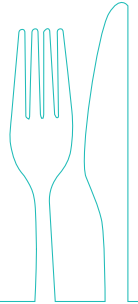


# STARTING AND RUNNING A RESTAURANT IN NOVA SCOTIA



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Project Management:  
The Economic Planning Group

Content:  
Jane Wright, Chef Wayne McKay

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# FOREWORD

**We hope this guide will give you a good overview of what it takes to open a restaurant and, most importantly, keep it open.**

Restaurants can be risky and stressful businesses. And the road to opening can be a very bumpy one. But if you decide you really want to move forward, we want you to succeed. We hope some of the tips and advice we've put together will help you get to where you want to go, or at least give you a sense of where it is you need to go. If you are already in the business and are looking for some insight, we hope you will find new ideas to help you improve your restaurant.

You can never stop working on your restaurant. You can't think for a minute that this is all about 'opening.' The real work — staying 'top of mind' among new and regular customers — never ends. And change is essential to your survival and success. In this business, you really are only as good as your last meal.

The guide was prepared for the Restaurant Association of Nova Scotia (RANS) with the support Tourism Nova Scotia in 2014, with minor updates in 2018 and 2023. It draws from a document originally prepared in the late 1990s with substantive new material added, particularly on running a restaurant. The project was coordinated by the Economic Planning Group. Content was prepared by Jane Wright (owner of the former Jane's on the Common) with input from Mike Roberts (Murphy Hospitality Group), Chef Wayne McKay (Menu Tools) and Laura Oakley.

Thank you to Nova Scotia restaurateurs Jennie Dobbs (Morris East), and Joe McGuinness (Durdy Nellys Irish Pub) for their invaluable comments which helped fine-tune the content. The 'Helpful Tips' scattered through the manual are based on their experience in the restaurant business.

Thanks also to the other restaurateurs who contributed the quotations found throughout.

# THE RESTAURANT BUSINESS – BY THE NUMBERS

- There are 3,400 food licenses in Nova Scotia including full menu facilities, lounge/tavern, quick service, take out, bakery and cafés. Some 170 of these are seasonal permits.<sup>1</sup>
- Sales at food service and drinking establishments in Nova Scotia total some \$1.8 billion annually.<sup>2</sup>
- The pre-tax profit on average for full-service restaurants is 3.6%.<sup>3</sup> If you are doing everything right, you will need to have \$100 in sales to take less than \$4 to the bank.
- The cost of sales (that is food and beverage that you purchase so as to prepare items to serve) is 35% - 40% of revenues. Salaries, wages and benefits are a similar amount.<sup>4</sup>
- In the past three years, the cost of almost everything, particularly food and labour, has increased, often by double digit percentages. Menu prices have had to increase but it is hard for them to keep pace with cost increases, putting significant pressure on the bottom line.
- 20% of the menu items in a restaurant generate 80% of the revenues. (Chef Wayne McKay)
- You need 12 -15 sq. ft. per seat for the service (seating) area in a full-service restaurant.<sup>5</sup>
- The failure rate of restaurants is high. The US National Restaurant Association estimates a 30% failure rate in the first year<sup>6</sup>. Other sources<sup>7</sup> say 60% of independent restaurants fail in the first three years; others report that restaurants have the second highest failure rate of any small business in North America.
- The capital investment required for a restaurant is significant. Establishing a 60-80 seat restaurant in Nova Scotia could cost \$765,000 - \$995,000 (including working capital), and more depending on your concept.
- It can take many months for a restaurant to become profitable; 3 – 5 years according to some sources<sup>8</sup>.

## THANK YOU RANS SPONSORS



<sup>1</sup> Source: Nova Scotia food establishment license data.

<sup>2</sup> Source: Statistics Canada, Table 21-10-0019-01 Monthly survey of food services and drinking places; Unadjusted.

<sup>3</sup> Source: Statistics Canada; Table 21-10-0191-01 Food services and drinking places, summary statistics

<sup>4</sup> Calculated from Statistics Canada; Table 21-10-0191-01 Food services and drinking places, summary statistics and Table 21-10-017-01, Food services and drinking places, industry expenditure

<sup>5</sup> <https://totalfood.com/how-to-create-a-restaurant-floor-plan/#:~:text=The%20general%20seating%20guidelines%20that%20should%20be%20observed,Feet%20Full%20Service%20Restaurant%20Dining%3A%2012%E2%80%9315%20Square%20Feet>

<sup>6</sup> <https://pos.toasttab.com/blog/on-the-line/restaurant-failure-rate>

<sup>7</sup> <https://home.binwise.com/blog/restaurant-failure-rate>

<sup>8</sup> <https://www.touchbistro.com/blog/your-first-year-as-a-restaurant-owner/#:~:text=This%20is%20normal,%2C%20you're%20likely%20okay.>

# 10 THINGS YOU NEED TO KNOW ABOUT STARTING AND RUNNING A RESTAURANT

1. Go into the restaurant business with your eyes wide open. It will require hard work, long hours and passion. You will need to thrive on chaos and have a thick skin.
2. It is very difficult to make money running a restaurant. Pre-tax profits average only about 4% and the business failure rate is high.
3. To run a successful restaurant, you must be a leader, move with a sense of urgency and be a great communicator. You must have the right personality for this business.
4. Don't go into the restaurant business without some previous experience in the field, and some related formal education.
5. The restaurant business is very competitive and the marketplace is fickle. It takes time to develop a customer base and build relationships with them.
6. Your staff is critical to the success of the business. You need to find and train good staff, mold them into a team that can deliver on your vision and keep them.
7. Restaurants are in the entertainment business. You are delivering an emotional experience to your customers – along with quality food and strong memories. If you can do this, they will return.
8. You must have a strong vision and concept for your restaurant – what you are going to deliver, how you will deliver it and to whom. Everything – your menu, design, staffing, training, branding and marketing will all be driven by your vision.
9. Getting financing for your restaurant will be difficult. Banks are very cautious. There are numerous other options that you will have to research. You will need money not only to open but also to cover costs while you build the business.
10. Opening a new restaurant can be a rush. But, the repetitive, day-to-day running of a restaurant can easily become a grind.

# HOW TO USE THIS GUIDE

This Guide contains valuable information, insights and tips to help you understand the restaurant business, get your restaurant business started and operate it. It does not provide a comprehensive, detailed look at all aspects of running a restaurant, but there is a good overview of all facets of the business (other than the cooking!).

If you are thinking about starting a restaurant, focus first on Chapters 1 through 9 which will help you:

- Decide what type of restaurant you want
- Decide where to locate it
- Prepare your business plan
- Plan the menu
- Design your restaurant and kitchen
- Do the feasibility analysis
- Look at financing options
- Understand the rules and regulations

And, be sure to read through the rest of the chapters since these address all aspects of running a restaurant.

If you are already in the business, focus on Chapters 10 through 13 which address:

- Staffing
- Operations
- The Customer
- Marketing

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# CHAPTER ONE

## REALITY BITES

So, you want to get into the restaurant business? Maybe you've been dreaming about this for a long time, or maybe it is something that you've just begun to romanticize about. Success in the restaurant business is the dream of many and the achievement of few.

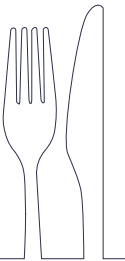
Be sure you go into this venture with your eyes wide open. Many people think that the restaurant business will be easy. But, in fact, a restaurant can be the most difficult type of business to operate. It is both a service business and a manufacturing business, with all the problems of both. The restaurant business is highly sensitive to a number of different things including location, menu, food quality, customer service, and changing trends.

It may be a difficult business, but when it works, there is probably no greater satisfaction. It can be a wonderful business, fun to operate, and financially rewarding. Because people need to eat every day, there is a continuous and renewing market of customers. Opportunities in the industry continue to grow.

### CHAPTER MODULES

- 1.1** The Sobering Truth about the Business
- 1.2** Ask Yourself: Is This Industry For Me?
- 1.3** Helpful Resources

### KEY TAKEAWAYS



- The restaurant business can be a lot of work for little pay.
- To be successful you need to have passion and be willing to embrace a new lifestyle.
- It takes leadership, skill and determination to manage the many facets of the restaurant business.
- You need training and/or experience in the restaurant and hospitality industry, and in business, before starting your own restaurant.

## 1.1

## THE SOBERING TRUTH

If anyone sees the restaurant business as a goldmine, they should look carefully at the numbers before jumping in.

Yes, there are a few restaurateurs who have struck gold with their first venture. But keep in mind that pre-tax profit is on average, in all sectors, around 4%. In other words, if you are doing everything right, you will need to have \$100 in sales to take less than \$4 to the bank. Significant cost increases in the past three years are putting more and more pressure on the bottom line. This can be a very risky way to make a living.

### Hard Work and Long Hours

Running a restaurant is also a very hard way to make a living. The work is physically demanding and the hours are long.

Ask yourself: how much do I like weekends? Saturdays and Sundays can be the busiest days of the week for a restaurateur. You will always be working weekends, with a few days off here and there.

Choosing the restaurant business means choosing a new lifestyle.

### Do You Thrive in Chaos?

How do you handle chaotic situations, like when someone doesn't show up for their shift, the dishwasher breaks, or an irate customer finds a hair in his meal? If you can't answer these questions now, we strongly recommend you



Old Triangle, Sydney

get some experience in the restaurant business before you open your own restaurant.

Something really does break every day, and it will be your job to fix it. As a restaurant owner, you must be able to keep your cool under pressure and thrive despite the chaos.

### How Thick is Your Skin?

A restaurant is a very public business. Today, a disgruntled customer is likely to go online and report to the world about what he didn't enjoy about his meal or service at the restaurant.

Everyone you know is going to tell you how to run your business, what you should have on the menu, and what you should charge. You'll need to learn how to listen and to accept all kinds of free advice with grace and dignity. You'll also need to recognize when someone is telling you something you really need to hear. You can't be defensive.

### Are You Truly Passionate?

This isn't just another business. You have to like people and enjoy interacting with them. Without passion, your odds of becoming successful are low.

But passion alone is not enough. You need to have the experience, the personality, the knowledge and the skills.

Take a serious look at your motivations for wanting to open a restaurant. Your objective, as with any business, is to make a profit.

Don't open a restaurant for the perks. Many people want to own a restaurant to have a place to hang out with friends and get free drinks. If you are truly passionate about providing the public with an incredible dining experience, make a commitment to always serve alcohol responsibly, and with your business objectives in mind.

If you haven't ever worked in a restaurant, do so first before jumping in the deep end on your own. Or if it has been a long time, get your feet wet again. Try to find an opportunity to interview or better yet, shadow, an experienced restaurateur in another restaurant.

### It Takes a Lot to Succeed

The failure rate in restaurants is high. Some sources say that up to 60% of independent restaurants fail within the first three years.<sup>1</sup> Others report that restaurants have the second highest failure rate of any business in North America, closely following services stations which are number one.

Restaurants and service stations share a common reason for their high failure rate: too many good mechanics become service station owners and too many good cooks become restaurant operators. To be successful in the restaurant business it is not enough to be a great cook; you also need to have good management skills.

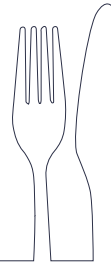
Managing employees is challenging. You will need leadership and communication skills, and you will need to understand the labour code. Some employees will take advantage of you, others will be incredibly loyal. Knowing how to deal with both is a job requirement for restaurant owners/operators.

And, you need to be able to finance the restaurant – not just the initial capital investment but sufficient operating capital to cover you for the period of time it takes the business to be able to carry all its costs and generate a profit.

### Opening a New Restaurant Can Be a Rush!

But after opening day, the greatest challenge facing all restaurateurs is keeping it open. To remain open and be profitable, you must manage all facets of your restaurant with precision. The repetitive, day-to-day 'grind' of running of a restaurant quickly follows the exciting 'fireworks' of opening.

## 1.2



## ASK YOURSELF: IS THIS INDUSTRY FOR ME?

It's critical that you know the restaurant business. But you also need to know yourself and what you are good at. Before you go any further, ask yourself the following questions... and answer honestly.

- Do I really know what kind of business I am getting into?
- Do I have any experience in the industry?
- Am I okay working 60-80 hours a week?
- Am I ready to make this lifestyle choice?
- Can I handle opinions and feedback without getting defensive?
- Do I have the leadership and management skills to run a ship like this?
- Can I manage employees – both the good ones and the not-so-good ones?
- Am I flexible? Will I be willing to change my concept or menu if it doesn't fit the market?
- Do I have the personality, strength and support of my family to run a restaurant?
- Am I well-organized?
- Can I function well in a fast-paced environment where everything is urgent?
- Can I get the financing needed?

## 1.3

## HELPFUL RESOURCES

### Reading/Watching List:

*Kitchen Confidential* by Anthony Bourdain  
[http://www.amazon.ca/Kitchen-Confidential-Antony-ourdain/dp/1408845040/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1397250229&sr=1-&keywords=Kitchen+Confidential](http://www.amazon.ca/Kitchen-Confidential-Antony-ourdain/dp/1408845040/ref=sr_1_1?s=books&ie=UTF8&qid=1397250229&sr=1-&keywords=Kitchen+Confidential)

*Alice Waters and Chez Panisse* by Thomas McNamee  
[http://www.amazon.ca/Alice-Waters-Panisse-Thomas-McNamee/dp/0143113089/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1397250250&sr=1-1&keywords=Alice+Waters+and+Chez+Panisse](http://www.amazon.ca/Alice-Waters-Panisse-Thomas-McNamee/dp/0143113089/ref=sr_1_1?s=books&ie=UTF8&qid=1397250250&sr=1-1&keywords=Alice+Waters+and+Chez+Panisse)

*Life on the Line: A Chef's Story of Chasing Greatness, Facing Death, and Redefining the Way We Eat*  
 by Grant Achatz and Nick Kokonas  
[http://www.amazon.ca/Life-Line-Chasing-Greatness-Redefining/dp/1592406971/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1400866694&sr=1-1&keywords=life+on+the+line](http://www.amazon.ca/Life-Line-Chasing-Greatness-Redefining/dp/1592406971/ref=sr_1_1?s=books&ie=UTF8&qid=1400866694&sr=1-1&keywords=life+on+the+line)

*The Art of the Restaurateur* by Nicholas Lander  
[http://www.amazon.ca/Art-Restaurateur-Nicholas-Lander/dp/0714864692/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1397250208&sr=1-1&keywords=THe+Art+of+the+Restaurateur](http://www.amazon.ca/Art-Restaurateur-Nicholas-Lander/dp/0714864692/ref=sr_1_1?s=books&ie=UTF8&qid=1397250208&sr=1-1&keywords=THe+Art+of+the+Restaurateur)

*Why Restaurants Fail* by H. G. Parsa, John T. Self, David Njite, and Tiffany King  
<http://www.econ.ucsb.edu/~tedb/Courses/Ec1F07/restaurantsfail.pdf>

*Spinning Plates DVD* with Grant Achatz  
[http://www.amazon.ca/Spinning-Plates-Grant-Achatz/dp/B00HED9FVQ/ref=sr\\_1\\_2/179-1062659-6021615?ie=UTF8&qid=1405184271&sr=8-2&keywords=spinning+dvds](http://www.amazon.ca/Spinning-Plates-Grant-Achatz/dp/B00HED9FVQ/ref=sr_1_2/179-1062659-6021615?ie=UTF8&qid=1405184271&sr=8-2&keywords=spinning+dvds)

*Jiro Dreams of Sushi DVD*  
<http://www.magpictures.com/jirodreamsofsushi/>

### Associations:

#### Restaurant Association of Nova Scotia (RANS) <http://www.rans.ca>

The largest restaurant association in Nova Scotia supporting food service businesses. RANS provides members with cost-saving programs such as preferred rates on credit card fees, business & personal insurance, group benefit plans, discounts for employees, etched glassware, equipment financing, and design services. Other support includes marketing, educational resources, start-up support, a posting on our [DineNS.ca](http://DineNS.ca) website, and free exhibitor access to Savour Food & Wine Show. Check with RANS frequently since they often add new benefits that may help your business in working with suppliers and employees.

#### Restaurants Canada

(formerly the Canadian Restaurant and Foodservices Association or CRFA)  
<http://www.restaurantscanada.org>  
 Restaurants Canada has more than 30,000 members across the country. Its roles include advocacy, research, member savings and industry events. CRFA members represent every sector of the foodservice industry, including restaurants, bars, cafeterias, coffee shops, and contract and social caterers.

#### Other

(Note: these are US-based; some are for members only)

#### NS Business Navigators

(for support and clarity around Nova Scotia regulations)  
<https://beta.novascotia.ca/get-help-starting-business-business-navigators>

#### Restaurant Owner

(includes sample restaurant business plans)  
<http://www.restaurantowner.com/public/main.cfm>

#### Running Restaurants

<http://www.runningrestaurants.com/>

#### The Restaurant Doctor

<http://www.restaurantdoctor.com/>



# CHAPTER TWO

## NOVA SCOTIA'S RESTAURANT SECTOR

Learning about the restaurant industry and its financial performance, and about restaurants in Nova Scotia is a good place to start your research when you are thinking about opening a restaurant.

### CHAPTER MODULES

- 2.1 The Numbers
- 2.2 Tourism Markets for Restaurants
- 2.3 Some Restaurant Industry Norms
- 2.4 Trends and Issues in the Restaurant Industry
- 2.5 Helpful Resources

#### TESTIMONIAL

**“ THIS GUIDE IS INDISPENSABLE TO THE FIRST-TIME RESTAURATEUR STRUGGLING WITH THE IMPENETRABLE BUREAUCRACY AND LESS GLAMOUROUS ASPECTS OF THE BUILD-OUT AND SMOOTH OPERATION OF A SUCCESSFUL RESTAURANT. QUESTIONS OF GARBAGE REMOVAL, READING YOUR LEASE PROPERLY, INVENTORY, AND COSTING ARE ALL ADDRESSED CONCISELY AND DO WELL TO OPEN YOUR EYES TO EVERYTHING RUNNING A RESTAURANT ENTAILS. ”**

Joe Gurba,  
Of Former Watch that Ends the Night, Dartmouth

#### KEY TAKEAWAYS

- The food and beverage sector is an important part of Nova Scotia's economy.
- Visitors to Nova Scotia can be a valuable market for food & beverage operations.
- Industry operating norms indicate that the average operating profit for all food services & drinking places is 4%; 3.6% for full-service restaurants and 4.1% for limited service eating places.
- The COVID-19 pandemic had a significant impact on the restaurant sector and on consumer tastes and dining habits.



# 2.1

## THE NUMBERS

Annual sales at Nova Scotia's 1724 (some 920 are restaurants) food service and drinking places are some \$1.77 billion<sup>1</sup> (2019) and represent 5% of the province's GDP. Some 6.6% of the province's workforce or 28,000 people are directly employed in the restaurant industry. According to RANS, 65% of the province's restaurants are independently owned.

### Sales by Type of Establishment

Food services and drinking places include 4 types of operations based on Statistics Canada definitions:

- Full-service restaurants
- Limited-service eating places
- Special food services (food service contractors, caterers, mobile food services)
- Drinking places

Table 1 provides data on Nova Scotia sales for each of these sectors for 2018 and 2019.

**TABLE 1**  
Food Establishment Sales in Nova Scotia (\$ millions; % of total)

Type of Establishment	2018	2019	% Change
Full Service Restaurants	\$669.1	\$693.6	+3.7%
Limited Service Restaurants	\$874.3	\$901.4	+3.1%
Drinking Places	\$53.1	\$50.3	-5.3%
Special Food Services	\$109.8	\$117.4	+6.9%
<b>TOTAL</b>	<b>\$1,707.5</b>	<b>\$1,762.7</b>	<b>+3.2%</b>

Source: Statistics Canada, Table 21-10-0019-01 Monthly survey of food services and drinking places; Unadjusted. Totals may not add due to rounding of original data.

### Sales by Month

According to Statistics Canada data, food establishment sales are fairly evenly distributed across the year, with July, August and September being peak months.

### Trends in Annual Sales

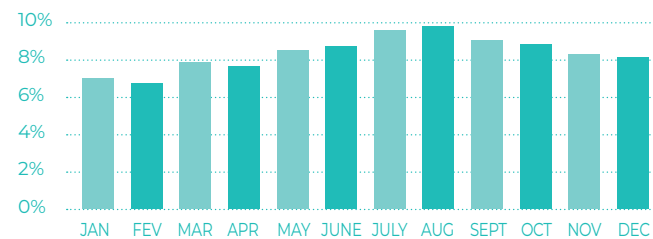
Annual food establishment sales in Nova Scotia increased by 57% between 2003 and 2019, from \$1.087 billion to \$1.77 billion.

### Spending on Restaurants by Nova Scotians

Nova Scotians spent, on average, nearly \$2,400 per person on food purchased from restaurants

in 2019. This represented over 26% of their total expenditures on food.<sup>2</sup>

Percentages of Nova Scotia Food Service Establishments Sales by Month, 2019



<sup>1</sup> Statistics Canada, Table 21-10-0019-01 Monthly Survey of Food Services and Drinking Places  
<sup>2</sup> Source: Statistics Canada, Table 11-10-0125-01 Detailed Food Spending, Canada, regions and provinces's

NOTE: Given the impact of the COVID-19 pandemic on business and consumer activity, all data presented in this section is from 2019 (occasionally earlier), the last full year before the pandemic.

# 2.2

## TOURISM MARKETS FOR RESTAURANTS

Visitors to Nova Scotia and Nova Scotians travelling around the province are important markets for restaurants. In the past few years, Nova Scotia has seen strong growth in visitation to the province and growing interest from these markets in Nova Scotia's local cuisine.

