maximum funding potential. Plans appropriate for \$100,000 to \$20,000,000 projects.



A business plan is a complex undertaking that we handle efficiently and quickly for clients nationwide. Banks and 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 if we write your plan. For more information about our business plans, visit us at <https://restaurantconsultingservices.com/business-plans>

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. For over 21 years, we've made this happen for many clients and we can for you too. In addition to restaurant business plans (for all types and sizes of operations), we also assist clients with feasibility studies, complete new opening services, turnarounds, due diligence, and custom projects of all types. We invite your inquiry. (720) 363-0164 or <https://restaurantconsultingservices.com/>



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