

# How to Start Your Very Own Restaurant

As the popularity of dining out returns to an emerging post-pandemic world, this might be the time to finally take yourself up on that dream of opening a restaurant.

But not so fast. Nothing is as easy as that.

As the oft-quoted statistic goes, [some 60% of new eateries fail before their first anniversary. That is generally not for lack of passion, but lack of planning.](#) Opening a new restaurant can be among the most exciting of business opportunities, but if an entrepreneur gets lost in the fun, it can be a recipe for disaster, regardless of how skilled the chef is with other ingredients.

Here are a few of the most important steps toward success:

## Have the right attitude—and passion

Make sure you're really on board for the hard work and sacrifice that comes with one of the most challenging—and rewarding—service industries. You'll be investing not just hard-earned money, but a lot of valuable time. [Most people who start their own restaurants have plenty of experience](#) in busy kitchens and under-staffed dining rooms. In fact, [almost half of the U.S. workforce has experience in food service, and nearly half of those would like to own their own place.](#) Experience is crucial, but it's also important to truly love what you do. That is especially important in new restaurants.

## Create a viable concept

[An aspiring restaurateur needs a viable niche as much as he or she needs time and money. Will the restaurant be casual, mid-scale or upscale? What kind of food will be served? Will this be a specialty restaurant?](#) These choices might have as much to do with one's work style as preferences in cuisine. Ask yourself, "Why does my restaurant exist?" That may sound philosophical, but it's a practical question.

It's important to study your local restaurant market. What's popular? What's missing? Also, consider your target customer. Few eateries appeal to everyone, and those who try may end up pleasing no one. Whether it be Generation Y or senior citizens, channel your consumer when plotting menu and pricing. Consider the restaurants that have failed as much as the success stories. Whatever your concept, stay true to it—from menu and décor, from tableware and music.

## Failure to plan is planning to fail

Without a solid business plan, your menu might as well be scribbled on a napkin too. Your strategy should be formal and comprehensive. The essential bullet points include industry and market analysis, food safety, management tactics and the all-important finances. [It is important to overestimate capital needs](#), starting out with six to nine months of working capital at your disposal. [Undercapitalization—along with lack of planning and bad food or service—is a chief cause of restaurant failure. Startup costs for a restaurant can range from \\$275,000 to \\$425,000. A small-business loan will likely depend on the owner investing up to 25% of the total start-up costs.](#)

## Location, location, location

[Think of your community and your target audience.](#) Who are they? Where are they? It's great to have a beautiful structure, but if you build it, will they come? Maybe not if you a long way from where your typical diner lives, works and plays. But your location also has to fit your budget and have room to grow if your business does. Also, does the size and shape of your planned building fit your business? While higher rents may be worth the foot traffic, [rent should amount to no more than 10% of sales.](#)

## Recruit a good team

Today's employee pool, amid rising labor costs, has made finding the right workers even more challenging. It is difficult to overstate the importance of recruiting qualified employees. Job descriptions and pay scales should be clear from the beginning, though flexibility is also important. Screen your applicants well and invest in ongoing training for the people you hire, even the more experienced workers. [Total payroll costs, including the owner's salary, should not exceed 35% of sales.](#)

Of course, there are many other things to consider when starting—and, more important, keeping—a new and successful restaurant. Don't forget to constantly [market your business, not just with traditional advertising and an all-important social media presence](#), but physically in the community with promotional events, loyalty programs and more.

That's not to mention all the [permits, licenses, insurance, signage and equipment](#) that a startup business is going to require.

And, of course, lest we forget, you'll need to prepare some great food.

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