Tourism Nova Scotia's (Tourism Nova Scotia is a division of the Nova Scotia Department of Communities, Culture, Tourism and Heritage) strategic goal, in place prior to the COVID-19 pandemic, was to collaborate with industry stakeholders to reach \$4 billion in tourism revenues by 2024. The strategy had four pillars including attracting more first-time visitors and investing in markets of highest return – those that will spend the most money in the province, both of which are strong positive indicators for the restaurant sector. At the time this manual was updated (winter 2023), the process of updating this strategy is underway. It will reflect global impacts related to the COVID-19 pandemic and plans for recovery and renewal. The strategy is likely to be completed later in 2023. Check Tourism Nova Scotia's website ([www.tourismns.ca](http://www.tourismns.ca)) for up-to-date information on this strategy.

In 2019, Nova Scotia had some 2.3 million visitors from outside the province. Total tourism revenues were \$2.6 billion. Note that this includes spending by Nova Scotians travelling around the province. (Overnight trips or same day trips greater than 40 km one way are considered tourism).

Detailed data on spending by type is available from 2019 and indicated that 18.5% of expenditures was on food and beverage in

restaurants, hotels and bars. Travellers (resident and non-resident) spent an estimated \$457.5 million on food and beverage at restaurants/hotels/bars.

Visitors from outside Nova Scotia spent an average of \$290 per party (on average a party is 2.2 people) in 2019 on food and beverage in restaurants/hotels/bars, with this amount varying by purpose of trip and origin as illustrated in Table 2.

**TABLE 2**  
Average Spending on Food & Beverage at Restaurants/Hotels/Bars Non-Resident Visitors, Per Party, 2019

All Visitors	\$290
Pleasure Visitors	\$379
Business Visitors	\$242
Visiting Friends & Relatives Visitors	\$222
Visitors from the United States	\$455
Visitors from Ontario	\$367
Visitors from Overseas	\$503

Source: Nova Scotia Visitor Exit Survey, 2019

In rural areas of Nova Scotia, and smaller urban centres, tourists from both inside and outside the province can be critically important markets to restaurants.

### Market Segments for Nova Scotia Tourism and Implications for Restaurants

As tourism in Nova Scotia grew prior to the pandemic, the province saw more visitors from international markets including the United States, Europe and Asia. It will be important for the food and beverage sector to be aware of the varying expectations and preferences for

food and beverage service and restaurants, and payment preferences of these overseas market segments.

In 2022, visitors returned to Nova Scotia following the lifting of travel restrictions. While recovery in visitation was strong from overseas markets, visitor volumes from the United States and other parts of Canada, although encouraging, still have room to grow in 2023 before reaching pre-pandemic levels. Canadian visitors remain Nova Scotia's most important market. In the spring of 2022, a survey of Canadian pleasure travellers by Forum Research found that 87% planned an overnight trip within Canada in the next 12 months, including 8% who planned a trip to Nova Scotia – making Nova Scotia the 5th most popular provincial destination for domestic Canadian travel after Ontario, Quebec, B.C. and Alberta.

Tourism Nova Scotia began using EQ as its lead market segmentation tool in 2015. EQ has helped identify who is most drawn to Nova Scotia's unique landscapes, cultures and experiences, and to tailor marketing approaches to appeal to these potential visitors. The two EQ types that offer the best fit with what Nova Scotia has to offer as a tourism destination are:

- [Authentic Experiencers](#)
- [Cultural Explorers](#)

Each segment has varying interests. In terms of food service, all are interested in restaurants that offer local foods and in farmer's markets and local food producers.

Keep up to date with Tourism Nova Scotia's marketing research insights through the Research and Insights section of their website (<https://tourismns.ca/>)



Elliot's Dining Room, White Point Beach Resort

## 2.3

### SOME RESTAURANT INDUSTRY NORMS

Norms, or averages, for the operating performance of restaurants can be very useful when preparing your business plan (Chapter 3) and in reviewing your own business' performance. The main sources of this type of information are Statistics Canada and Restaurants Canada surveys. (See Helpful

Resources at the end of this chapter).

Tables 3 and 4 provide some operating cost norms from Statistics Canada for food and beverage establishments in Nova Scotia. Table 3 provides a summary of operating expenses as a percentage of revenue, indicating that pre-tax operating profit is, on average for full-service restaurants is 3.6%. Table 4 provides a breakdown of operating expenses as a percentage of total operating expenses.



Grounded Coffee Bar

2.4

**TABLE 3**

Nova Scotia Food Services & Drinking Places, Operating Expenses as Percent of Revenue, 2019

	All Food Service & Drinking Places	Full Service Restaurants	Limited Service Eating Places
Total Operating Expenses (incl. wages & salaries)	95.9%	96.4%	95.9%
Wages & Salaries	31.3%	32.1%	29.8%
Operating Profit	4.1%	3.6%	4.1%

Source: Statistics Canada; Table 21-10-0191-01 Food services and drinking places, summary statistics

**TABLE 4**

Nova Scotia Food Services & Drinking Places, Operating Expense Breakdown

Note: Percent of Total Operating Expenses, 2019

	All Food Service & Drinking Places	Full Service Restaurants	Limited Service Eating Places
Salaries, Wages & Benefits	32.6%	33.3%	31.1%
Cost of Goods Sold	37.1%	37.4%	37%
Rental & Leasing	7.7%	7.5%	8.4%
Repairs & Maintenance	1.9%	2%	1.9%
Advertising, Marketing, Promotions, Meals & Entertainment	2.1%	1.8%	2.5%
Utilities	2.7%	3.2%	2.5%
Royalties, Franchise Fees & Memberships	3%	2.1%	4.1%
Amortization & Depreciation	3.1%	3.2%	3.4%
All Other Operating Expenses	9.8%	9.5%	9.2%
<b>Total Operating Expenses</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Statistics Canada; Table 21-10-017-01, Food services and drinking places, industry expenditure.  
 Note: Total operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items. Remember, these are provincial averages and include data from well-established restaurants. You can't necessarily expect the same performance in the early years, or in urban and rural locations.

## ISSUES AND TRENDS IN THE RESTAURANT INDUSTRY

Blogs, e-Zines, industry research, associations, networking – all are great source of information on what is happening in the restaurant industry both locally and internationally. As this guide is updated (Winter 2023) here are some issues and trends, drawn from a variety of sources<sup>3</sup>.

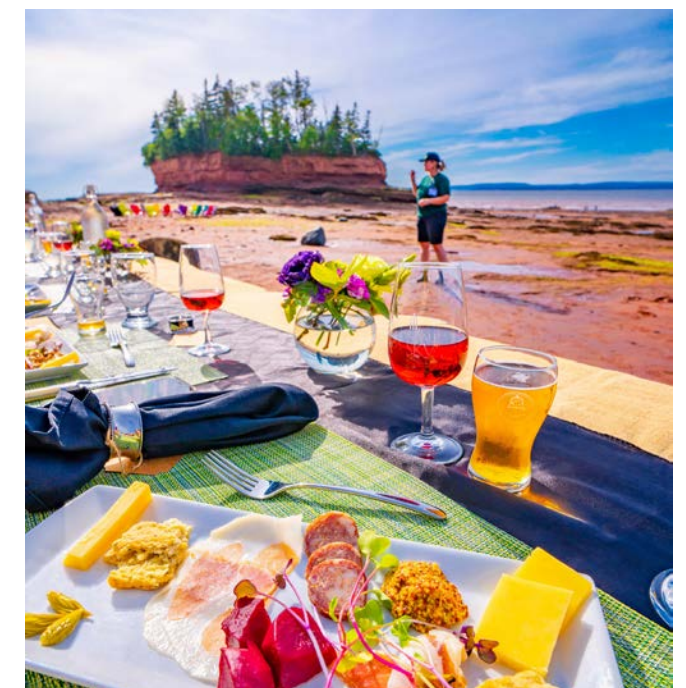
### Issues Impacting the Restaurant Industry

Running a restaurant can be challenging. Some of the big issues impacting the industry today include:

- Recovering from business losses sustained during the COVID-19 pandemic.
- Significant labour shortages are being experienced in all positions in restaurants, most particularly in the kitchen (Chefs, sous-chefs, line cooks) and will continue for at least 3 – 5 years.
- Food costs increasing at rates higher than the high levels of inflation seen in 2021 - 2023, and increasing costs of almost all ingredients and materials.
- Other costs are also increasing:
  - Labour
  - Energy
  - Water
  - Property taxes
  - Rent and other occupancy costs
- Finding skilled labour
- The combination of significant cost increases and the implications of labour shortages on operations (e.g. reduced hours/days/ services) is making it difficult for restaurants to generate the revenue they need to recover from COVID-19, and is shrinking profit margins.

**NEARLY 2/3 OF BUSINESSES IN THE ACCOMMODATION AND FOOD SERVICE SECTOR EXPECTED LABOUR SHORTAGES IN THE NEXT 3 MONTHS**

Statistics Canada Survey, April/May 2022



<sup>3</sup> Sources include: Restaurants Canada's Chef Study by Brand Spark International, Winter 2021; [www.restaurantdive.com/news/7-restaurant-trends-that-will-define-2022/616518/](http://www.restaurantdive.com/news/7-restaurant-trends-that-will-define-2022/616518/)

[www.forbes.com/sites/garyocchiogrosso/2022/03/16/trends-affecting-the-restaurant-industry-in-2022/?sh=79f0ddcd51e2](http://www.forbes.com/sites/garyocchiogrosso/2022/03/16/trends-affecting-the-restaurant-industry-in-2022/?sh=79f0ddcd51e2)

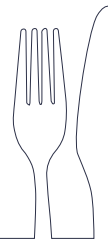
[www.nielseniq.com/global/en/insights/analysis/2022/top-7-food-and-beverage-industry-trends-2022/?qclid=CjwKCAjwm8WZBhBUEiwA178UnENcxgOsLZjG-em3u-CZDECZQP1X0Q1BusGiM1OTPpuIiim6zarkhoCv9AQAvD\\_BwE](http://www.nielseniq.com/global/en/insights/analysis/2022/top-7-food-and-beverage-industry-trends-2022/?qclid=CjwKCAjwm8WZBhBUEiwA178UnENcxgOsLZjG-em3u-CZDECZQP1X0Q1BusGiM1OTPpuIiim6zarkhoCv9AQAvD_BwE)

[www.touchbistro.com/blog/diner-trends-report](http://www.touchbistro.com/blog/diner-trends-report)

[www.bluecart.com/blog/restaurant-industry-trends](http://www.bluecart.com/blog/restaurant-industry-trends)

[www.foodandwine.com/lifestyle/biggest-food-restaurant-trends-2022](http://www.foodandwine.com/lifestyle/biggest-food-restaurant-trends-2022)

## RESTAURANTS CANADA CHEF SURVEY (2019 AND 2021) TRENDS IN MENU ITEMS AND COOKING METHODS



### Trends in the Restaurant Industry

Many of the trends identified evolved due to the COVID-19 pandemic but are expected to continue to impact the restaurant sector for the next few years.

- The restaurant sector is experiencing significant challenges in finding and retaining staff, and this is impacting their operations and bottom line. Strategies being used to address labour shortages include:
  - Increasing wages
  - Offering benefits
  - Striving to improve the work/life balance for staff
  - Communicating more with staff, and respecting their personal needs
- Streamlining operations such as:
  - Shortening hours
  - Reducing days of operation
  - Simplifying menus
- Owners/managers working more hours and covering several positions
- Menus are being simplified and becoming shorter to help:
  - Cut costs
  - Maximize profits
  - Minimize waste
  - Lower preparation time
  - Involve fewer ingredients, thus helping address supply chain issues
  - Lower required staff time and thereby helping with labour issues
  - Improve food quality
  - Ensure that food travels well for take out/delivery

Some trends in menu items and cooking methods are illustrated in the table.

#### Hot Trends (2019)

1. Craft/Beer Microbrews
2. Sous Vide
2. House-made condiments/sauces
3. Plant-based burgers and sausages
4. Locally sourced foods
5. Paper straws
6. Food smoking
7. Charcuterie/house-cured meats
8. Sustainable seafood
9. Pickling

#### Up and Comers (2019)

1. Cannabis/CBD infused drinks
2. Cannabis/CBD-infused food
3. Half portions/smaller portions for smaller price
4. Food waste reduction/management
5. Protein-rich grains/seeds
6. Ethnic/street food inspired appetizers
7. Unusual/uncommon herbs
8. Drinkable desserts
9. Dessert flights/combos/platters
10. Vegetable/vegetarian appetizers & Culinary Cocktails (tied)

#### Hot Trends (2021)

1. Locally sourced foods
2. Non-plastic/eco-friendly/take-out/delivery packaging
3. Meatless/vegetarian entrees
4. House-made condiments/sauces
5. Food waste reduction/management
6. Plant-based proteins
7. Sustainable seafood
8. Plant-based burgers and sausages
9. Fermenting/fermented foods
10. Food smoking

- Locally-sourced ingredients are even more in demand, and important due to supply chain issues, to help manage costs and ensure freshness.
- Sustainability is becoming vital in all aspects of restaurant operations:
  - Green kitchens with a focus on environmental concerns – reducing waste, recycling, re-using, increasing use of biodegradable materials
  - Food sources, and transparency in food sources
  - Packaging that is environmentally friendly, particularly with the growth in take out/delivery options
- Increasing menu prices to help respond to increasing costs structure. However, it is difficult for restaurants to increase prices enough to cover all the cost increases, meaning pressure on the bottom line.
- Take out service that became mainstream during the COVID-19 pandemic is continuing to be an important part of many restaurants' revenue streams:
  - Delivery options are evolving as restaurants look for alternatives to expensive third-party delivery companies which have posed challenges with customer service and impact on food quality. Using local delivery services or doing their own deliveries are alternatives.
  - Addition of dedicated pick-up windows/spaces
  - More 'ghost' kitchens which do take out/delivery only with no seating, thereby saving costs for space and front-of-the-house staffing
- Enhanced sanitation and cleaning is here to stay. Check out TIANS Clean It Right program; details can be found at <https://nstourismstrong.ca/clean-it-right/>
- Increasing investment in technology to help reduce labour costs and staffing needs. For example, BELLA, the robot, is being used to deliver food orders at the May Garden Chinese Restaurant in Bedford.

Technology can maximize contactless ordering and transactions, and help with staff communications and managing customer relations.

- Alternative revenue sources that evolved during the COVID-19 pandemic, such as offering grocery items, meal kits and merchandise, are expected to continue.
- Plant-based meals, and plant-substitutes for protein, are increasing, both in response to consumer demands and to help manage costs. These consumers are not necessarily vegetarians or vegans but want to include more plant-based foods in their diet.
- Products that incorporate natural health and immunity boosters, contributing to overall health and wellness, are in demand by consumers.
- Some other menu trends:
  - Specialty diet offerings (beyond gluten-free)
  - Global flavours, reflecting diverse cultures and the interests of Chefs
  - Alcohol-free crafted cocktails
  - Open-fire cooking
  - Comfort food, taken up a notch
  - Seeds replacing nuts
  - More non-dairy options
- Having a strong on-line presence and being active on social media, particularly Instagram and Facebook, are key marketing tactics. 84% of restaurant customers in 2022 reported checking out menus prior to booking, compared to 59% in 2017.<sup>4</sup>
- Continued use of private dining spaces, both inside and out such as yurts, bubbles, green houses, and extension of the outdoor/patio dining season.
- Nova Scotia is seeing more boutique and small restaurants, with some starting-up on a shoe string budget. This may involve taking over a location with some existing equipment and minimum renovations. Other options to starting up on a shoe string include doing 'pop-ups' or starting with a food truck, catering business or at a farmer's market.

2.5

## HELPFUL RESOURCES

Statistics Canada Food Service Industry Statistics

<https://www150.statcan.gc.ca/n1/en/catalogue/71-607-X2017003>

Industry Canada Small Business Profiles

<http://www.ic.gc.ca/eic/site/pp-pp.nsf/eng/home>

Restaurant Association of Nova Scotia

<http://www.dinens.ca/>

Restaurants Canada

<https://www.restaurantscanada.org>

Technomics

<https://www.technomic.com>

Tourism Nova Scotia

<https://tourismns.ca/>



Photographer: Dean Casavechia

# CHAPTER THREE

## CHART YOUR COURSE

Opening a restaurant means taking on many tasks simultaneously. If you aren't great at multi-tasking, make sure you have someone to help you in areas where you are weak. It's a pressure business, and the pressure is not likely to diminish. Are you up for this challenge?

Clearly there are some things that you will need to do first, or before you can move on to something else. Keep in mind, however, that for most of the journey to opening you will be working on a whole bunch of different tasks at once to ensure everything comes together for your scheduled opening.

So, forget creating a typical 'to-do list' and consider instead the idea of a 'to-do wheel'. As you can see in the graphic, it can be helpful to begin the planning process by laying out the project areas of opening a restaurant.

Your vision and concept are the foundation of every aspect of planning for and running a restaurant. The concept must be clear and fit your target markets; it defines what your restaurant is. It is at the centre of the wheel.

In the remaining chapters you will find details on how to approach each of these areas of restaurant ownership. It's important to remember that many of them apply not only to planning the opening of a restaurant, but also to the day-to-day operations.

### CHAPTER MODULES

- 3.1** The Business Plan
- 3.2** Business Structure
- 3.3** Helpful Resources



Grounded Coffee Bar



Photographer: @davejandsky



## KEY TAKEAWAYS

- **Have a clear vision and concept:** Your vision for the restaurant is an overriding piece of the plan. It is the driving force behind your location, menu, pricing and design.
- **A business plan will make or break you:** It doesn't have to be long but make sure you have enough information yourself regarding the viability of the business, and to spark the interest of potential investors and satisfy your financial backers.
- **Get help when you need it:** There are lots of organizations out there that can lend a hand when it comes to business planning. It can be difficult — don't be shy when it comes to asking for help. Analyze yourself carefully – not everyone is good at everything.
- **Don't start from scratch:** Look for pre-existing business plans and forms from which you can glean insight. Use these resources to save time and frustration.
- **Decide on a business structure:** Choose the one that works best for you. You may not have the time or resources to go it alone, but business relationships can be tricky. Explore your options before making a final decision. Get agreements in writing.

## 3.1

### THE BUSINESS PLAN

The very first step you should take, and for some the hardest one, is to create a document called 'business plan.' You can start with a scrap of paper if it feels right. The most important thing is to get what is in your head down on paper. Many a business plan has had a start on a restaurant napkin.

You might find it helpful to get a small (or large) binder with tabs. Or start a folder on your computer. This way you can stay organized and keep your plan and your research together for easy reference as it evolves.

If writing is something you fear or struggle with, just begin to jot down some notes about your business. Open a WORD document and call it 'Business Plan.' The structure outlined below will help you organize your thoughts. Then you can begin to flesh out the content.

You won't necessarily finish your business plan right away. As you begin to research and work through the many things you have to do, you will refine the plan. Successful entrepreneurs work on their business plan long after their business opens. In fact, you should update your business plan regularly.

#### How to Write Your Business Plan

A business plan is the roadmap for the future of your business.

It is basically a formal written presentation of your restaurant vision or concept. It maps out where you are headed and requires you to

examine all of the shortcomings and potential pitfalls of your business.

It needs to be concise and yet contain enough information for the reader to judge the potential profitability of your business. There is no recommended length for a good business plan, but if you are hoping potential funders will read it, you should keep it as brief and succinct as possible.

There are thousands of books, articles and websites on how to write a business plan. Here is a general overview of the key components of a strong business plan.

#### EXECUTIVE SUMMARY:

This should be a brief summary of the business plan components. It should highlight your concept and why it will be successful. It should tell the reader how much it is going to cost and where you intend to find the money. Don't get bogged down in the details here. In fact, you should write this section last.

#### LEGAL STRUCTURE: (See Chapter 3)

Provide a history of or a plan for your business structure.

Outline the legal structure: the form of your business, be it partnership or incorporation, etc. Include the date it was created and the names of the principals involved. The capitalization plan (i.e., who owns how much, etc.) should be described here. You can find more information on the various types of legal structures in section 3.2 of this chapter.

#### BUSINESS CONCEPT: (See Chapter 4)

You need to find the words to paint a picture of what a visit to your restaurant will feel like. You need to describe why your concept will appeal to diners and who those diners will be. This piece is critical. Your concept and vision need to



## 3.1

be clearly understood and easy to communicate to consumers and employees. And, the concept drives most other aspects of establishing and running a restaurant – the location, menu, design, pricing, staffing requirements, etc.

Articulate everything you can:

- The service style (i.e., fine dining, casual, quick service)
- The size and seating capacity
- A brief description of the decor and furnishing
- Proposed operating hours
- Details of the atmosphere and ambience, the lighting and music
- The menu: description and price

#### THE LOCATION: (See Chapter 5)

If you have not chosen a definitive site or address, just list the area where you intend to open your restaurant. This section can be updated, if needed, after a site has been selected. If you intend to lease or purchase your location, provide the details here. Include the amount of floor space and the rent or purchase price.

#### SAMPLE MENU: (See Chapter 6)

A well-written and designed menu can help sell your concept. At the very least, you will need to write out some examples of the food you will be selling.

#### DESIGN LAYOUTS: (See Chapter 7)

If you have drawings or floor plans (professional or otherwise) include them here. Even a hand-sketch can be helpful in creating an image of your concept.

#### THE MANAGEMENT TEAM:

Who is going to run the place? To be successful, a restaurant needs sound management.

Demonstrate that you and your team have what it takes: the experience, skill, education, and/or discipline to make this work.

Provide the background and experience of the owners and the key management. You can insert actual resumes here or include them as appendices at the end of the plan.

Outline other key principals of your team: your professional advisors such as lawyer, accountant, designer, contractor, etc. Make sure you have all the bases covered.

#### BUSINESS ANALYSIS: (See Chapter 8)

Some entrepreneurs seem to have an uncanny ability to visualize a concept that will appeal to the public and the passion and experience to turn that dream into a reality.

A more cautious approach is usually recommended: balance your passion with some in-depth market and feasibility research - a reality check of sorts. You want to examine your proposed restaurant in relation to the existing marketplace. You also need to clearly identify what will make your restaurant different than the others out there.

Before you proceed with your business plan, you need to carefully research the viability of your plan in terms of competition and demand. The following discussion provides some pointers on what you need to do and how to go about it.

#### THE RULES AND REGULATIONS: (See Chapter 9)

There are numerous rules and regulations that can impact establishing and operating a restaurant. Review them carefully when preparing your business plan since they may well have an impact on what you are planning and its operations.

<sup>8</sup> Restaurants Canada is a membership-based organization. Some of their publications can be purchased by non-members; others are only available to members.

#### INDUSTRY OVERVIEW

Review the dining and consumer trends in the restaurant business in Nova Scotia and Canada.

Statistics Canada provides data on sales at food service and drinking places by province and occasional reports on trends in sales of food and beverage. RANS also has data on Nova Scotia's restaurant industry.

Restaurants Canada publishes an annual report called Food Service Facts<sup>8</sup>. It includes a full market review and forecast. You can find out if commercial foodservice sales are expected to grow over the next four years. You can see in which province growth is strongest. You can find a breakdown of the average check per person by restaurant type (i.e.; quick-service, full-service, retail). While some of these are national statistics, they can still be useful. Appendix I provides findings from a US survey of restaurants about sales-investment results, cost estimates and space requirements.

Depending on your concept, you may want to review data about population growth, tourism activity, ethnicity demographics, labour and economic conditions.

Do your research on food trends and consumer expectations to support your concept. For example, while french fries are still a top-selling menu item, more and more consumers are looking for healthier food choices and there is data to support this.

#### TARGET MARKETS

Who is your preferred target market? Who will your concept most appeal to? Describe your ideal target customer. Who are they and how old are they? What do they do for a living? Where do they live? Do they drive or walk or arrive by cruise ship? What price points can your target markets tolerate? (Your location may well have an impact on this issue).

Information about your target area can be obtained from your municipal/regional economic development agency, the province or business improvement associations. Statistics Canada also has data by census tract which may be useful. Tourism Nova Scotia has data on tourism markets.

You should know the history of the economic development in the area. And, you need to know everything you can about future planned developments. Investigate construction taking place and planned; follow the local paper and business news.

#### LOCATION ANALYSIS

Perhaps the only detail you can provide about location right now is just a general area or the city or town. Perhaps you have an address and an agreement of purchase and sale or lease. If you do, include them in your plan.

#### HELPFUL TIPS

#### RESEARCHING THE COMPETITION When researching your competition, look at:

- Restaurant concept
- Target markets
- Menu and prices
- Hours of operation
- Quality of food and service
- Level of business at different periods of the day/week/year
- Strengths and weaknesses

## 3.1

Regardless of whether you have a street number already, you still want to describe the market conditions that exist in the location or general area. Include demographic information and information about your target market.

A real estate broker might be helpful here as they tend to have a lot of insight about neighbourhoods. They often have access to information and data that is not freely available to the public.

Make sure the locations you have in mind are a good match with your target market. Is your market residents of the neighbourhood? Or are you looking for a business clientele to fill your seats? Are you counting on tourists finding you? Selecting the right location for the markets you are targeting is critical.

### COMPETITIVE ANALYSIS

How much of the potential market can you expect to get? While you might by now have a pretty good sense of the appeals of your

product concept, you have to take a hard look at the competition.

You need to try out the competition and research their reputations. You want to learn about their strengths and weaknesses and try to get an idea of how much business they might be doing.

Describe the local competition that exists for your restaurant. List and describe the other restaurants in your area or beyond that are most similar to your concept. If you feel you have a competitive advantage over these, list your unique aspects. You want to be certain that you will be able to offer something different and have a competitive edge in the area for your type of restaurant.

### FINANCIALS:

Itemize your start-up costs (a capital budget) and prepare a detailed projection of your revenues and expenses (a projected income statement). Knowing the number of seats you will have is critical to this analysis. You need to demonstrate the potential profitability of your restaurant. You need to show how much money you will need to get your restaurant open and how the business will generate enough revenue to ensure you can repay your debt.

Templates for all of these statements can be found on-line; or from some of the resources listed at the end of this section and in Chapter 8.

### HELPFUL TIPS

#### DOING THE NUMBERS

##### When doing your financial analysis:

- Be realistic, not optimistic. Base your analysis on sound research. Don't guess!
- Add a contingency of 20% - 30% to whatever you think your capital budget is.
- Don't forget to add Working Capital to your capital budget – this is the money to cover your operations for the time it takes the business to cover its costs. And, that might be a while.
- Analyze your revenue and expenses several times, using different assumptions for sales and costs. Make sure you understand the worst case scenario.
- Remember, the number of seats is the critical factor in driving revenues.



Lightfoot and Wolfville, Annapolis Valley

Photo: Destination Canada

### OPERATIONS PLAN: (SEE CHAPTERS 10 & 11)

Include a description of how your restaurant will operate on a day-to-day basis. If you are a franchisee, you will likely have a detailed operating manual to follow already. Otherwise, you will need to create one.

Key operations to describe can include: staffing, training, customer service, suppliers, management controls (i.e., Point of Sale systems), cash controls, accounting, bookkeeping, inventory control, payroll, staffing and training plan.

### MARKETING STRATEGY: (SEE CHAPTER 13)

You will need to include an outline of your marketing strategy for before and after you open the doors. While a few restaurants open their doors to instant success, you can't rely on this and need a plan to proactively grow your business.

You will need to establish a solid brand positioning – knowing who you are, what you do and why people should care. You will need to carefully select the best media, traditional or new, that will reach your target markets.

Getting it right will likely take some trial and error. Marketing is one of those areas where, if you don't have a lot of expertise, bring in some expert help. Plan to invest about 3% of your revenues back into marketing.

There are many places you can go for help with business planning and we've listed some suggestions at the end of the chapter. Don't hesitate to ask another restaurateur if they would be willing to share their start-up plan.

## 3.2

## BUSINESS STRUCTURE

Like any business, you will need to decide on the legal structure of your company, be it a partnership, a sole proprietorship or an incorporated company.

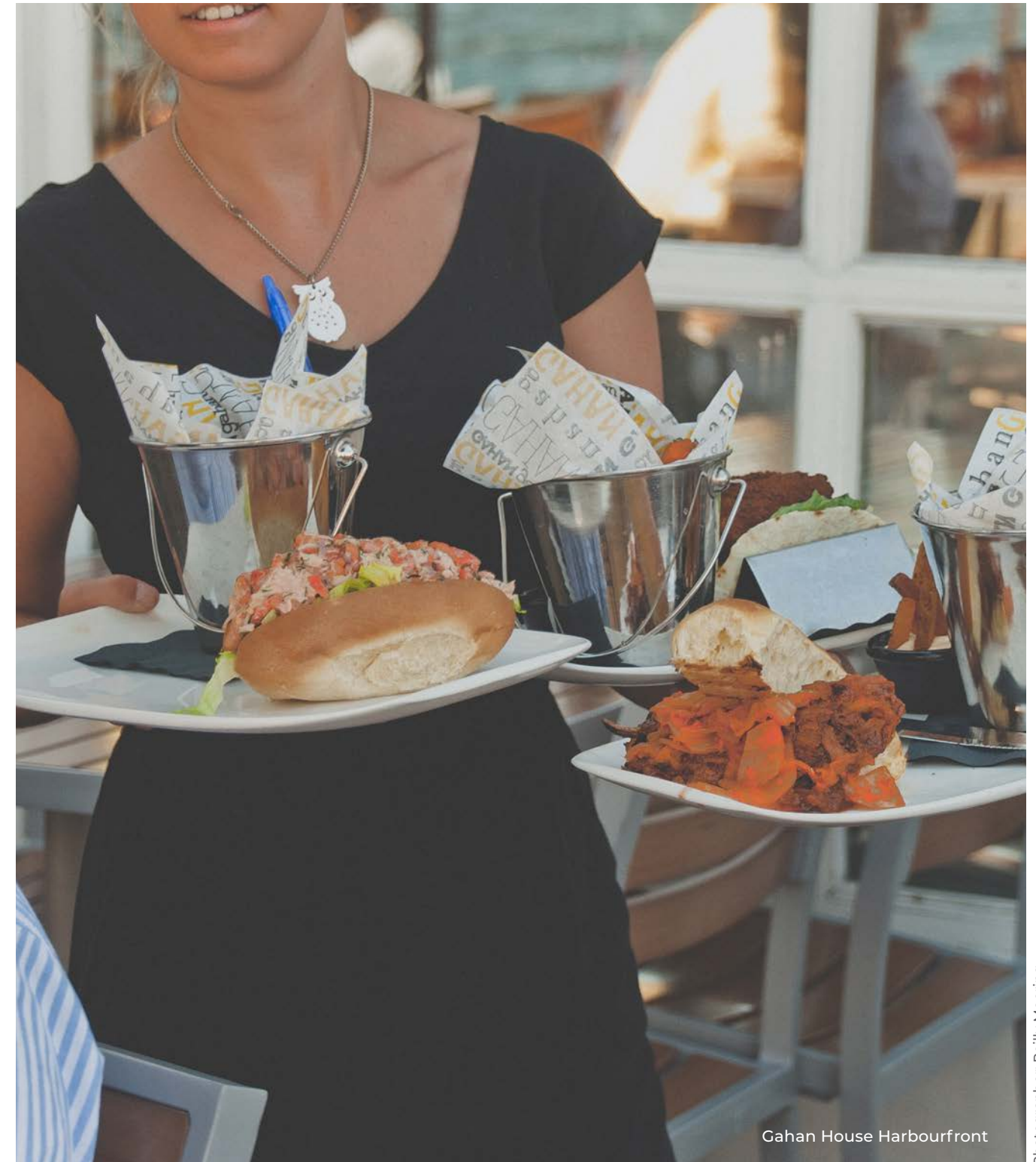
### Sole Proprietorship

If you are in this project on your own, a sole proprietorship is the simplest and cheapest business structure. It involves one owner, and that owner and the business are one entity. It means you own the restaurant and its assets personally, and are responsible for the business liabilities. There is no legal form to a sole proprietorship, although you still have to register the business. The income of the business is the personal income of the owner. The expenses are also the liability of the owner.

Table 5 summarizes the advantages and disadvantages of each type of legal structure.

**TABLE 5**  
Advantages and Disadvantages of Different Business Structures

Business Structure	Advantages	Disadvantages
Sole Proprietorship	<ul style="list-style-type: none"> <li>• Simplicity</li> <li>• Freedom to make your own decisions</li> </ul>	<ul style="list-style-type: none"> <li>• No limitation of personal liability for the owner</li> <li>• Nobody to share the responsibilities of running the business</li> <li>• Limited access to equity other than what you have available or can arrange</li> </ul>
Partnership	<ul style="list-style-type: none"> <li>• Provides for more than one owner</li> <li>• Relatively simple</li> </ul>	<ul style="list-style-type: none"> <li>• Unlimited liability for each partner for all of the liabilities of the business</li> <li>• Many partnerships fail because partners do not adequately deal with issues that need to be included in a partnership agreement</li> </ul>
Incorporation	<ul style="list-style-type: none"> <li>• Limitation of owners' liability</li> <li>• The business can enter into contracts and conduct business in its own name, rather than the names of its owners</li> <li>• There can be some tax benefits to the owners compared to other structures. Get the advice of a tax accountant for your specific situation.</li> </ul>	<ul style="list-style-type: none"> <li>• More expensive and complex to establish</li> <li>• For small businesses, the advantage of limited liability is usually lost since bankers and other lenders will insist on personal guarantees from owners anyway.</li> </ul>



Gahan House Harbourfront

Photographer: Reilly Mooring



## Partnership

If you have one or more partners who want a say in the running of the business, you can form a partnership.

Like the sole proprietorship, the owners of the business and the business itself are one and the same for legal purposes. The business has no legal status separate from the individuals involved. The liabilities of the business are the liabilities of the partners.

No two partnerships are the same, but you'll want to be sure you have an agreement in writing before you begin. Work with a law firm to put a partnership agreement in place. You will want to spell out everything: who's responsible for what, who's getting what for their investment of money or time, how you will divide profits, what happens if a partner dies, as well as exit options. We highly recommend each partner get independent legal advice before signing a partnership agreement.

A word of caution: you should be very careful when choosing a business partner. Many partnerships, like marriages, fail because the partners find they can't get along. Also, like marriages, you may find, "It's easy to get in, it's another matter altogether to get out." An agreement before you start will make everything about having a partner(s) more straightforward.

Self Counsel Press sells a Partnership Agreement kit that includes easy-to-use instructions on how to create a professional and legal partnership agreement. (<https://www.self-counsel.com/partnership-agreement.html>)

## Incorporation

Whether you are going it alone or you have one or more partners, you should still consider incorporating your company. Incorporating means you create a corporate entity that owns your restaurant. It can protect you personally if the business goes under, but it doesn't necessarily mean you won't have responsibilities if your business fails. As a new restaurant owner, you will likely be required to personally guarantee loans, which means that you're still responsible if the company fails.

There are also pros and cons of tax implications for incorporations, which you should explore further with an accountant.

You will likely need a lawyer to do the incorporation (although some people manage this successfully themselves) and can expect the legal fees to be in the range of \$1,000 to \$3,000. The Nova Scotia Registry of Joint Stocks (contact information below) will have more information about what is required.

If you are embarking on this on your own, check out the Canadian Legal Guide for Small Business published by the Self-Counsel Press (included in the Restaurants Canada start-up kit). It will show you the detailed steps required to form a corporation and the reporting requirements to maintain your company in good standing.

## HELPFUL RESOURCES

### Appendix 1

1. Operating norms by number of seats and for urban and rural locations in Nova Scotia.
2. Findings from a US survey of restaurants about sales-investment results, cost estimates and space requirements.

### Reading List

Start & Run a Restaurant Business by Brian Cooper, Brian Floody and Gina McNeill, Self-Counsel Press, 2nd edition <http://www.amazon.com/Start-Run-Restaurant-Business/dp/1551806320>

### Resources

Restaurants Canada Business Tools <https://shop.restaurantscanada.org/>

For more information about business plans or to get help with a business plan: [http://www.cbdc.ca/sites/default/files/business\\_planification\\_guide.pdf](http://www.cbdc.ca/sites/default/files/business_planification_guide.pdf)

<http://ceed.ca/>

<https://www.bdc.ca/en/articles-tools>

# CHAPTER FOUR

## THE CONCEPT

The 'concept' is the combination of your type of restaurant, the menu, prices, ambiance, and the style of service provided. The concept is critical – it's your brand and who you are.

For many potential owners, it's the concept that inspires them to open a restaurant in the first place. While it is easy to say "I want to open a restaurant where people can enjoy meals like the ones my mom used to cook", it is important to get specific about what this looks like.

Unlike the many ever-evolving aspects of restaurant ownership, the concept is one that should remain relatively consistent after opening. Because it will ultimately influence and guide all of your other decisions, clearly articulating a unique yet feasible concept early on can ensure your approaches to other project areas are in line with your vision.

Keep in mind where you plan to open your restaurant when developing your concept. A concept that works in Halifax may not work for the markets in Truro or Shelburne.

### CHAPTER MODULES

- 4.1 Where To Start: The Type and Style
- 4.2 Franchise Restaurants
- 4.3 Individual Restaurants
- 4.4 Helpful Resources

### KEY TAKEAWAYS



- **Your Concept is Critical.** The restaurant concept defines your restaurant, your brand and what you offer consumers.
- **Define your restaurant 'type' and 'style'.** Restaurant 'type' refers to whether your business will be a franchise or an individual restaurant. A restaurant's 'style' is a combination of the speed, atmosphere and price of service, and is either 'quick/limited service' or 'full service.'
- **Franchises versus Individual Restaurants.** Franchises leave you with very little opportunity to be creative, but are considered the closest thing to a 'sure thing' in the restaurant industry. Individual restaurants provide a blank canvas on which to paint your concept, but require a lot more work.



## WHERE TO START: THE TYPE AND STYLE

The first thing is to determine the type and style of the restaurant you want.

### Restaurant Types And Styles

There are two basic types of restaurant: an individual or a chain. Both types can be owned by an independent operator.

The individual restaurant is one not associated with a chain or franchise. You, the owner, come up with a unique concept and name and operate as you see fit.

In the case of chain restaurants, the concept is predetermined by the company that owns the franchise. While this can make opening the business much easier, it prevents you from having any creative liberties in terms of the design, décor and menu. You can find details on each type of restaurant in sections 4.2 and 4.3 respectively.

Whichever approach you decide on, there are two main operational styles to choose from:

#### QUICK/LIMITED SERVICE

This sector is largely dominated by the major fast food chains and continues to be the largest

eating-out segment of the market. The growth of this market segment is said to be a function of today's lifestyle. Food from a limited service facility is served quickly, often ordered at a counter, and eaten in a very casual manner (sometimes simply from a napkin).

Labour costs can be lower because the skill level of cooks can be kept to a minimum. Service costs are minimal because the process to turnover customers is quick and efficient.

Food trucks are an emerging trend in the quick service sector.

#### FULL SERVICE RESTAURANTS

The range of full service opportunities is wide: from the elegant fine dining establishment to a small neighbourhood diner. They are often independently owned and operated. Labour costs are usually higher because of the level of service and the requirements of the menu.

#### OTHER

The industry also includes caterers and drinking establishments. In Nova Scotia, drinking establishments can be either beverage rooms (serving wine and beer only, not hard liquor) or cabarets (a large scale establishment, usually over 400 seats, with liquor service; purchase of food is not necessary). The number of drinking establishments is declining as businesses realize that they have to serve food to survive.

## WORDS OF ADVICE FROM THE PROS

**“ The importance of the clearly defining the concept cannot be overstated. It is from this point that every facet of the business will originate.**

**The concept must be crystal clear and only then can one embark on the next steps of the business plan.**

**When embarking on a journey we must know where we are going otherwise we will not know when we have arrived at our destination.**

**The same is true in the hospitality/restaurant business. In business we call this the vision. When the vision is clearly defined it provides the entrepreneur with many benefits:**

- 1. The ability to focus the entrepreneur's efforts on creating or realizing the vision.**
- 2. The clarity to market the concept to future guests.**
- 3. A benchmark for the focus of all employees, suppliers and stakeholders.**
- 4. The clarity of the vision will assist in communicating the business plan to potential investors or financing companies.**
- 5. The discipline to keeps costs in line and to not over spend or underspend.**
- 6. The basis from which the capital costs can be determined to realize the vision.**

**By having a crystal clear vision of the concept we will have set in stone the course of action which shall convert the vision to reality. ”**

Joe McGuinness  
Durdy Nelly's Irish Pub, Halifax

4.2

## FRANCHISE RESTAURANTS

It has been said that buying into a franchise is the closest thing there is to a 'sure thing' in the risky restaurant business. There are pros and cons and if you decide franchising is for you, you'll want to research everything you can about franchises in general and the specific franchise you are after.

Franchising is very popular in the quick or fast food sector. The reasons are compelling, including reduced risk. The secret success of franchises lies in the proven concept and the consistency of product and service delivered by all units.

A franchise can provide a solid base for the inexperienced operator. You receive a complete package on how to do things, as well as training and pre-opening assistance. And yes, there is a fee for all of this: upfront and a continuing royalty fee paid indefinitely.

The disadvantage is that you have less flexibility and control with few opportunities for any kind of personal expression. You have to stick with the franchise rules. You have no discretion in the operation of a franchise restaurant, as they are based on a standardized formula of proven success. If you are a creative type, this model might not be for you.

Finally, the cost of services provided by the franchiser can be high (7% - 9% of revenues) and can eat up a significant part of your potential operating profit.

4.3

## INDIVIDUAL RESTAURANTS

Fine dining or a food truck? Or perhaps you are thinking of something in between? When you are starting from scratch, the possibilities are endless: you really do have a blank canvas.

This is your baby. You can work with your chosen concept in a space or location you select to fit.

Atmosphere is a key ingredient in defining the 'type' of restaurant. The same food can actually be served in a fine dining restaurant, a casual neighbourhood bistro or a food truck. These days, you can find tacos being served at all of these types of restaurants. What really differentiates each style of restaurant is how the food is served, where the food is served, and who serves it.

### HELPFUL TIP

#### Be a Little Flexible with Your Concept

While your concept should remain fairly consistent, you need to stay somewhat flexible:

- Respond to the marketplace
- Listen to the customer
- Be prepared to 'tweak' your concept if the numbers are not working

If you need inspiration, take a business trip to another city or country. A weekend eating your way around New York City or Montreal can open up a world of possibilities. Observe what seems to work and what doesn't. Remember though, that it is difficult to live out someone else's vision. Concepts can be very difficult to copy because of the hundreds of intangible elements that contribute to a restaurant's success.

Even if you think you are starting this with a specific vision and concept in mind, you might want to take a minute and step back. This is the time to think big and to think outside the box.

Don't hesitate to get help. A restaurant consultant can assist you in developing your concept.

### Theme and Name

A theme is a common thread, an idea, or image that runs throughout your restaurant. It might be based in your food (i.e., a dish or an ethnic influence), or the ambience (i.e., decor). Your theme and menu definitely need to match.

With luck, you'll be living with your restaurant's name for a long time. Take your time. You want the name to be memorable and to evoke, in some way, the concept of your restaurant.

Don't worry if a name for your restaurant doesn't come to you right away. You can be well on your way to opening a successful restaurant without knowing the name. If you are really stuck about the name, consider bringing together a focus group<sup>9</sup>.

Of course, if you are using a professional restaurant designer or marketer, they will have lots of ideas and feedback on name choices. Try to keep an open mind; but make sure you are passionate about the choice.

<sup>9</sup> A focus group is a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs, and attitudes towards a product, service or business. (Wikipedia)

### HELPFUL TIP

#### Carry Your Theme through all Aspects of the Restaurant

Whatever theme you select, implement it fully. Don't go half way or cut corners, you will regret it later.

If you've already decided on the name, be sure to verify that you can use it legally. If someone else is using the same name, or something similar, you may have to go back to the drawing board. Check it out with the Nova Scotia Registry of Joint Stocks as quickly as you can.

4.4

## HELPFUL RESOURCES

### Reading List

*Restaurants that Work: Case Studies of the Best in the Industry* by Martin E. Dorf  
<http://www.amazon.ca/Restaurants-that-Work-Studies-Industry/dp/0823045404>.

# CHAPTER FIVE

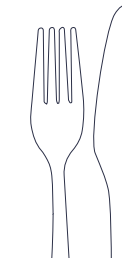
## THE LOCATION

The golden rule in real estate is “location, location, location.” On the other hand, locations can be what you make them. You must be clear on what you can do in the space and what its capacity is for a restaurant.

### CHAPTER MODULES

- 5.1 Where?
- 5.2 Leasing or Buying
- 5.3 Before you Sign a Lease
- 5.4 Before you Buy
- 5.5 Where to Get Help Finding a Location

### KEY TAKEAWAYS



- **Make sure you have enough space**  
Figure out early on how many seats you can fit in the space you are looking at. Is this enough seats for your vision to succeed?
- **Do your Due Diligence**  
You may be excited about a space, but don't jump into anything before doing your homework. Make sure you can do what you want to. Be

patient. If the space you are looking at doesn't meet your criteria, walk away. There are lots of spaces out there.

- **Understand your lease**  
Before you sign on the dotted line, make sure you know what's included in the rent price, what common area charges there will be, what you're responsible for, and what you can and can't do with the building. Make sure you know the 'down the road' details.
- **Negotiate pricing**  
See if you can strike a deal on rent with the landlord. Many landlords will offer free rent for a period.
- **Talk to the experts**  
Leasing agents and business development centres can help you choose the best locations for your needs.



Photographer: Acorn Art & Photography



## 5.1

## WHERE?

There are always a few 'can't lose' locations, and a few 'can't win' locations, most locations fall somewhere in between.

A restaurant's success is more likely influenced by the management/ownership of a restaurant than solely by its location. But, the right location can really help!

The key to deciding on a location is finding a spot that works for your concept, target markets and budget and lets customers reach you.

If your concept involves feeding tourists, you'll want to be certain your location is easily found by those who are unfamiliar with the area.

It does seem there are always a few jinxed locations. More often than not, this has to do with the operating costs (the cost of the rent and utilities to operate,) being so high that no one could realistically make a go of it.

### Number of Seats

One of the first things to consider when looking at space is: How many seats can you fit in (at 12 sq.ft. per seat which is the guideline for liquor licences)? This means looking closely at space requirements for all the other necessities to meet building code and licensing requirements – washrooms, storage, wheel chair accessibility, etc. Remember to consider new regulations regarding accessibility - they may impact how many seats you can fit in the space (see Chapter 9).

Your financial analysis and business plan will be driven by the number of seats.

## WORDS OF ADVICE FROM THE PROS

**“ If choosing a remote location, your concept must be special and unique, and you must be willing to adapt to local customs and habits. Embracing the local people and getting involved in community activities is important; accept that your customer will want to know everything about you....!!!!”**

Roland Glauser  
Charlotte Lane Café & Gift Shop, Shelburne

## 5.2

## LEASING OR BUYING?

**You may not have the luxury of making this choice. Purchasing a building is often too expensive for a new start up. It is also extremely difficult to find commercial property to purchase, especially in urban areas of the province.**

While you may not be thinking about your exit strategy right now, you should understand that if you don't own your real estate, the odds of getting anything for your business if you decide to sell are significantly reduced. However, most restaurateurs lease their space, perhaps moving to owned-space at a later date.

## 5.3

## BEFORE YOU SIGN A LEASE

**Rent is a big expense. It is a fixed cost that will be with you every day that you are in business. There are no tenancy protections for commercial tenants like those for residential tenants. You are on your own here.**

Understand and negotiate hard for the terms of your lease. Landlords can be unscrupulous. Exactly what is included and not included in the rent will affect the outcome of your business for years to come. Is heat and air conditioning included? What about hot water, snow removal, and garbage collection? What about common area fees? (These may fluctuate).

Some landlords will help with start-ups, reducing or waiving rent during construction. Or, you may be able to negotiate a free rent period. If you are making infrastructure changes to HVAC (heating, ventilation and air conditioning) and electrical systems, try to get a significant break in the rent, as you are paying to improve someone else's building. If you are leasing, you will likely have to leave everything on the premises if and when you vacate. **Make sure you research municipal zoning requirements and what will be needed to meet building code, accessibility regulations and licensing requirements for your restaurant, and how much it will cost.**

You may find it very much worthwhile to retain a leasing agent to help you navigate through the process of negotiating a lease. They are professionals at this and can save you a lot of time and heartache.

### How Much Rent is too Much?

A rule of thumb is that if you are paying more than 5-6% of your sales revenue, you are paying too much. For example, if your sales are \$100,000 a month, your rent should not be more than \$6,000 a month.

Don't fall in love with a space! If your total occupancy costs (rent, taxes, and common area costs) are more than 10% of your estimated sales, walk away.

### Plan for Success!

When the term of your lease is up, do you have an option to renew? Do you have the ability to sell your business and assign the lease to a new purchaser? Is there a process for determining or arbitrating future rent increases? It's good to know future options in order to be successful today.

Restaurants require significant leasehold improvements: substantial plumbing, electrical and mechanical investments. This is especially true if you are taking a space that wasn't previously a restaurant. Make sure your contractor inspects the space so you know exactly what you are getting.

Before you sign a lease, be certain that you can make the renovation changes you need or want. Make sure the municipal zoning laws will allow you to operate the way you want to, in that location.

### Parking

Having lots of parking doesn't guarantee you'll be successful, but a lack of parking can be detrimental. Check out municipal by-laws – there may be requirements about the number of parking spots you must provide.

## 5.4

**BEFORE YOU BUY**

Do your due diligence before buying an existing restaurant or a property to develop into a restaurant. As with any real estate deal, it is 'buyer beware'.

If you are buying an existing restaurant, be clear about whether you are buying the building, the business it may currently house, or both.

If you are buying an existing property with the plan to renovate it and open a restaurant where there was not previously a restaurant, be certain the municipal zoning will permit a restaurant, or a licensed restaurant. Check out the new accessibility regulations - they will need to be followed if you are doing a major renovation and also with an ownership change.

As with purchasing your first home, purchasing a restaurant or the space for a future restaurant requires much due diligence. Have it inspected by a building inspector or engineer. Bring

contractors, plumbers and electricians through so you can begin to get a sense of the scope of renovations that may be required for your restaurant and to meet building code and licensing requirements. As with all real estate purchases, it's 'buyer beware'.

Keep in mind that commercial property taxes can be higher than residential taxes, and that you, as the owner of the building, will be responsible for all costs associated with the maintenance and repair of the building. Discovering you need a new roof in your first year of business could be catastrophic.

Also look into what was on the property or site beforehand and make sure there are no environmental issues that need to be addressed. For example, former gas stations or dry cleaners could have significant environmental hazards and clean-up requirements.

The more you find out about the property before the condition dates of the purchase close, the better.

## 5.5

**WHERE TO GET HELP FINDING A LOCATION**

Walk and drive around the areas that appeal to you. Even drive around the ones you've already dismissed.

Keep your ear to the ground and abreast of what is going on in the local business community. Subscribe to [www.Allnovascotia.com](http://www.Allnovascotia.com), a business-focused electronic news source that provides daily reports about openings and closings of all kinds.

If you need help finding the right location, consult a commercial real estate broker or leasing agent.

Make contact with local development agencies and neighbourhood business improvement districts. These folks have a lot of intelligence about what is happening in their areas in terms of commercial property.

## TESTIMONIAL

**“ THE “HOW TO OWN AND OPERATE A RESTAURANT” MANUAL WAS AN ESSENTIAL TOOL IN CREATING AND DEVELOPING THE FOH (FRONT OF THE HOUSE) AND BOH (BACK OF THE HOUSE) PLANS. I WOULD RECOMMEND ANYONE THINKING OF GETTING INTO THIS BUSINESS TO GO THROUGH THE FIRST SEVERAL PAGES. IF YOU CAN MAKE IT THROUGH WITH YOUR HEAD HELD HIGH, YOU ARE READY FOR THE WORK THAT FOLLOWS. ”**

Troy Arseneault, The Anchor, Halifax



Lot Six

Photographer: Jessica Emin

# CHAPTER SIX

## THE MENU

The menu is much more than a list of what you are selling. The menu is how your restaurant is known and judged by customers. The menu is both a valuable marketing opportunity and a blueprint for profit. It takes careful planning and pricing, and it is critical to continually monitor your costs.

Your concept will be the driving factor in planning your menu; your menu in turn drives the design of your kitchen. There are many questions to consider in planning your menu.

The menu itself must be clean and clear and visually inviting. It is something every guest will see. Where items are placed on a menu affects sales. Make sure your descriptions are clear and customers can understand what is being offered.

The menu has to be priced right. Pricing menu items properly is essential if you want to operate a profitable restaurant business. Knowing your true costs is the first step.

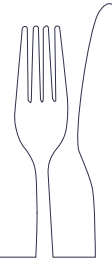
You need to understand how the kitchen works - the purchasing, inventory control, rotating food, storage and overall kitchen management. If you don't have this expertise, hire a great chef who does. And make sure the chef has a good track record in managing food costs; you can have a great chef but if their food costs are 50%, your business will be in trouble.

### CHAPTER MODULES

- 6.1** Planning and Designing a Menu
- 6.2** Purchasing, receiving and Inventory
- 6.3** Costing and Pricing
- 6.4** Managing the Menu
- 6.5** Wine and Beverage Menus
- 6.6** Helpful Resources



## KEY TAKEAWAYS



- Careful planning goes into developing a menu that fits your concept**  
 There are lots of factors to consider from your customers to the availability of ingredients.
- The menu is your selling tool**  
 Menu presentation and layout play a huge role in influencing customer decisions. Consider investing in a professional designer while saving costs by printing the menu yourself.
- Recipes must be standardized**  
 Standardizing recipes is important not only for ensuring the taste and quality of your meals are consistent, but also for maintaining profit margins.
- Find the right costing/pricing method for you**  
 There are many approaches to determining the price of your menu items. Find the formula that makes sense for your business. Your location can also impact your pricing.
- Continually manage your menu**  
 Once you've created your menu and priced your items, be prepared to do it all again! Or at least some of it. Managing your menu means continually looking for ways to maximize profit.
- Consider the impacts of labour challenges and increasing costs on your menu**  
 Both of these can impact your ability to produce menu items that will contribute to your bottom line.
- Take into account the growth in demand for take-out meals**  
 Driven by the COVID-19 pandemic, strong interest in take out meals appears here to stay. If take-out is part of your concept, menus and recipes need to reflect this.



Black Sheep, Downtown Halifax

Photographer: Michelle Doucette

## 6.1

### PLANNING AND DESIGNING A MENU

There are always a few 'can't lose' locations, and a few 'can't win' locations, most locations fall somewhere in between.

There are a lot of questions you need to ask yourself and a lot of criteria to take into consideration in planning and designing a menu.

As you're designing your menu, ask yourself:

- How many customers will you serve each meal?
- What type of service are you providing? (i.e. eat in or take out)
- What kitchen facilities and equipment do you have?
- Who do you have to execute the menu? (You will want to build the menu around the talents you have and that you can replace with confidence and speed.)
- What are the hours of service?
- What is the maximum number of customers per meal period?
- What type of menu do you want? Paper? Blackboard?
- How many menu choices will there be?
- Are the ingredients I need available all year?
- Does the menu fit with the restaurant concept and cuisine?
- Is the menu balanced in terms of food groups and seasonal availability of fresh products?
- Does the menu consider the increased demand for take-out meals?

Some **Tips for Creating a Menu** are provided in Exhibit 1 on page 46.

### Keep Allergies And Food Sensitivities In Mind

Allergies and food sensitivities are at an all-time high. More and more customers want and need to know exactly what they are eating. It can be helpful to indicate which items are gluten-free or dairy-free, vegetarian or vegan, etc.

### Consult Your Staff

Create the menu with the involvement of the staff: "No involvement equals no commitment".

Your staff must know the menu. They should know how each item is prepared and presented, the ingredients, and how it tastes. Servers can directly influence guest choices if they can speak intelligently about menu items.

### Size

Size matters when it comes to restaurant menus. Small is more manageable for the kitchen, management and especially the customer. When a large menu is presented to a customer, it can be confusing because it offers too many choices. Also, less is better when preparing and managing superior quality delivered with consistency. It is better to give customers an impressive experience with fewer items than a mediocre one with too broad a menu offering. Extensive menus can also be more costly. As the number of items on the menu increases, the kitchen expertise needed increases, the total food cost increases, and the cost to construct the restaurant increases.

## EXHIBIT 1 TIPS FOR CREATING A MENU GUIDING PRINCIPLES: “QUALITY, CONSISTENCY & VALUE”

“Important – Always follow the guiding principles when making each menu creation decision”.

- Start with the best quality ingredients possible “When you use quality, the cost looks after itself when you go to price and sell your menu offerings”.
- Ensure there will be a consistent supply of ingredients at a consistent quality by dependable suppliers.
- Sell quality and price the menu item where you need to price the item to make it worth keeping on the menu.
- When deciding on a new ingredient in the kitchen, plan a minimum of at least 3 cross uses of the ingredient in your recipe / menu planning.
- Get to know what your market likes and let that be your focus to the menu choice. It does not matter what you like – it is about what the customer likes and it’s your job to help them get it.
- When creating a menu item, give thought to what will make each ingredient or cooking method of the item stand out above and beyond your competition.
- Create the menu item cooking methods around the equipment and wares you have or can afford.
- Build the menu around the talents you have and that you can hire / replace with confidence and speed.
- Create the menu with the involvement of the staff, “No involvement, No commitment”.

- Always test the item with staff first for acceptance, taste, texture, quantity, quality and value sampling, then with a cross section of your customers.
- When planning portion sizes, remember to consider the average person eats 2.5 pounds, including fluids, per meal sitting. If the main course is too large, desserts and starters should be smaller in size to allow room.
- Ergonomics should be highly considered for the length of time it takes to prepare each dish with the distance being no more than arms reach for each ingredient to the cooking and delivery area.
- Measurement – “If you can measure it, you can manage it” and “Measure it and it will improve”.

Create the menu items following these steps:

1. In your mind, in concept and price using the above rules.
2. Document the ingredients, specifications of the brand, pack size and product yield along with the quantity of ingredients used.
3. Document the ingredients on recipe templates, take pictures and notes...cost each batch and plate recipe while considering the throw out and safety factor in the cost allowance.
4. Always go to the kitchen and confirm your theory of portion sizes and preparation methods are being executed / served on the plate.
5. Revise recipe cards to show the reality of the planned actual servings and cost.
6. Take a picture of the plate presentation and add to the Recipe Card.

Reproduced with permission from Menu Tools [www.menutools.com](http://www.menutools.com).

### Balance

Balance is an important criterion when designing a menu. The menu should reflect the various food groups and it must be in tune with the kitchen design to ensure no one station in the kitchen becomes overworked. Seasonal balance is also important, as many customers appreciate fresh products in season.

### Follow the ‘Triple Use on all Ingredients’ Principal

Don’t plan menu items such that you have ingredients that are only used for one item. All of your ingredients should be used in at least three menu items. This helps with the turnover of your ingredients, ensuring things stay fresh.

### Changing Your Menu

From time to time, it will be necessary to change your menu. Some items will not sell or will no longer be profitable. Tastes will change or new competition will require a rethink of your offer. Be careful when changing your menu that the new items you choose fit with your concept, your kitchen’s capacity, and with the other menu items.

### Think Local

Consumer demand, supply chain challenges, and increasing food costs all support maximizing the use of local ingredients in designing your menu.

### Menu Presentation

The menu is your selling tool. It must be clean and clear, but also descriptive.

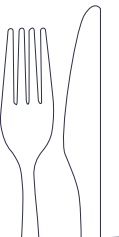
The descriptions you provide for each menu item should encourage your patrons to want to order something. Remember this is your selling tool and you need to communicate what it is you are selling. Use words that most people will understand and try not to confuse or make

customers feel stupid because they don’t know the latest foodie terms.

The layout is very important. Customers’ eyes are naturally drawn to specific points on the menu, so where you position menu items often determines how much of any given item will be sold. For example, when a customer first opens a menu, their eyes tend to focus on the upper portion of the right hand page. If you place the items you want to feature there, you will increase sales of those items.

A little bit of up-front professional design work is a valuable investment. It may be possible to have a designer create a template for you that you can manipulate daily or weekly or seasonally to accommodate any changes you want to make. Proof read the menu carefully. You don’t want a customer finding a spelling error.

### HELPFUL TIP



### Accommodating Dietary Preferences & Allergies

It is essential that you plan for dietary preferences, such as vegetarian, gluten-free, or dairy free meals.

To save your servers time and avoid mistakes, clearly indicate items on your menu that fit these requirements. Or, consider several different printed menus including only the relevant items. So, you might have:

- A gluten free menu
- A dairy free menu
- A vegan menu

## WORDS OF ADVICE FROM THE PROS

**“ For me, writing the menu is one the most enjoyable and most challenging parts of the restaurant experience. A guest sees a menu online, posted outside the restaurant on a sidewalk, or in their hands once they have sat down. In all three cases, the words that represent your food and experience are key to entice them to enter or stay. The words whet their appetites and fuel the excitement for the meal that follows.**

**A well written menu can be poetic, sexy, and rich with meaning about the place you have chosen to dine. A menu can also contribute to the success or failure of an experience by either allowing the food to exceed expectations or fall short of them.**

**Writing a long-winded and embellished menu does not in and of itself make for a great dining experience. In fact, it can lead to disappointment when the food is less than the delivered expectation of the written word. Therefore, each word must be chosen carefully, as it paints a clear picture in the guest's mind as to what will follow.**

**Finally, a menu is key to the branding of the restaurant, and even the personality of the chef. It identifies clearly the type of food experience you will find inside, with even the chosen font having a huge impact on the guest's perception. A menu is a movie trailer, with the pictures existing in the guest's head. It is only a glimpse of what is to come, but it can make or break the success of the main feature.”**

Craig Flinn  
Chives Canadian Bistro  
2 Doors Down Food + Wine  
Fork in the Road Productions

The physical form of the menu itself needs careful consideration. If you need the flexibility to change your menu frequently, you might not want laminated and professionally printed menus. With today's computer capabilities, you might find it more convenient and less costly to generate new menus yourself if this fits with your concept. Or, use a blackboard.

To enhance the accessibility of your restaurant, consider having a larger print or electronic version (using assistive technology) of your menu available for customers who need this.

## Recipes

The first step is to write out your recipes! You should have a standard recipe for every item on your menu. This is essential, not only for food costing but also to ensure you have a consistent product every night of the week, not just the nights when your best chef is working the line.

Recipes must be standardized so that every employee will make the dishes the same way every time. You also need to standardize ingredients, portion sizes and plate arrangements so the customer is always receiving the same amount and quality of food.

To be able to calculate your food costs, you need to know exactly how much each item costs. Having a recipe that specifies this is the first step in managing your food costs. “If you can't measure it, you can't manage it.”

Proper measurement tools, not just a standard recipe, are essential. Easy access to conversion charts, scales, measuring cups and spoons, portion cups and containers, etc. will go a long way in ensuring your standards are met.

An example of a standard recipe is provided in Exhibit 2 on page 49.

## 6.2

## PURCHASING, RECEIVING AND INVENTORY

**Understanding the purchasing, receiving, inventory, storage and rotating of food (FIFO) is critical to the successful management of your kitchen. If you don't have expertise in this, hire a chef who does.**

### Purchasing

With recipes in hand you will be able to prepare a shopping list and some standard specifications for the ingredients you need to source.

Depending on your location in the province, you may not have the luxury of too many choices in terms of suppliers. The bottom line is: having reliable sources for your ingredients directly affects your menu.

Many restaurants choose to use a 'one-stop' shopping system: that is, where one large supplier provides you with just about everything you will need to purchase. Many operators find this a convenient and time-saving method, but your menu may be limited to what they can supply.

There is an increasing trend to purchase locally from many different suppliers. While this is more time consuming it offers you access to some of the highest quality, fresh and local ingredients available.

Buying locally means you may find yourself running around town and visiting farmers' markets or calling the individual farmers themselves to place your order each week (or daily). You might be writing 10 or 20 cheques a week at the back delivery door for COD orders. Buying direct from local farmers and suppliers

also means you most likely won't find a wholesale price – the old laws of supply and demand.

Talk to other chefs and restaurant operators and ask them for references. Keep your options open and shop around. It isn't easy to get the best prices and service from suppliers. Whatever approach you use, build a good relationship with your suppliers. Like most aspects of business, this arrangement is often about relationships.

A sample template to enter your recipe names and then create the necessary product list to determine your purchasing requirements is provided in Exhibit 3 (page 49). It is important to include the brand you have decided on along with the details of the package size to ensure you get the right product you need. This is called establishing your food specs or specifications. Using food specs will allow you to shop competitively on an 'apple to apple' basis.

### Receiving

The goods you receive must be counted and checked on delivery to confirm you have received exactly what you ordered and what you have been charged. If there are any discrepancies, they must be noted immediately.

You should also check for quality, even though this may seem time-consuming. It may be that the lemons on top of the case look good, but if you dig a little further you find a science experiment.

Goods received should be put away immediately to avoid theft and spoilage (frozen items need to be kept frozen). They should also be put away FIFO (that is, first in, first out, ensuring older items are used before newer ones). Again, this does require a bit of effort, but it can save you in the long run.



6.3

## COSTING AND PRICING

Never sell anything without first calculating an accurate food cost and profit margin. There are a variety of approaches that can be used to price a menu, some involve expensive software programs and others can be as simple as a pencil, paper and a calculator. Pricing also depends to some extent on your location – you may not be able to get the same price for an item in a rural area as in an urban location.

An all too common technique for pricing a menu is to look at what your competitors are charging and charge a similar amount. This method is dangerous because you don't know if your competitor's costs are the same as yours. You may be seriously under-pricing your menu items.

When pricing a menu, there are many considerations that must add up to ensure you are generating enough gross profit to cover all expenses and still reach a 10% or better net profit. The food, beverage and labour cost for front and back of house must total no more than 60%. In the industry, this is called "Prime Cost". If you were to set aside the allowance of 60% or sixty cents to pay for your prime costs on each dollar sale, then cut the budget of 60% in half, you would be planning for a 30% food & beverage cost and a 30% labour cost. If your food cost is more like 35%, this would only leave room for a 25% (front and back of house) labour cost from each retail dollar you sell.

It's crucial to ensure that the menu prices will cover the labour cost needed to prepare the menu items from scratch.

Here's the logic of menu pricing: When you make your items from scratch or homemade recipes, you must allow for the labour cost to purchase, store, prepare, cook and serve each menu item.

Let's begin by understanding that menu pricing and food cost must be carefully balanced with the labour cost. Their relationship to each other works like a teeter-totter: when one goes up, the other goes down. The more cooking from scratch you do, the more the food cost goes down yet the labour cost goes up. If you purchase 'ready to use' (RTU) products, your labour cost goes down because the labour is already built into the product and you will need less staff. However, your uniqueness and competitive edge will also go down.

Here is the goal with a menu and its pricing: you must be able to properly manage the labour cost burden and cover the service staff and overhead in your pricing. The goal is to sell unique menu items that are different from the competition and are better than can be found in your marketplace. Once you hook customers on your food and certain menu items become their favourites, you have just created the edge to move your prices upwards because the restaurant is providing a quality, consistent experience for the customer.

### Menu Sales Mix

Reaching a targeted percentage food cost is created in the beginning by costing and pricing each menu item. Divide the cost of all that is sold by the total food sales to give a food cost sales mix average for all sold. See the Menu Sales Mix example in Table 6.

Pricing the food cost is calculated by costing all the ingredients on a plate. It is a good practice

to add a five percent 'safety' for a waste factor to each cost calculation. For example, if the food cost per plate is \$4.00, add \$0.20 cents to make the food cost \$4.20 to ensure there is a safety factor built into the menu pricing mark-up.

Each individual menu item will have a different range of costs. Menu item food costs change by item from as low as below 10% (e.g. Fountain Pop) for the raw cost to as high as 50% (e.g. lobster). The food cost average of all that is sold

will improve when a higher volume of lower percentage cost items are sold in the menu mix, bringing down the overall average percentage food cost mix for your menu.

The % food cost is simply the allowance that you can spend out of the selling / retail price of a menu item to plan for paying the food cost only of what is on the plate.

Table 6 provides an example of a menu mix:

**TABLE 6**  
Sales Summary

Total Items	8
Total Items Sold	275
Total Food Cost	\$734.71
Total Sales Revenue	\$2522.39
Total Gross Profit (total sales revenue minus food cost)	\$1787.68
Percent Food Cost (food cost divided by sales revenue)	29.1%

Name	Number Sold	% Sales Mix	Per Menu Item			Gross Profit Margin	Total All Items Sold		
			Food Cost	Sell Price	% Food Cost		Food Cost	Sales Revenue	Gross Profit
Cesar Salad	28	7.8%	\$1.07	6.99	15.3%	\$5.92	\$29.96	\$195.72	\$165.76
Fruit Salad	14	1.4%	\$0.60	2.50	24.0%	\$1.90	\$8.40	\$35.00	\$26.60
Fish N Chip - 1 pc Pla	24	10.5%	\$4.06	10.99	36.9%	\$6.93	\$97.44	\$263.76	\$166.32
Fish N Chip - 2 pc Pla	42	25.0%	\$5.17	14.99	34.5%	\$9.82	\$217.14	\$629.58	\$412.44
Lobster Roll	35	15.2%	\$5.14	10.99	46.8%	\$5.85	\$179.90	\$384.65	\$204.75
Panfried Haddock	55	32.7%	\$3.37	14.99	22.5%	\$11.62	\$185.35	\$824.45	\$639.10
Coffee - cup	30	2.7%	\$0.30	2.25	13.3%	\$1.95	\$9.00	\$67.50	\$58.50
Coke - Fountain Pop	47	4.8%	\$0.16	2.59	6.2%	\$2.43	\$7.52	\$121.73	\$114.21



Review the tips in Exhibit 1 to help you.

### FORMULAS TO HELP COST AND PRICE YOUR MENU

Formulas have been provided which can be used to calculate:

1. Selling price
2. Percentage cost
3. Food cost allowance
4. Gross profit margin (sales less direct cost of sales and labour)

Once you have a good understanding of how the math works, there are many food cost software systems in the marketplace to cost and price a menu.

#### To Calculate a Selling Price

Food cost \$\_\_\_\_\_ / Preferred % Cost = Selling Price

For example:  
\$2.50 food cost / \$10 food cost = 25% selling price

#### To Calculate a Percentage Cost

Food cost \$\_\_\_\_\_ / \$ Selling Price = Food Cost %

For example:  
\$2.50 food cost / \$10 selling price = 25% food cost

#### To Calculate a Food Cost Allowance

% Cost x Selling Price = Food Cost \$\_\_\_\_\_

For example:  
25% food cost x \$10 selling price = \$2.50 food cost allowance

#### To Calculate the Gross Profit (contribution) Margin

\$ Selling Price minus Food Cost \$ = Gross Profit \$

For example:  
\$10 selling price minus \$2.50 food cost = \$7.50 gross profit

Understanding how to add or back out the HST from a selling price is illustrated below:

#### To Add Tax (15%) to a Selling Price

\$ Selling Price x 1.15 = Tax in Selling Price

For example:  
\$10 selling price x 1.15 = \$11.50 tax in selling price

#### Backing Out Tax (15%) from a Selling Price

\$ Selling price / 1.15 = \$ Before Tax Selling Price

For example:  
\$11.50 selling price / 1.15 = \$10 before tax selling price

Once the restaurant has been in operation for a period of time, quality and cost controls become critical to profit and product consistency. Typically, if a restaurant operator were to analyze their sales, the top twenty percent of menu items sold will drive eighty percent of the revenue. The popularity and sales mix can be established quickly using the Menu Mix process introduced earlier to analyze the menu. It is a proven good business practice to have management's attention focused on the quality, consistency, and cost controls of these top twenty percent selling menu items.

A Food Cost Check List is provided in Exhibit 4; it is intended to be used as an audit check list for an operator/manager to use when looking at food quality and cost management maintenance.



## MANAGING THE MENU

Whether you are just opening or have been in business for decades, you must continue to 'manage your menu'.

Continuously analyze what items are selling and what your profit margin is on these items. Consider dropping items that are poor sellers. Can these items be re-priced? Can they be re-worked or modified to make them more appealing or should you drop them? Keeping duds on your menu actually costs you money. Rapidly increasing food and other costs makes it even more important to manage your menu and its pricing.

### EXHIBIT 4 - FOOD COST CHECKLIST

#### THE PATH

- List the top ten most popular, highest volume, costly food products
- Establish the preferred brands (product specifications)
- Shop on an "apple to apple basis"
- Conduct a yield test to measure 'true cost/best value' of unit cost (oz, gram, ea)
- Evaluate how you receive, store and handle the products
- Confirm yield & unit cost of all batch recipe cost calculations are accurate
- Prepare accurate food cost calculations with cost percentage & margins of each menu item (plate recipes)
- Evaluate the portion control with the recipe cost card
- ENSURE THE MEASUREMENT TOOLS & COSTS ARE ACCURATE
- Ensure menu items are priced according to food cost mix goal (15% lower than budget goal)
- Maximize retail price of top ten most popular menu items
- Monitor numbers sold to consumption of product

*"If you can't eat it, it's not food cost"*

#### MEASUREMENT TOOLS

- Provide a recipe card – ingredients & preparation method to ensure quality, consistency & value
- Digital ounce scale and larger – 25 kg scale for the back door
- Conversion chart/weights and measurement table for common foods
- Post a portion chart – top most expensive products (i.e. meats & cheese)
- Measuring spoons/measuring cups/measuring jugs
- Patty papers/sandwich bags/fry containers/portion cups
- Plastic freezer bags
- Scoops/ladles/ramekins
- Pie and cake markers
- And possibly, a common kitchen utensil that holds the exact portion matching the portion on the recipe costing card.

*"If you can't measure it, you can't manage it"*

According to menu costing expert Wayne McKay, the 'menu mix' area is the fun part of menu costing. This is when all of your information comes together and you see that you have options and control.

## 6.5

## WINE AND BEVERAGE MENUS

Both non-alcoholic beverages and wine/beer/liquor offer a huge boost to your bottom line and average sales check. The mark-up on these items can sometimes be much higher than the mark-up the market will sustain for food items.

Most importantly, your wine and beverage menu should complement your menu and concept. Wine should be selected to enhance the food you are serving. If you aren't knowledgeable in this area, consider hiring a sommelier to help you select wine to pair with your food offerings. Wine and liquor companies (and private wine stores) will offer to select, design and print your wine lists, provided you are serving their brands.

As with your food menu, it is important to select suppliers who can guarantee product availability and delivery. As a licensee, you can purchase directly from the NSLC warehouse or shop at agency stores. There is a 10% wholesale discount

on wine and spirits as well as on bottled and canned beer, ready-to-drink liquor products and cider, from NSLC; you will need to register with them for this. If you don't pick up your own orders you can arrange for delivery but there will be a charge for this. Private stores offer products not available through the agency stores and delivery is usually free; most also offer a discount.

Consider supporting our own regional wine industry. Nova Scotia is producing many award-winning vintages. Some local wineries will provide good discounts if you buy directly from them. There are also more and more craft breweries opening in Nova Scotia that you could support.

Having a good mix of non-alcoholic drinks is important today, so don't neglect to build these into your menu.

Understanding beverage costs controls and having strong inventory control for wine/beer and liquor is critical.



Cafe Chianti

## 6.6

## HELPFUL RESOURCES

Restaurants Canada Buyers Guide

<https://buyersguide.restaurantscanada.org/companies/>

\$ or Dollars: Effects of Menu-price Formats on Restaurant Checks, Cornell Hospitality Report

<https://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-15048.html>

# CHAPTER SEVEN

## THE DESIGN AND BUILD

**Good design pays. Your design is dictated by your vision, concept and your menu. If you are not a designer, get some help.**

Don't underestimate the power of good design. Good design is essential if you want to be successful. Good design can:

- Attract customers into your restaurant
- Be a significant part of the customer experience. Success in the restaurant business is about customer experiences...not just the food
- Make people want to try out your restaurant and come back
- Help control noise and odours
- Make your restaurant more efficient to run and more attractive to work in
- Be a significant part of your brand identity
- Help retain employees
- Help make your restaurant sustainable and environmentally friendly

Naturally, the design will be influenced by your concept, type of food, and how you serve it. At the same time, it will be constrained by local and provincial zoning and building regulations, and your budget.

### CHAPTER MODULES

- 7.1** Your Design
- 7.2** The Contractor
- 7.3** The Kitchen Design
- 7.4** Kitchen Equipment
- 7.5** Helpful Resources

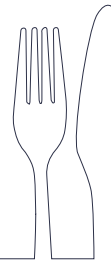
### WORDS OF ADVICE FROM THE PROS

**“ In building a new restaurant, you must have a clear vision of the concept and identity of your business - all your decisions will flow from this. Having said that, you also need to be flexible as the build process moves along. If you always think about what is best for your guests, you will always make the right decisions.”**

Stephanie Bertossi  
Formerly The Bertossi Group of Restaurants  
*il Mercato Trattoria*  
*Ristorante a Mano*  
*The Bicycle Thief*  
*La Frasca Cibi & Vini*



## KEY TAKEAWAYS



- **Hiring professionals is an investment**

Just because DIY is cheaper, doesn't mean it is less expensive. Professional designers know how to create an atmosphere that will keep customers coming back for more...

- **... But you're still the boss**

Ensure your designer stays on track by providing them with important details (like budget and functionality requirements) and make sure you stay involved.

- **Good relationships are key**

In the restaurant business, you can't afford delays due to a broken dishwasher or bad plumbing. You'll need an army of subcontractors who are available at a moment's notice.

- **Your kitchen design can make or break you**

Make sure you talk to professionals to know what the requirements are versus what is to be put on the 'wish list'. A well-designed kitchen will also help you retain employees.

- **When it comes to equipment, you have options**

New or used? Buy or lease? Propane or natural gas or electric? Explore all of these options to determine what works best for you. Don't think that you need the most expensive piece of equipment to start with.

- **Be Sustainable by Design**

Whether building new or renovating, think sustainability in every aspect of your design - the layout, the equipment, materials used.

- **Follow Universal Design Principles**

Design your restaurant to meet the needs of all people who wish to use it and work in it, paying particular attention to Nova Scotia's accessibility standards (see Chapter 9.7).

## 7.1

### YOUR DESIGN

Start with some simple math and a review of the key regulations. How many seats do you want to/need to have for your business plan to work? Use a simple software program to start laying out the space to get the most out of what you have available. Don't overbuild or take on more space than you need. Nova Scotia's new accessibility standards may impact the spacing and layout of your restaurant (see Chapter 9.7)

#### Space Requirements

There are some commonly used ratios of production space to revenue generating space. It is not uncommon for designers to allow too little space for production. And let's face it, as a restaurateur, you will want to fit in as many revenue-generating seats as possible. Do keep in mind that taking away space from the product and storage areas can cause serious problems down the road.

A common ratio is 1/4 to 1/3 for production and storage, and 2/3 to 3/4 for dining area space. In planning for the service area, allow about 15 sq.ft. per seat. (Liquor licence rules require a minimum of 12 sq.ft. per person, unless the Fire Marshal requires a lower capacity). There are other requirements that will impact your space, such as number and type of washrooms (see below).

For example, if you are planning a 100 seat sit-down restaurant, you should have 1,500 sq.ft. in the service area plus another 750 sq.ft. for kitchen and storage. In addition, you will need allowances for washrooms and mechanical systems.

#### Washrooms

The number of washrooms you will require isn't always straightforward and will ultimately depend on the style of restaurant, your liquor licence, your occupancy and dining room capacity as spelled out in the building code, and the number of staff you will have working. The Nova Scotia Department of Environment and Climate Change also has requirements that impact the number of washrooms – if your establishment is over 1,000 sq.ft. in area, you will need to provide separate washrooms for staff.

The other requirement with washrooms is providing accessible washrooms in accordance with the building code. Make sure you understand the liquor licence requirements when it comes to your layout and design. For example, if you want a lounge licence (so you can serve liquor without food), there are implications on how the washrooms are accessed.

You are well advised to explore all requirements as early as possible in the design process.

#### Seats

Seats are very important! Every seat counts in the restaurant business. You will want to fit in as many revenue-generating seats as possible. At the same time, you'll want to ensure that your kitchen, through its design, can support the number of seats.

Booths are popular with customers but moveable tables and chairs will give you more flexibility in seating.

You need to think about traffic flow around tables and chairs. There are industry standards for table size and the distance between two tables. Computer generated design diagrams

can help you visualize your options for fitting in tables and chairs. Remember to consider Nova Scotia's accessibility standards that require a barrier free path of travel and the impact these standards have on your layout.

## Chairs

As for the seats themselves, explore your options. Restaurant chairs take a lot of abuse – frequent use by people of all sizes and those who like to lean back on two legs. You will need to maintain them and replace them (so think carefully about purchasing the last of a lot). They need to be easy to clean. They need to be comfortable for the customer, but not too comfortable if you're banking on a high turnover!

## Tables

The surface of the tabletop needs to be easy to clean and maintain. They will be subject to daily repeated cleanings. With time, the surface material will get scratched and worn and dented and may need to be continuously refurbished. Of course, you won't need to spend a fortune on tabletops if you plan to use tablecloths.

Table bases are important! You will soon become an expert at leveling the legs of the tables to prevent the tables from wobbling. This can be a major annoyance for customers. Research your options when it comes to the feet, or floor levelling devices, especially if you have a tile floor that isn't smooth, or the dining room floor slopes.

Imagine your tabletop when a customer first sits down. Think about the details of what it will look like: will there be flowers, salt and pepper shakers, menus, lamps or candles? You will need to make choices about every detail – they are all part of your design.

## Dishes, Glassware, And Flatware

These objects are intimately experienced by the customer: they put them to their lips and in their mouths. They see and touch them and linger over them in the long hungry moments before their food arrives. This doesn't mean you have to spend a fortune on buying the best. It does mean you should know that the quality and condition of your dishes and cutlery can leave a lasting impression.

Rarely will household china stand the level of wear and tear and abuse that comes with the business. You would be wise to consider only commercial products.

If matching dishes, glasses and flatware are part of your design, be careful to find a supplier who can assure you a future supply. This isn't just a start-up cost, your initial purchase will need to be replenished because of breakage and theft while you are in business.

## Decor And Furnishings

The combination of materials, colours, textures and lighting in your restaurant must all work together. It is very difficult to get this all right without the help of a professional.

Too much clutter in a restaurant not only confuses the customer, it will also increase the number of places where dirt and grease can gather.

Lighting can be everything in a restaurant. It certainly sets the mood and ambience of the room. It can be a grave mistake to underestimate the importance of lighting design. Improper placement can make customers look unattractive, and can draw attention to things you might not want to.

## Function

Give a lot of thought to traffic flow. How will customers enter and exit with ease and not become bottlenecked in chaos?

Have you watched the sun's movements to determine if you will need blinds? There may be times of the day when you need to have something to keep direct sun from blinding customers.

When the front door opens in the middle of winter will all of the customers in the restaurant feel the gusts of cold air? Do you have sufficient space to hang guest coats?

How will your servers pick up and deliver food? During the planning and design phase you must consider everything you can to ensure a smooth experience.

## Sustainability

Having a sustainable restaurant begins with the design and equipment. Whether you are planning a new restaurant or renovating, have a 'sustainability' check list. Think about:

- Selecting efficient equipment and maximizing use of high efficiency appliances, fridges, lighting, dishwashers
- Optimizing the kitchen layout
- Using local and sustainably sourced materials in decor and finishes
- Installing low water flow fixtures

## HELPFUL TIP

### Keep the Fire Marshal, Alcohol & Gaming Licensing Inspector and the Building Inspector in the Loop

As your plans proceed, keep the various inspectors up to speed. You will find that guidelines for the number of seats and other facilities can vary between agencies, and changing something can impact the requirements of another agency.

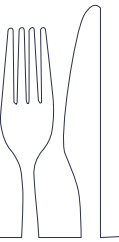
Make sure you get sign off on your plans from each agency in writing.

## Take Out Pick Up Area

The COVID-19 pandemic resulted in significant growth in demand for take-out meals and recent trends indicate this is here to stay. Consider a separate counter/area for take-out/pick up that is away from the flow of your regular operations, and possibly even a separate entrance if take-out is a big part of your concept. Ensure that this entrance is accessible too.

## Other Factors

Consider sound and acoustics in designing your restaurant and selecting materials. For some restaurants, having a lot of noise is part of the theme and concept. For others, the opposite is critical. Make sure that you work with your designer and contractor to get the type of acoustics you are looking for. New accessibility standards will apply to the treatment of sound by 2030.



## 7.2

## THE CONTRACTOR

Whether you choose to hire a general contractor or to take this job on yourself, you will need an army of other 'sub trades' to get the job done.

From carpenters, electricians, plumbers, mechanical engineers, refrigeration experts, and gas and propane installation technicians, you need a great team to get the job done right. The reality is you will require these professionals and trades-people during your entire life in business. These relationships are very important to your success in managing your business.

If you don't have a contractor, ask for recommendations. Get quotes on the work that needs to be done and check references. A renovation can be costly and time-consuming. It must be kept on budget and on a time-line. Delays are, unfortunately, inevitable.

Your contractor must commit to a timetable for completing the work. He or she can hire all of the trades needed to finish the renovation.

### Unexpected Surprises

If you are renovating an older building, keep in mind that costs can escalate as you begin to tear away old layers. You never really know what you are getting in to and while sometimes you can discover wonderful treasures that work in your favour, in most cases, your costs will increase. The new Accessibility (See Chapter 9) standards may apply to restaurants undergoing major renovations.

## 7.3

## THE KITCHEN DESIGN

A restaurant kitchen is not just a kitchen. It is a machine that should be built around the menu. And when it comes to kitchen design and layout, less space is often better.

Restaurant equipment supply businesses have a range of design programs and staff to help you put a plan together for your kitchen. But first, you must have a menu. The menu will dictate what equipment you need. The equipment will dictate the infrastructure you will need to be able to operate. Once these things are determined, always have your plans reviewed by other restaurateurs and chefs.

The 'Kitchen Planning Cheat Sheet' in Exhibit 5 provides some useful tips and hints when planning your kitchen.



Agricola Street Brasserie

## EXHIBIT 5 KITCHEN PLANNING CHEAT SHEET

- If you don't have a menu, you can't begin to design the kitchen.
- Get help from an experienced chef/operator when drafting your kitchen design.
- Always get a second quote and experienced opinion on your plans before you spend any money.
- Start with a copy of the menu and a large (blotter size) graph paper to pencil in the equipment to scale.
- Using the square footage you require to layout the kitchen, decide what storage space you will need to receive, store, prepare, portion, prep and cook your menu.
- Using the copy of the menu, mark each menu item with a number on the menu and then again write the same number on the graph paper where it will be cooked. Then, write the same number where the item must be stored properly at an arm's reach in using the right piece of equipment.
- The flow of the product starts at the back door — starting with the receiving space.
- Every step saved is time saved and stress reduced when you need to perform on the line. Think of wells to store oils, cooking wines, condiments while cooking under pressure.
- Plan the walk space between the cooking equipment edge and plating area behind the line to be approximately a metre or 3 feet in width to provide a passing space for coming and going in front of the line.
- When shopping for the best equipment, look for proof of dependability, track record for durability and most importantly, a proven service record in your area.
- DO NOT risk buying used equipment for your 20% high volume menu items on the menu.
- Plan the areas so there isn't crisscrossing on the line.
- Think of refrigerated drawers with remote compressors to allow maximum space and less stress on the compressor and your electricity bill.
- Consider using induction burners (cooking on a magnetic field) to cook more efficiently and in a cooler environment.
- Plan resting places where you are going to place your knives in between orders.
- Remember the importance of well-placed hand washing sinks.
- Always think ahead about dividers and cross-contamination of food splashing.
- Consider airflow through the kitchen. Consider planning a carbon sensor that will change the speed of the fan when needed in smoky, busy time and will allow the baffles to close on the exhaust when it is not hot or smoky. This can save you a lot of money.
- Have your proposed layout previewed by the Fire Marshal, the Alcohol, Gaming, Fuel and Tobacco Division and the Department of Agriculture and your municipality for their approval. Get their sign-off in writing.
- Never start anything without a building permit.

## Bigger Isn't Always Better

You might be surprised to learn that the most profitable restaurants are often the restaurants with smaller kitchens — with less space comes smarter designs.

The best approach to designing a kitchen line is to ensure its functionality allows you to service your menu with the least amount of staff possible. Think of a galley kitchen, or a kitchen in a metropolitan city, where extra space simply doesn't exist.

## Service Efficiency And Speed

The other key component to a smart kitchen is the distance from the kitchen to the dining area; the shorter the distance, the hotter the food, the

faster the service, and the happier the customers.

Plan and build your kitchen using the forecasted “20/80 rule”. Dedicate the highest efficiency equipment to the menu items that make up the top 20% of sales. Remember, however, that the other 80% of menu items should take roughly the same amount of time to prepare. That way, a table's service does not become bottlenecked because one person ordered a more time-consuming meal.

Long customer wait-times can be a death-sentence for both quick and full service restaurants alike. Having said this, a full service restaurant is more likely to be forgiven for lengthy wait times, with the exception perhaps, of lunchtime service when customers are crunched for time and expect restaurants to be accommodating of this.

# 7.4

## KITCHEN EQUIPMENT

**Getting the right equipment can make or break you in the restaurant business. Be sure to consider all your options before making purchases.**

It is important to get equipment that helps your chef to prepare and store food efficiently. Whatever your concept is, plan the efficiencies from the back door to the plate.

Before you spend a penny, go on tour of as many kitchens as you can to learn the pros and cons of different approaches. Consider looking at franchise type kitchens for the practical flow and general functionality.

A typical restaurant kitchen might contain: a range, griddle, fryer, hood/fan, ovens, broilers, microwave, steamer, kitchenware, tables/counters and small appliances, a refrigerator or walk-in, a dishware and sink area, and a sprinkler system. Ultimately, your menu will determine what equipment you will need. Keep sustainability at the top of your mind when selecting equipment. Go for high energy efficiency appliances, low water flow fixtures.

### New vs. Used

You will need to make decisions about whether to purchase new or used equipment. The benefit of buying new is that the equipment will be covered by warranties and you can rest assured that you won't face any major repair bills in the first year or two. Also, new equipment is likely to be much more energy efficient.

### Service Plans

New or used, you will want to think about “service plans,” especially on high functioning equipment like dishwashers. Your restaurant can't be open if your dishwasher isn't working, so when it breaks, you need to get it fixed right away.

Keep a list of companies/people that can service your equipment, and a list of back-ups. You can't afford to have major equipment down for very long.

### Consider Leasing

Another option for major equipment such as stoves, refrigerators, is leasing. This approach is becoming more and more common.

In choosing between leasing or borrowing money to purchase, the question asked most frequently is what is the interest rate? The difference between the lease rate and the interest rate you would pay on a loan is most typically 3 or 4 percentage points and the initial reaction is to assume that the lower rate (for purchases) would be the better choice but there are other factors to take into consideration.

The lease payment is an operating cost and is, therefore, most likely a deductible. On the other hand, if you buy the equipment it may be considered a capital purchase and listed on your financial statements as an asset. And, if you purchase, sales taxes have to be added so this increases your costs automatically by 15%. So while the financing costs may appear high (and make sure you read the terms in the fine print), leasing does reduce your start-up costs and allows you to pay monthly for a term. Leasing companies may be willing to work with you on the terms.



Photographer: Ashley MacDonald

Kitch'Inn, Mahone Bay, South Shore



Photographer: Aaron McKenzie-Fraser

Tattingstone Inn, Wolfville

# 7.5

## HELPFUL RESOURCES

### Reading List

Restaurants that Work: Case Studies of the Best in the Industry by Martin E. Dorf  
<http://www.amazon.ca/Restaurants-that-Work-Studies-Industry/dp/0823045404>

### Resources

Where to find help in Nova Scotia: Restaurant Association of Nova Scotia ([www.dinens.ca](http://www.dinens.ca)) has an online directory of suppliers to the restaurant industry.

Sustainability Best Practices - high efficiency steps for implementing low impact operations and embracing future-ready foodservice.  
<https://info.restaurantscanada.org/sustainability-best-practices-guide>

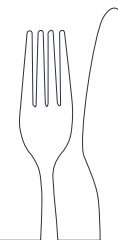
Efficiency Nova Scotia - provides energy efficient solutions for homes and businesses across the province including advice to businesses on energy upgrades and other programs designed to improve business's energy efficiency.  
<https://www efficiencyns.ca/>

You should also consider whether the asset will appreciate or depreciate. Your accountant is best able to look at your individual circumstances and give you a recommendation as to which is the cheapest and wisest choice for your business.

### Time for an Upgrade?

Efficiency Nova Scotia (<http://www. efficiencyns.ca/>) offers rebate programs to upgrade kitchen equipment to more efficient models and fuel sources. It involves a bit of paperwork, but can be well worth your effort.

### HELPFUL TIP



**New vs Used Equipment**  
 Be careful with buying used for major pieces of equipment. If it doesn't work, you could be in big trouble. If you are smart and careful, you can do OK with used equipment, particularly if it is not a critical piece of equipment.



# CHAPTER EIGHT

## THE MATH AND THE MONEY

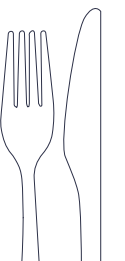
How can you predict if your concept will work? You need to do a feasibility assessment before major commitments are made to establish the business. If the math doesn't add up, the sooner you know, the better.

### CHAPTER MODULES

- 8.1 Feasibility Analysis
- 8.2 Startup Costs
- 8.3 Financial Projections
- 8.4 Options for Financing
- 8.5 Helpful Resources

### KEY TAKEAWAYS

- **Figure out if your plan makes sense**  
A feasibility analysis will tell you if your business has the potential to succeed.
- **Figure out your costs**  
This may seem like common sense, but sit down and really do the math — it might surprise you. Make sure you do the numbers using different assumptions for revenues and costs.
- **You'll need money up front**  
Start-up costs can be a big chunk of change. Make sure you have enough for the capital investment and working capital.
- **There's money out there — figure out how to get it**  
When it comes to financing, there are plenty of opportunities. It's important to become well versed in the available sources and determine which options are best for you and your business.



Photographer: Jessica Emin (@eatwithjessie)

# 8.1

## FEASIBILITY ANALYSIS

Do the math. Your restaurant must be profitable.

### Assess Your Situation

In order to minimize your risk, you need to be able to answer the following questions:

- Can you get the volume of business you need?
- How many customers a day will it take?
- What is the average check or spending per customer needed to generate the revenue required?
- What will you need to sell each day to break even?
- Will revenues be sufficient to cover operating costs?
- Will the business make a profit — enough to pay you a living wage, cover your debt and pay a return on investment?

### Is it worth it?

What is really involved here is risk reduction and taking your business proposal past the pure seat-of-pants, 'gut-feel' level. Carefully undertaking a feasibility assessment will give you the information you need to make a better, more informed judgment about whether or not to proceed.

You must convince your banker that your idea makes sense; most importantly you must convince yourself.

# 8.2

## START-UP COSTS

Regardless of what type or style of restaurant you are planning, you will need to get a handle on what it is going to cost you to open.

The costs of opening a restaurant will vary with location, design, lease, concept, etc. You need an estimate of the capital investment required since this will give you an idea of how much financing you will need.

Don't forget the requirement for sufficient working capital. Undercapitalization at the beginning or capital cost overruns can lead to a business not having enough cash to pay its bills. Restaurant operators often underestimate how long it will take for the business to reach a level of profitability adequate for carrying all its costs. As a result, cash flow becomes a problem for many new restaurants. Seasoned restaurateurs recommend you have at least 6 months working capital available.

Keep in mind that at this point you are trying to assess the feasibility of starting your restaurant and will need some realistic estimates of the costs.

Worksheet 1 on the next page might be helpful as you begin to itemize start-up costs. It can be used in determining how much financing you will need in total. Table 7 lists typical restaurant equipment and furnishings that you will need to allow for.

A note re Point of Sale (POS) Systems. They can be expensive (a base system with 2 terminals and a back-up can be \$10,000; more extensive systems can run to \$30,000). You may want to

**TABLE 7**

Typical Restaurant Equipment and Furnishings

SERVICE AREA	STORAGE & OTHER	KITCHEN	OTHER
Furniture • Chairs, bar stools, high chairs • Table tops and bases, folding tables • Tray stands Dinnerware and flatware Glassware Table top accessories Beverage and bar supplies, coolers Draft System	• Dry storage • Cool storage • Liquor locker • Freezer • Shelving and other equipment • Transportation equipment • Sanitation and maintenance equipment	Cooking equipment • Range • Griddle • Fryer • Hoods/fans • Ovens, broilers • Microwave • Steamer • Tilting skillet/kettle • Kitchenware Commercial Mixer Preparation tables/counters and equipment Service and holding/warming equipment Refrigerators/ Ice Machines Dishwasher/Glass Cleaners Sprinkler system Fluorescent lighting	POS (point of sale) System Coffee Machine Sound System Computer/Printer/Office Supplies

consider lower cost options, such as an I-PAD system if you are planning a small, simple restaurant operation. More information on POS can be found in Chapter 11.

### Sample Capital Costs

Some examples of capital costs for a small (60-80 seat), basic, hypothetical restaurant are provided in Table 8 on the following page to provide a broad indication of the type of investment required to open a restaurant. These are estimates only and some costs can change dramatically based on concept, size, location, etc. If you are taking over an existing restaurant space with equipment that can be re-used, you should be able to save money.

### HELPFUL TIP



#### Things Cost More and Take Longer

Whatever you think your capital budget will be, add 30%.

Extend your expected opening date by 3 months.

**TABLE 8**  
Sample Capital Costs for a Small (60-80 seat) Restaurant

ITEM	AMOUNT
Design/Architect (based on empty space)	\$40,000
Leasehold improvements (assumes empty space)	\$400,000 - \$600,000 <sup>1</sup>
Furniture	\$15,000
Fixtures/Smallwares/Dishes	\$20,000
Kitchen Equipment (incl. refrigeration)	\$80,000
Hood/Fan/Exhaust System/Make Up Air Unit	\$45,000
Cash/POS System	\$10,000
Advertising/Website/Menu Design/Uniforms	\$10,000
Inventory	\$15,000
Working Capital	\$30,000
subtotal	\$665,000 - \$865,000
Contingency (15%)	\$100,000 - \$130,000
<b>Total</b>	<b>\$765,000 - \$995,000</b>

*Inventory costs could be a lot higher. For example, if your concept is a wine bar, the wine inventory alone could be \$20,000.  
<sup>1</sup>This is an estimate for a basic layout and could be much higher depending on the restaurant concept and design.*



## FINANCIAL PROJECTIONS

When developing your financial projections, be conservative. It's better to plan for the worst case scenario — slow start, fewer customers, lower sales — than to make unrealistic projections and have to deal with the aftermath.

### Revenues

Begin with an estimate of your sales revenue. One way to forecast sales is to break the days down into meal periods, forecast the seat turnover for each period to determine the number of customers or covers. Then multiply the number of covers by the estimated average check.

## WORKSHEET 1 Capital Requirements Worksheet

### Capital Assets (\*)

Land
Building (Construction or Renovation)
Kitchen Equipment
Refrigeration & Storage
Dining Room Furnishings & Equipment
Office, POS & Systems Equipment
Roads, Parking & Landscaping
Services (hydro, gas, etc.)
Signage
Other - Decor
<b>Subtotal (A)</b>

### Pre-Opening Soft Costs (Costs prior to revenue being earned)

Salaries
Staff Training – Wages & Costs
Pre-Opening Marketing & Public Relations
Interest during Construction/Renovations
Design and Consulting Costs
Other Professional Fees (legal, accounting, etc.)
Incorporation, Registration, Licensing, Dues
Other
<b>Subtotal (B)</b>

### Subtotal Capital and Pre-Opening Expenses (C) (A+B)

Contingency (20% - 30%) (D)

### Total Capital and Pre-Opening Expenses (E) (C+D)

### Working Capital

Inventory
Prepaid Expenses
Other Current Assets
Cash Reserve/Line of Credit
<b>Subtotal (F)</b>

### TOTAL FINANCING REQUIRED (E+F)

\*Note: Some of these will not be applicable if you are leasing space.

Worksheet 2 can be used to calculate your weekly revenues. If you anticipate your sales will fluctuate seasonally, you should do estimates for the different periods.

### Expenses

There are four kinds of expenses you need to estimate. Your numbers can be derived from either a detailed work-up, or you can look to industry norms (see Chapter 2), which can be used to ballpark your expenses. Worksheet 3 (page 76) will help you project expenses.

#### COST OF SALES

In a restaurant, this normally includes all of the costs of the items used and resold to customers. That is, the cost of the food and beverages used in preparing the menu items you are selling.

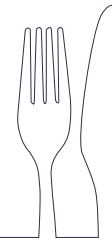
#### DIRECT OPERATING EXPENSES

These are also referred to as variable operating expenses. They include the costs that are directly involved in providing your product and services to the customer. They can vary with the number of meals you serve. They include the cost of labour, fuel and supplies used in preparing and selling your meals.

#### OVERHEAD EXPENSES

These are also called your fixed expenses and don't necessarily vary with changes in the volume of business you are doing. These are the supporting costs of providing service and running your business.

### HELPFUL TIP



#### Do the Numbers Over and Over

Do your financial projections several times using varying assumptions and 'what if' scenarios.

With software programs like Excel, it is simple to build a model and then change key factor such as sales per seat, cost of sales and labour costs.

Satisfy yourself that you will be able to pay the bills even under the worst case scenario.

### Putting It Together: The Projected Income Statement

Combine your estimates of revenues and expenses into a summary projected income statement. It would look something like Worksheet 4 (page 77):

## WORKSHEET 2 Worksheet for Projecting Restaurant Revenues

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Total Weekly Revenues
Breakfast								
Number of Seats								
Seat Turnover								
Average Check								
<b>Projected Revenue</b>								
Lunch								
Number of Seats								
Seat Turnover								
Average Check								
<b>Projected Revenue</b>								
Dinner								
Number of Seats								
Seat Turnover								
Average Check								
<b>Projected Revenue</b>								
Total Food Revenue								
Percentage of Food Revenue for Alcoholic Beverages								
<b>Total Beverage Revenue</b>								
<b>Total Food and Beverage Revenue</b>								

### WORKSHEET 3 Worksheet for Estimating Restaurant Operating Expense

	Basis for Calculation	Mature Year	Year 1	Year 2	Year 3	Year 4	Year 5
Cost of Sales							
Food	% of food sales						
Beverage	% of beverage sales						
<b>Total Cost of Sales</b>							
Direct Operating Expenses	Prepare a worksheet or						
Wages	% of total revenue						
Supplies	% of total revenue						
<b>Total Direct Operating Expenses</b>							
Overhead Expenses	Estimate these costs based on combination of						
Management Salaries							
Fringe Benefits							
Marketing	• Industry norms						
Repairs and Maintenance	• Quotes and estimates you have received from suppliers						
Utilities							
Office Supplies							
Communications	• Your own analysis						
Rent							
Equipment Leases							
Insurance							
Property & Business Taxes							
Bank & Credit Card Charges							
Professional Services							
Travel							
Miscellaneous							
<b>Total Overhead Expenses</b>							
<b>Grand Total Operating Expenses</b>							

### WORKSHEET 4 Summary Worksheet: Projected Income Statement

	Mature Year	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUE</b>						
<b>OPERATING COSTS</b>						
Cost of Sales						
Direct Operating Expenses						
Overhead Expenses						
Total Operating Costs						
<b>OPERATING PROFIT</b>						



## OPTIONS FOR FINANCING

Unless you are independently wealthy, you are going to need to raise some money to open the doors. You must also be prepared to invest a significant amount of your own money.

### Owner's Investment

Rule number one is that you must invest significantly in the business yourself. You have to have your own neck on the line — especially if you are asking others to risk their money on your restaurant.

Do you have savings? Can you borrow against your house with a home equity loan or line of credit? If you are eligible for credit cards or a line of credit, apply now! It doesn't mean you have to use them but, they will come in handy if you run out of cheaper options.

Banks will expect at least 10% of the required capital to be the owner's investment, and at least 1/3 total equity. (You will find, however, that banks are very very cautious when it comes to financing restaurants).

### Private Investment

If you need to look for more money than you have yourself, you can look to outside investors. While it can take some work to manage the role and expectations of outside investors, there are lots of benefits. Sometimes this type of financing can mean you won't have an immediate debt servicing cost.

Private investors are usually vested in your success. They are hoping for a return on their investment and will likely become ambassadors for your business — bringing friends and colleagues through the doors.

Try to make these people investors, not shareholders. As shareholders, they may well expect a say in the running of the business or see your restaurant as their 'personal' place.

### Crowdfunding

According to Wikipedia, crowdfunding is the collection of finance to sustain an initiative from a large pool of backers—the 'crowd' — usually made online by means of a web platform.

The Brooklyn Warehouse, a successful Halifax restaurant, has twice used crowdfunding to help finance two much needed renovations to their restaurant. Information on crowdfunding in Nova Scotia can be found here <https://nssc.novascotia.ca/corporate-finance/crowdfunding/start-crowdfunding-exemption>

### Centre For Entrepreneurship And Education Development (CEED)

The Centre for Entrepreneurship and Education Development (CEED) in Halifax administers educational and financing programs to assist entrepreneurs to develop and execute business ideas.

Whether it's organizing your business plan, getting access to forecasting templates or connecting you with a mentor, CEED has a team of experts and the tools and resources to help.

In addition to offering training programs and one-on-one assistance with business planning, CEED staff help facilitate start-up funding through a loans program. You may be eligible for a start-up loan and a number of different assistance programs.

CEED's Self-Employment Benefits Program (SEB) is a 40-week intensive program that helps entrepreneurs become self-employed. If you are eligible for Employment Insurance (EI) SEB can provide you with income and entrepreneurial support, with access to ongoing support from SEB advisers.

CEED can help connect you with other agencies that can offer support, such as ACOA for example.

For more information, visit: <http://ceed.ca/>

### Futurpreneur Canada

futurpreneur Canada (formerly The Canadian Youth Business Foundation) partners with CEED to offer up to \$20,000 interest rate financing for entrepreneurs age 18-39 that are starting a business.

Clients can also qualify for an additional \$40,000 through the Business Development Bank of Canada's double matching program, and the opportunity to participate in futurpreneur's mentoring program, matching young entrepreneurs with experienced business professionals.

For more information, visit: <http://www.futurpreneur.ca/en/>

### Community Business Development Corporations (CBDCs)

Outside of the metro Halifax area, you should look to the Atlantic Association of Community Business Development Corporations (CBDCs), a network of autonomous, not-for-profit organizations that work with all levels of government and the private sector to meet the needs of small businesses.

CBDCs may assist by providing financial and technical services. They offer:

- Financial assistance to a maximum of \$150,000 in the form of loans to existing and aspiring entrepreneurs.
- Counselling & advice for small businesses.
- Entrepreneurship development and training for individuals and small business owners/managers
- Technical assistance, usually in the form of guidance and coaching, and sometimes advocating on behalf of clients to other lending establishments or regulatory agencies.

For more information, visit: <http://www.cbdc.ca/>

### Nova Scotia Small Business Loan Guarantee Program

Administered by the Nova Scotia Cooperative Council, the province's credit unions and the Province of Nova Scotia, the Nova Scotia Small Business Loan Guarantee Program offers government guaranteed loans (term loans, working capital, lines of credit) of up to \$500,000 to start or grow a business.

For more information, visit: <http://www.novascotia.coop/programs/small-business-loan-guarantee-program/>

# 8.4

## Business Development Bank of Canada (BDC)

With over 100 business centres in Canada, the Business Development Bank of Canada (BDC) is a bank focussed exclusively on entrepreneurs and providing assistance to small and medium sized business.

They offer:

- ☐ Financing: long-term loans for projects and working capital
- ☐ Consulting services: tailored consulting services at a price businesses can afford
- ☐ Subordinate financing: hybrid debt and equity financing
- ☐ Venture capital: direct and indirect investments in high technology companies

For more information, visit: <http://www.bdc.ca/>

## Banks And Credit Unions

You will soon discover that banks and other financial institutions are extremely cautious with restaurant financing. When you are starting out, do not be surprised if getting a bank loan is not an option.

Regardless of whether your bank gives you financing, you will want to ensure that you have a good relationship with your banker. You never know when you might need them!



# 8.5

## HELPFUL RESOURCES

### APPENDIX I

1. Operating norms by number of seats and for urban and rural locations in Nova Scotia.
2. Findings from a US survey of restaurants about sales-investment results, cost estimates and space requirements.

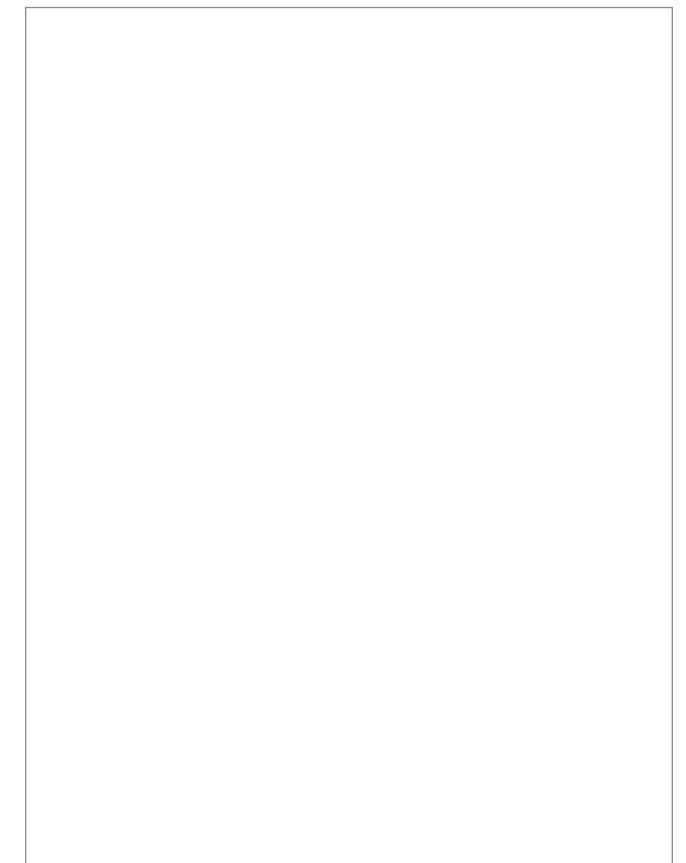
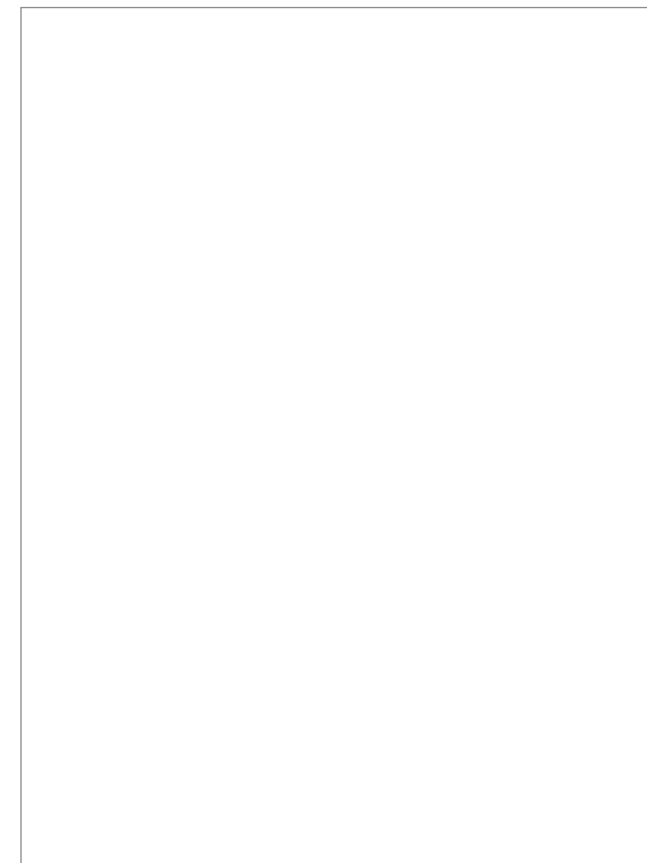
### READING LIST

Canadian Restaurant Accounting by Douglas P. Fisher, 2nd edition (Canadian Restaurant and Food Services Association)

<https://www.restaurantscanada.org/product/canadian-restaurant-accounting-handbook/>

Reading Financial Statements for Dummies by A. Wilely Brand

<http://www.dummies.com/how-to/content/reading-financial-reports-for-dummies-cheat-sheet.html>



# CHAPTER NINE

## THE RULES AND REGULATIONS

Business organizations lobby government to ‘reduce red-tape’ and governments respond with ‘red tape reduction programs.’ The bottom-line is that red tape is a fact of life when you are in business.

Keep in mind that rules and regulations can change frequently and you should check with the appropriate authorities to obtain up-to-date information on the laws that may affect your business. The provincial government has been going through a process to streamline red tape that impacts small business. One of the outcomes of this is an on-line tool to help navigate the process of opening a restaurant or accommodation business in Nova Scotia. This tool includes a step-by-step process as well as links to required licenses, permits and inspections. It can be accessed through <http://www.novascotia.ca/snsmr/access/business.asp>.

There is no doubt that the road to opening will be much smoother if you develop a relationship with the men and women who work to administer the rules and regulations.

Exhibit 6 on the next page summarizes the phases in renovating or building a restaurant, and where the various regulatory agencies need to get involved. Following Exhibit 6 is a simplified graphic of the process for developing a restaurant in Nova Scotia from the initial concept through to final permits and licences.

### CHAPTER MODULES

- 9.1** Registry of Joint Stocks
- 9.2** Canada Revenue Agency
- 9.3** Municipal Building and Zoning Approvals
- 9.4** Food Protection: Nova Scotia Department of Environment and Climate Change
- 9.5** The Liquor Licence
- 9.6** The Fire Marshal
- 9.7** Accessibility Standards
- 9.8** Department of Public Works
- 9.9** Department of Labour, Skills and Immigration
- 9.10** Occupational Health and Safety
- 9.11** Other Considerations
- 9.12** SOCAN and RE:SOUND
- 9.13** Helpful Resources



## EXHIBIT 6 6 REGULATORY PHASES TO RENOVATING OR BUILDING A RESTAURANT

### Phase 1: Plan First

- Do your own Preliminary Planning – use a software program to help with a rough layout and to make sure you can fit the number of seats you want. Consider the impact of Nova Scotia's Accessibility Standards in your layout since they may impact the number of seats you can fit in.
- Hire a Designer and Prepare Building and Site Plans and Specifications.
- Consult with each of the following in the planning of your space:
  - Your municipality (to make sure your concept fits with zoning rules)
  - Department of Environment and Climate Change (food protection, and design and layout)
  - Alcohol, Gaming, Fuel and Tobacco (if you want to serve liquor)
  - Office of the Fire Marshal (occupancy, fire exits, etc.)
  - Department of Environment and Climate change (water and septic requirements if you are not on municipal services)
  - Department of Public Works (if on a provincial road)

### Phase 2: Check Regulations

- Consult with your municipal building inspector to review bylaws regarding zoning and land use and building requirements for plumbing, electrical codes, fire protection, cooking surfaces, etc.
- Consult with the Department of Environment and Climate Change and the Alcohol, Gaming, Fuel and Tobacco Division
- Review the accessibility standards and determine what standards your renovation or new build must meet.

### Phase 3: Seek Approvals

- Get the green light: obtain approval for construction of your business.
- You will need to submit copies of your building plans and specification to each of the agencies listed in Phase 1 for their approvals so that you can get the necessary licences.

### Phase 4: Manage the Project

- Develop, plan and schedule for the construction phase, including arranging for power, water and telecommunications hook-ups.
- Schedule timelines, establish critical path deadlines, and develop a budget and payment schedule
- Invite bids from contractors
- Launch the project
- Monitor and inspect progress as the work proceeds

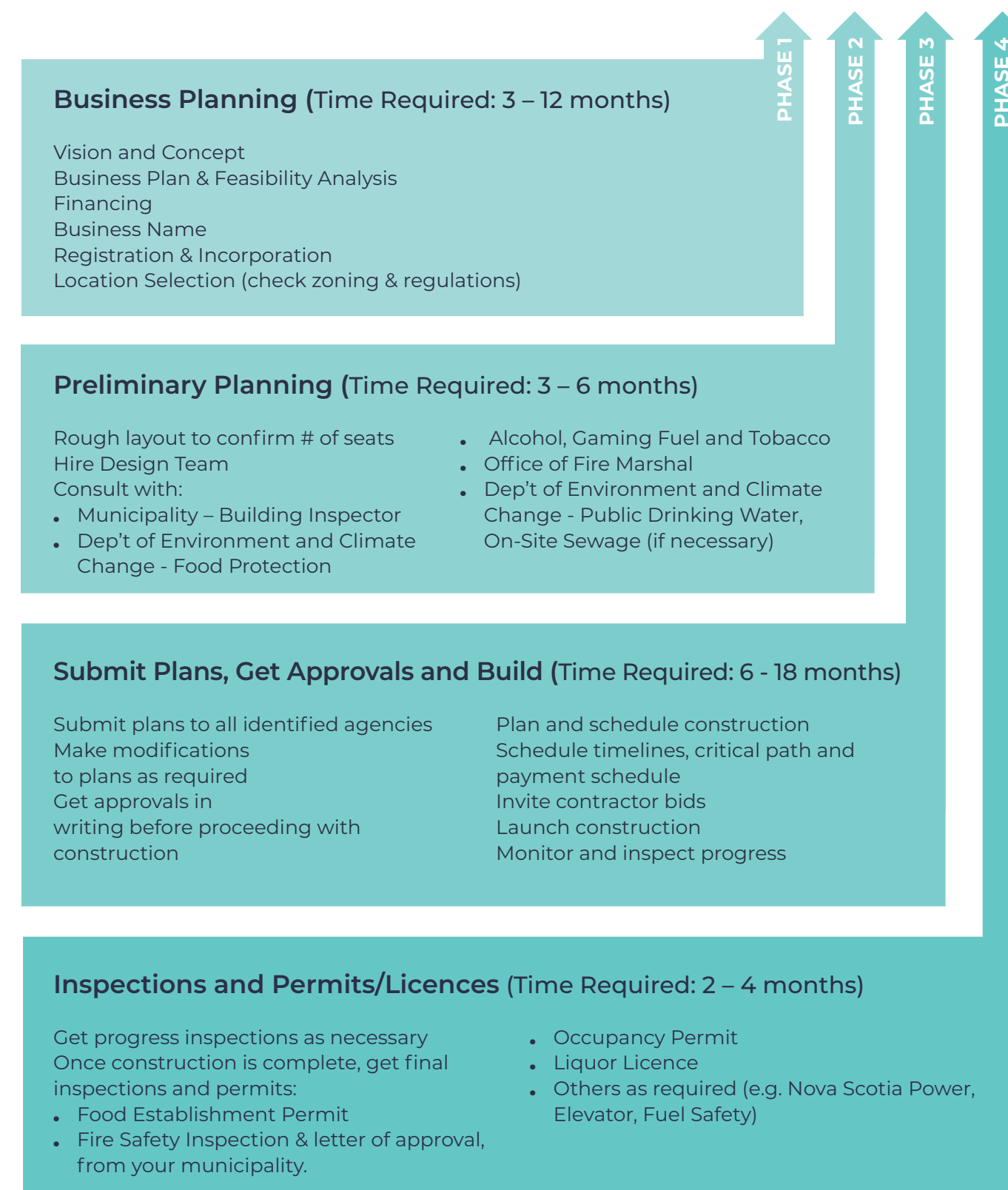
### Phase 5: Request Occupancy Permit

- Once construction is complete, and all inspections have been done and approved, you will receive an Occupancy Permit.

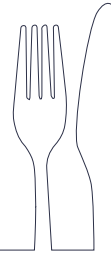
### Phase 6: Inspection and Approval

- Once the occupancy permit is issued, the Department of Environment and Climate Change, the Fire Marshal, and the Alcohol, Gaming, Fuel and Tobacco Division will inspect your property for final approval and licensing.

## PHASES TO DEVELOPING A RESTAURANT IN NOVA SCOTIA



Note: Timelines are approximate and may vary; Some municipalities may require other permits or licences.



## KEY TAKEAWAYS

- **Start early**

A big portion of the work will need to be done long before you open. Ensure that you do your research before jumping into any commitments.

- **You can't bypass the law**

Make sure you do some research and cover all your bases; just doing things may seem easier now, but going through the proper procedures will save you a lot of hassle in the long run.

- **Many permits take time**

Make sure you understand deadlines and expected timelines before you start making commitments or permanent decisions.

- **Talk to those who've been there**

Connecting with other people in the food industry is a great way to make connections where you need to and the perfect way to learn industry tips and tricks.

- **Mark your Calendar**

Make a note in your calendar to remind you about regulatory requirements that must be renewed or scheduled for regular review.



Grand Pre Winery and Le Caveau

## 9.1

### REGISTRY OF JOINT STOCKS

The law requires all businesses operating in Nova Scotia to register with the Registry of Joint Stock Companies. This is also where you will search and register the name of your company. You will have to pay for this service and file renewal information and registration fees every year.

The Registry of Joint Stocks will provide you with your Business Number which will also be used in dealings with the Canada Revenue Agency. For more information, check out <https://beta.novascotia.ca/programs-and-services/registry-joint-stock-companies>

## 9.2

### CANADA REVENUE AGENCY

Every business requires a business number (BN) for its legal entity (a legal entity is defined as a sole proprietor, partnership, corporation, trust or other organization). The business number (BN) is a common client identifier for businesses to simplify their dealings with government at the federal and provincial level. Your business number also forms the basis for your HST and payroll numbers.

Nova Scotia has adopted the use of the BN for services such as licences, permits, registrations, and Workers' Compensation Board insurance and its use will be expanded. The BN is provided to a business in Nova Scotia when it is registered with the Registry of Joint Stock Companies.

For more information, check out <https://novascotia.ca/sns/access/business.asp>. The BN is administered by the Federal government. You will use your BN to register for HST and payroll numbers at <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses.html>

You will need to learn the HST rules. You will need to collect and set aside and remit 15% of your sales minus any eligible input credits (any HST you pay to purchase supplies or services, can be deducted against the HST you collect from your sales).

You will also need to register for a payroll number and begin to submit monthly source deductions (income tax, EI, CPP) deducted from your employees.

You will need to file business income or corporate income tax returns.

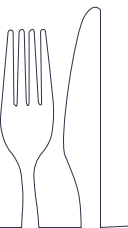
Everything you could possibly want and need to know about taxes pertaining to Nova Scotia businesses can be found on Nova Scotia Department of Finance's website, including links to all of the federal taxes listed above: <https://novascotia.ca/access-locations/>

## HELPFUL TIP

### HST Claims

Make sure you incorporate your business and register for your HST number before you start paying for capital costs.

You may find that you have a large HST claim in your initial filing since you have spent a lot on capital items, but have little or no revenue. Keep all invoices and receipts well-organized in the event of an audit.



## 9.3

## MUNICIPAL BUILDING AND ZONING APPROVALS

You need to be certain your chosen location is zoned to permit the type of business you are planning. Call and speak to someone in your municipality's planning department.

You will need to apply for a building permit. Most municipalities charge a fee based on the value of your estimated construction or renovation. They will require multiple copies of your plans and your construction estimates. They will assign you a building inspector and will give you advice about what you can and cannot do. They will make periodic inspections through your building process to ensure you are doing everything to code.

Building inspectors ensure that new and renovated buildings meet several standards, in particular the Nova Scotia Building Code Regulations (part of the Building Code Act) and the Fire Prevention Act.

The Building Code stipulates that newly constructed restaurants as well as existing buildings that are being renovated be accessible to people with disabilities. Is the location barrier-free, and accessible to those in wheelchairs?

Local municipalities may also have regulations and guidelines for accessibility, signage, waste separation and collection and grease interceptors, and requirements for use of private contractors. You may also need a Municipal Vendor's Licence. Once construction is completed and all inspections done, you will receive a municipal Occupancy Permit which will be required before you can get your final licences.

Municipalities are also responsible for issuing occupancy permits.

## 9.4

## FOOD PROTECTION: NOVA SCOTIA DEPARTMENT OF ENVIRONMENT AND CLIMATE CHANGE

Regulations and policies governing food safety and commercial kitchens as well as licensing and inspections are the responsibility of the Food Protection Division of the Department of the Environment and Climate Change. (see 9.8)

For more information, visit: <https://novascotia.ca/sns/paal/nse/paal365.asp>. They also have a document 'Planning for Food Service' that may be helpful. <http://novascotia.ca/agri/documents/food-safety/PlanningforFoodService.pdf>

This division manage the regulations pertaining to food service facilities: the Regulations Respecting Eating Establishments. These regulations detail requirements for restaurant design and layout, equipment, food preparation, maintenance, sanitary facilities, and other health-related aspects of eating establishments.

They are going to tell you what kind of walls you must have in your kitchen. How many toilets and sinks you require. They will insist the temperature of your hot water reaches a certain height during the dishwashing cycle. They will inspect and monitor your kitchen to ensure your refrigeration is at the right temperature and that you are handling and storing food safely. They will insist you have a waste management and pest control contract in place.

## Department of Environment and Climate Change

The Department of Environment, under its Environmental Health and Food Safety Division, licences and inspects commercial kitchens in Nova Scotia. You will need their seal of approval before you can open, and they will make regular inspections thereafter. Their website is <https://novascotia.ca/nse/inspection-compliance-enforcement/>

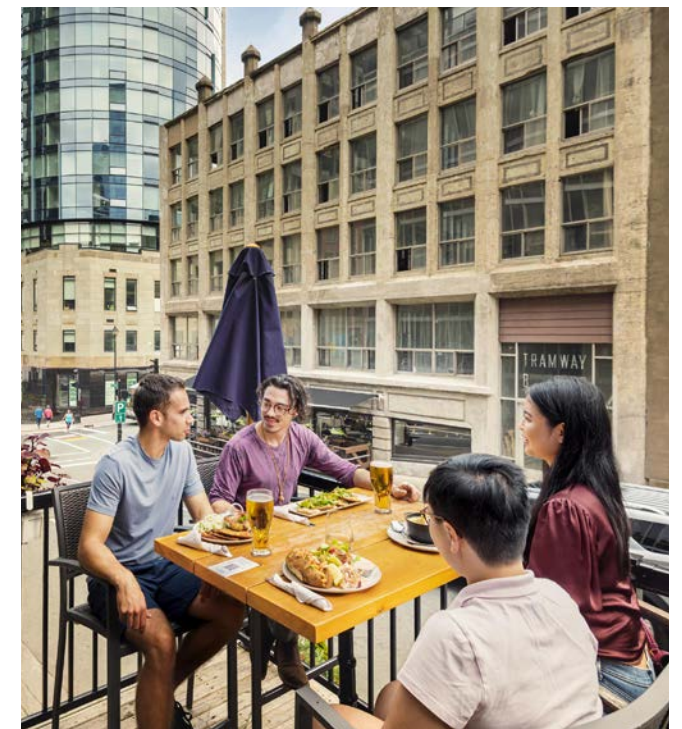
You will be required to take Food Hygiene (Handling) Courses to obtain your Food Handling Certification. And, you will be required to have at least one staff person with this training on each shift. It is recommended that all staff take the course. This certification has to be renewed every five years. Information on taking this course can be found at <https://novascotia.ca/sns/paal/nse/paal365.asp>

Once you are in full compliance, the Department of Environment and Climate Change will issue you a Food Establishment Permit valid for one year. They will then make several unannounced inspections a year to monitor your compliance. Always remember the results of these inspections are available to the public and posted on the department's website.

This Department is also responsible for approvals regarding well water and sewage disposal systems. If you are in a rural area you will need approvals for well water and sewage disposal systems you wish to install. If you are in an area where there is a central municipal water system only the appropriate municipal regulations apply and you do not need approvals.

If your water is supplied by a well, it will need to be a Registered Public Drinking Water Supply before you start serving food. Getting this registration will likely require Department of Environment and Climate Change staff to inspect your well and you will need to get your water tested and analysed. The application form can be found at <http://www.novascotia.ca/nse/resources/permits.asp#water.wells>. You will then be required to get your water tested quarterly for bacteria, and to get a chemical analysis every two years.

The Department of Environment and Climate Change also has responsibility for waste management, some of which are applicable for restaurants. Regulations and guidelines can be found at <http://www.novascotia.ca/nse/waste/regulations.asp>



Durty Nelly's, Downtown Halifax

## 9.5

## THE LIQUOR LICENCE

The Nova Scotia Alcohol, Gaming, Fuel and Tobacco Division administers the Liquor Control Act of Nova Scotia. They review and approve liquor licences and monitor and enforce compliance with the rules. Information can be found at <http://www.novascotia.ca/snsmr/access/alcohol-gaming/forms-permits.asp>

You will need to decide what kind of licence you want or need and then apply for it. There are several types of liquor licences in Nova Scotia:

### BEVERAGE ROOM

For anyone who wants to operate a pub style facility in Nova Scotia serving beer and wine only (no hard liquor).

### CABARET

For anyone who wants to provide liquor service for a 'large scale' establishment in Nova Scotia featuring high-quality live entertainment (i.e., "large scale" usually means capacity above 400 people.)

### EATING ESTABLISHMENT

For all restaurants in Nova Scotia that want to provide beer, wine and other liquors to accompany meals. Under updated regulations (January 2017), eating establishments with a valid liquor licence are able to serve patrons two alcoholic drinks without the need for food to be purchased. This means that such establishments no longer need a Lounge Licence as well if they want to do this.

### LOUNGE LICENCE

If you are an Eating Establishment and you also want to provide an 'all products' liquor service, with or without food service, you will also need a Lounge Licence. Under this licence,

food service must be available when the eating establishment is operational, but it is not necessary for a customer to buy food in order to buy liquor.

### The Process

The various licences have different requirements for documentation and some will require a public consultation or hearing.

Make sure your application is complete before you submit it. Invest in a small binder, and begin early, to collect the necessary documentation needed for your application. Among other things, you will need three letters of reference, your business plan, confirmation of your financing, a police check, your floor plans, a draft of your menu and a cheque for the application fee. You will also require your Occupancy Permit, Zoning Clearance, Food Establishment Permit, and Fire Clearance from the Office of the Fire Marshal as well as your business plan before you can get your Liquor Licence.

The application form for an Eating Establishment Liquor Licence can be found here <http://www.novascotia.ca/snsmr/pdf/agd-application-for-permanent-liquor-licence.pdf>.

Consult this department early in your planning stage. They also have design and construction requirements, and you'll want to know what these are from the start.

The length of time it takes to get a liquor licence varies from as short as ten days to as long as a year. Liquor Licences are valid for three years.

## Serving Beverages

You and your staff will need to take the "Serve Right – It's Good Business: Responsible Beverage Service Program" offered through the Nova Scotia Tourism Human Resource Council. Visit: <https://www.tourismhrc.com/>

As a licensee you could be held responsible if something happens after an intoxicated patron leaves your restaurant and you are found to have over-served the customer. Make sure you have a good understanding of the regulations and the common law that define your responsibilities and liabilities as a licensee.

On opening, the liquor inspector will require you to organize a meeting so that he can review all the rules and regulations with all your staff.

### Patron Accountability, Safety And Service Program (PASS)

If serving liquor is a big part of your business, you will want to know about the Patron Accountability, Safety & Service (PASS) program aimed at promoting a safe and comfortable environment for patrons and staff members frequenting licensed establishments.

The program was piloted in 2012 in the HRM area and has expanded across Nova Scotia. PASS is a bar suspension program for participating establishments in Nova Scotia, with assistance from the Restaurant Association of Nova Scotia (RANS), Halifax Regional Police (HRP), Liquor Enforcement Unit, and the Alcohol, Gaming, Fuel and Tobacco Division of Service Nova Scotia and Internal Services.

For more information on PASS, see <https://www.rans.ca/rans/page/pass-association>

## 9.6

## THE FIRE MARSHAL

Under the Fire Safety Regulations, where a restaurant is more than 3 storeys high or has an area greater than 600 m<sup>2</sup>, the building plans must be submitted to the Office of the Fire Marshal for review prior to construction. See Section 12 of the Fire Safety Regulations for more detail. <https://novascotia.ca/just/regulations/regs/fsfiresf.htm>

It is always a good idea to contact the Office of the Fire Marshal during the design process rather than wait until you have completed the design work; this way, you can make any necessary changes before you begin.



The Townhouse

## ACCESSIBILITY STANDARDS

Nova Scotia is committed to building an inclusive province by 2030, in part by ensuring that accessibility is considered in policies, programs and services delivered by the public and private sector.

New restaurants including cafés, lunch counters and delis with seating have been required to be accessible to people with disabilities under rules that took effect October 31, 2020. They need to have accessible entrances, pathways and washrooms in order to get a food safety permit, if their establishment exists within a structure that did not have a food establishment permit within the past twelve months.

The province is currently working on developing accessibility standards in six areas (<https://novascotia.ca/accessibility/>):

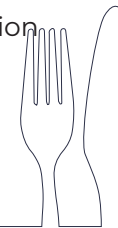
1. Goods and Services – ensuring equitable access to goods and services
2. Information and Communications – ensuring that everyone can receive, understand and share the same information
3. Transportation – making it easier for everyone to get where they need to go
4. Employment – making workplaces accessible and ensuring equal access to meaningful employment for people with disabilities
5. Built Environment – including accessible parking, washrooms, entrances and pathways, and other shared spaces
6. Education – making the education system accessible to all

The first set of standards being developed relate to the Built Environment and it is expected that

implementation will be required by 2025 (date is still to be confirmed by the government). New standards were incorporated in the Building Code in 2020, and additional ones are being added. These will apply to new eateries opening in new spaces, or spaces that have not been used as a restaurant in the past 12 months, restaurants changing ownership and restaurants undergoing major renovations.

The Built Environment Standards that will impact restaurants include:

- Parking
- Pedestrian Facilities
- Exterior Approaches
- Emergency Systems and Evacuation Procedures
- Wayfinding and Signage
- Washrooms
- Interior Design



### Some Specific Implications for Restaurants

#### Washrooms:

- Fully accessible designs
- Located on a 'barrier' free path of travel – this has implications for the layout of the restaurants, space between tables and width of aisles. It may impact the number of seats that can fit in a given space.

#### Interior Design

- Use of colour
- Width of doorways
- Treatment of sound

#### Emergency Systems and Evacuation Procedures:

- Staff training will need to include information on how to assist persons with disabilities during an emergency evacuation.



The Townhouse

If you are planning, designing and building a new restaurant or doing major renovations, you and your design team will need to be familiar with these new standards. And if you are leasing space, you will need to work with your landlord to ensure that both interiors and exteriors meet the standards.

Restaurant owners/operators should monitor Nova Scotia's Accessibility initiatives – as standards in the other categories are developed and adopted, there will be implications for the food services sector.

### For more information and resources visit these links:

Accessibility Directorate

<https://novascotia.ca/accessibility/>

The Government of Nova Scotia's Accessibility Directorate is responsible for administering the Accessibility Act and advancing disability issues within government.

Initiative to Improve Accessibility in the Tourism Industry Tourism Nova Scotia is working on a 4-phase project to improve accessibility within the tourism industry. For more information see <https://tourismns.ca/improving-accessibility-tourism>

Business ACCESS-Ability Grant Program

<https://cch.novascotia.ca/business-access-ability-grant-program>

Businesses can apply for a cost- shared grant to assist with the implementation of these standards. In winter 2023, the maximum available for Built Environment Standards was up to 2/3 of a \$50,000 project.

Canada's Enabling Accessibility Fund

<https://www.canada.ca/en/employment-social-development/programs/enabling-accessibility-fund.html>

This program can provide grant funding for small-scale construction and communication technology projects that improve accessibility in communities and workplaces, with a maximum grant of \$100,000 depending on eligibility and the specific project. It is usually open for applications for a short period each year.

Restaurant Association of Nova Scotia

<https://rans.ca/rans/page/accessibility>

Information for ensuring new restaurants are compliant with accessibility regulations.

Rick Hansen Foundation

<https://www.rickhansen.com/>

The Rick Hansen Foundation offers a range of resources and can help businesses assess their accessibility and determine their needs.

9.8

## DEPARTMENT OF PUBLIC WORKS

You may need approval from the Department of Transportation and Infrastructure Renewal for the location of driveways and on-premise signage if you are located adjacent to a provincial road. For more information on driveway regulations visit: <https://www.novascotia.ca/snsmr/paal/trans/paal605.asp>

This Department also regulates signage for tourism related businesses on provincial highways and roads. For more information on signage regulations visit: <http://novascotia.ca/tran/highways/roadsign.asp>

9.9

## DEPARTMENT OF LABOUR, SKILLS AND IMMIGRATION

Nova Scotia Labour, Skills and Immigration is the provincial government department that regulates and monitors labour standards in the province. It is responsible for minimum wage and employee/ employer rights. Read the Labour Code carefully; you are going to need to remember the regulations and use them regularly in your operation.

Unless your restaurant is unionized, the basic terms and conditions of employment are spelled out in the Nova Scotia Labour Standards Code. It is here you will find out about statutory holidays and overtime. There are rules about calling in staff to work when they aren't scheduled. Notice periods for layoff and termination, and to what kind of breaks your employees are entitled are also provided. For more information visit:

<http://novascotia.ca/lae/>



Half Cocked Brewing, Antigonish

## 9.10

## OCCUPATIONAL HEALTH AND SAFETY

Nova Scotia's Occupational Health and Safety Act is based on the idea that the primary responsibility for occupational health and safety is shared by everyone connected with that workplace — including employers, employees, contractors, owners and suppliers. This is known as the Internal Responsibility System (IRS).

Under the Act, if you employ five or more people on a regular basis, you are required to prepare a written occupational health and safety policy.

If you have more than twenty employees, you must establish and maintain a written occupational health and safety program. The program must provide for:

- The training and supervision of employees;
- The preparation of written work procedures relative to health and safety;
- The establishment of a Joint Occupational Health and Safety Committee or selection of a Health and Safety Representative, where one is required;
- The establishment of a hazard identification program and accident/incident investigation system;
- The maintenance of records and statistics, and;
- The monitoring of the implementation and effectiveness of the program.

For information, visit <http://novascotia.ca/lae/healthandsafety/>. To access a copy of the act visit: [http://nslegislature.ca/legc/statutes/occp\\_h\\_s.htm](http://nslegislature.ca/legc/statutes/occp_h_s.htm)

The Small Business Safety Tool Kit, which outlines mandatory Occupational Health and Safety training is available at <https://www.wcb.ns.ca/toolkit.aspx>

You will likely also be required to have Worker's Compensation coverage for most of your employees. For more information, visit <https://www.wcb.ns.ca/About-Us/Legislation-Workers-Compensation-Act.aspx>

## 9.11

## OTHER CONSIDERATIONS

Depending on your concept and plans, there are a range of other arrangements and regulations you will need to consider.

As noted earlier, you (or your contractor) will need to make arrangements for power and gas or propane hook ups, water connections and telecommunications, including your point of sale system.

You may need approvals and/or licences for your furnace, natural gas system, propane service, an elevator if you have one and various other items. And, you may need some technical and/or safety training on some of these items, as well as service and maintenance contracts.

## 9.12

## SOCAN AND RE:SOUND

The Society of Composers, Authors and Music Publishers of Canada (SOCAN) is a not-for-profit organization that represents the Canadian performing rights of millions of Canadian and international music creators and publishers. Through licences, SOCAN gives businesses that use music the freedom to use any music they want, legally and ethically. SOCAN licences and distributes royalties to its members. For more information visit: <http://www.socan.ca/>

Re:Sound represents the performance rights of artists and record companies. It is distinct from SOCAN and you need a licence from RE:Sound as well if you are playing music in public. Visit [www.resound.ca](http://www.resound.ca) for details.

## 9.13

## HELPFUL RESOURCES

Whether you need to register your business, obtain licences and permits or start paying taxes, Service Nova Scotia offers a lot of very helpful information on their website: <https://novascotia.ca/sns/access/business.asp>

The online tool to help navigate the process of opening a restaurant can also be accessed through <http://www.novascotia.ca/snsmr/access/business.asp>.

The Province of Nova Scotia's Business Navigation Service can help you navigate the various regulations, licences and permits and can guide restaurants on how to prepare for inspections. There are also guides on Starting a Food Truck and Starting a Restaurant. Visit <https://beta.novascotia.ca/get-help-starting-business-business-navigators>



The Grand Banker

# CHAPTER TEN

## STAFFING

In the ultra-competitive restaurant business, you are only as good as the people who work for you. Your leadership and management skills will be crucial. Finding and keeping staff is one of the biggest challenges facing the restaurant sector today, and this will continue for the foreseeable future.

One of the greatest and ongoing challenges for restaurateurs is human resources. You cannot go this alone. Employees make and break your business. They can be the best and the worst part of owning a restaurant at the same time. They will be your greatest asset (they make your sales and are one of the reasons customers come back) and your greatest liability (your labour costs will likely be in the 30-40 percent range, and, unfortunately, some employees steal.)

The number of employees you will need depends on your concept. Clearly, a fast food establishment or a food truck will need less staff and fewer positions than a fine dining restaurant.

Turnover is expensive. Not only does it cost you to hire and train, it can unsettle your regular customers. Consistency of your product and service are essential ingredients for success.

There is an old expression, "A chain is only as strong as its weakest link." To maximize your chance of success in the restaurant business you need to choose a good team, train them the right way and get them to stay.

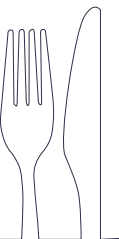
### CHAPTER MODULES

- 10.1** The Leader
- 10.2** Staff Requirements and Job Descriptions
- 10.3** Staff Hiring and Retention
- 10.4** Staff Training
- 10.5** Managing
- 10.6** Diversity, Equity and Inclusion in the Workplace
- 10.7** When It Doesn't Work Out
- 10.8** Helpful Resources

#### HELPFUL TIP

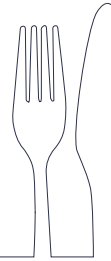
#### You MUST Communicate your Vision to your Staff

It's critical that you fully communicate the vision for your restaurant to your staff and make sure they are working together with a common goal to achieve this vision. Failing to do this successfully can result in big problems for your restaurant business.





## KEY TAKEAWAYS



- **Take time to train**  
Choose a good team and train them. Remember, “A chain is only as strong as its weakest link”.
- **Put it in writing**  
Detailed orientation, employee and operations manuals will help you articulate your vision and increase the consistency of staff performance.
- **Happy employees make happy customers**  
Employees perform better when they enjoy their jobs. When performance and morale is high, customer experience improves. Not to mention, smiles are contagious.
- **Devote time and effort to staff hiring and retention**  
There are staff shortages for all restaurant positions and significant challenges finding enough staff to operate. You will need to dedicate extensive efforts to recruitment, retention and training.
- **Diversity, Equity and Inclusion (DEI)**  
Every employee should feel included and valued while acknowledging differences. DEI will make positive contributions to the organization’s culture and business outcomes

## WORDS OF ADVICE FROM THE PROS

**“ Consistent, strong leadership in a restaurant is critical to its success. Leaders must move with a sense of urgency, stay focused on tasks and be consistent with all of the employees. Setting out your expectations on Day One with employees by providing them with a job description and restaurant policy manual will save you a lot of time down the road.”**

Jennie Dobbs, Morris East Quinpool & Bedford West

## 10.1

### THE LEADER

Unless you have chosen to be an invisible or absentee owner, you will be the leader of this band. You will need to be able to attract and retain the best staff out there.

Never forget that it takes happy employees to make happy customers. One of the main jobs of the leader in any business is to motivate and inspire your staff.

You will need to be able to articulate your concept, your vision, and your rules to a crew of young adults (you might be surprised by the average age of a restaurant employee). Many of them are good at what they do because they’re naturally social.

As the leader, you must:

- Be organized
- Be focussed
- Be a great communicator
- Have sales and marketing skills
- Function with a sense of urgency at all times

## 10.2

### STAFF REQUIREMENTS AND JOB DESCRIPTIONS

Think carefully about your staff requirements and what skills you need to find to complement your own.

If you are an outstanding chef yourself, you may not need to hire a chef as a key member of your opening team. However, if you are a front-of-house specialist, finding a head chef might be one of your first staffing priorities (sometimes even before you design your menu and kitchen).

If you are not taking the lead role of manager yourself, you may want to hire a general manager. In addition to the key back-of-house and front-of-house management positions, you will also need front-of-house staff including hosts, servers, floor supervisors, and bartenders. In the back of the house, you will need cooks, dishwashers, cleaners, and prep cooks.

You should prepare job descriptions for all key positions. [CareerPlanner.com](https://www.careerplanner.com/) offers a wide range of job descriptions you can draw from. Visit <http://www.careerplanner.com/JobDescSearchTool.cfm>

Nova Scotia’s Tourism Human Resource Council (<https://tourismhrc.com/>) and Tourism HR Canada (<https://tourismhr.ca/>) also have a range of resources and tools that might help.

Tourism HR Canada’s new Workforce Management Engine <https://tourismhr.ca/programs-and-services/workforce-management-engine/> can help businesses create job descriptions and skill checklists. This tool is being launched in 2023.

## 10.3

### STAFF HIRING AND RETENTION

Choosing the right team isn’t always easy. Labour shortages are widespread in this industry and you will have challenges finding and keeping staff.

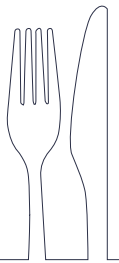
#### Labour Challenges

The COVID-19 pandemic accelerated and heightened workforce challenges that had been forecast to occur in the tourism and hospitality sector over the next decade, and the restaurant sector has been particularly hard-hit. Employees lost their jobs or had their hours significantly reduced because of COVID and many chose to leave the restaurant industry all together – to return to school, to move to other jobs that offered better security, wages and working conditions, because of COVID itself, to retire or simply to re-evaluate their careers.

Challenges finding staff will continue for the next few years. Restaurant operators will need to dedicate extensive efforts to recruitment, retention and training.

#### Most Significant Vacancies in the Food Service Sector

Food counter attendants  
Kitchen helpers  
Servers  
Cooks  
Food service supervisors  
Bartenders



**HELPFUL TIPS**

- Enlist your staff to help recruit new employees.
- Stay connected with previous employees – they might be enticed to return.
- Increase the use of technology, such as touch screen POS, self-order kiosks, to reduce labour needs.
- Be creative in efforts to provide benefits to your workers.
- Ramp up your training programs, and make sure they are ongoing.
- When interviewing potential employees with disabilities, ask them what it would take for them to be successful working for you – and be flexible in adapting and finding solutions.
- When renovating, use universal design principles to broaden the ability of your business to hire employees with accessibility needs.



Recruitment challenges include:

- Finding seasonal workers
- Finding qualified workers
- An overall shortage of workers
- Lots of competition for available workers – from within the restaurant sector and from other industries
- High worker expectations
- ‘Poaching’ of workers by other businesses
- A shortage/lack of employee housing, particularly in rural areas with largely seasonal businesses

If you are operating a small or independent restaurant, it can be difficult to compete with foodservice and other employers who pay top wages. Your ability to attract good staff will be challenged not just by the pay rates of your competitors, but also by your company’s reputation as an employer.

Other strategies that could help reduce labour shortages<sup>1</sup> include:

- Partner with education institutions – provide work placements and internships, recruit from graduating classes
- Hire temporary foreign workers
- Provide year-round employment
- Share employees with other businesses – this can help create full-time and/or year round employment

Don’t expect the workforce challenges to go away anytime soon! They will affect all aspects of your operation and your bottom line. Take them into account in:

- Developing your restaurant concept and style
- Doing your feasibility analysis and business planning
- Designing your menu
- Determining the number of seats
- Deciding on your operating hours
- Planning detailed operational parameters

**Recruiting**

Advertise in your local media. Kijiji.ca is very popular among restaurant job seekers in Nova Scotia. For higher-level positions, where you may have the hope of attracting a new chef to move to Nova Scotia for example, you could try Career Beacon, Jump Careers, Work Global Canada or Workopolis. There are specialized recruitment and job posting sites for hospitality jobs like Hospitality.ca and HCareers.ca. The Nova Scotia Tourism Human Resource Council operates a Tourism Talent website for posting tourism-oriented jobs, including the restaurant sector. <https://tourismhrc.com/recruitment-website/>

**TABLE 9**  
Strategies for Worker Recruitment and Retention

	RECRUITMENT	RETENTION
Offer improved wages and benefits such as paid vacation days, group health/dental benefits, paid sick leave	✓	✓
Provide more flexibility in work hours	✓	✓
Provide more flexibility in responsibilities		✓
Place more emphasis on a work-life balance culture	✓	✓
Increase recruitment efforts, e.g. personal contacts & networks, social media, on-line job boards, employment centres & websites	✓	
Ensure inclusive hiring practices, e.g. use inclusive language in advertising, use diverse advertising approaches (e.g. in multi-cultural communities), ensure all qualified applications receive consideration	✓	
Offer personal & employment growth opportunities		✓
Provide better onboarding and training		✓
Provide perks & incentives such as employee discounts, bonuses, flex time, tip pooling	✓	✓
Offer/provide full time employment – may require cross-training so employees can work in several positions	✓	✓
Promote equity and inclusion in the workplace	✓	✓

*Adapted From: Tourism Workforce Insights – Key Survey Results, April 2022, Nova Scotia Tourism Human Resource Council*

<sup>1</sup> Nova Scotia Tourism Human Resource Council, Tourism Workforce Insights – Key Survey Results, April 2022

## Helpful links

<http://www.jumpcareers.ca>  
<http://www.tourismtalent.com/>  
<https://www.kijiji.ca/b-bar-food-hospitality-jobs/city-of-halifax/c6011700321?l=44.647581%2C-63.572768&address=Halifax%2C+Nova+Scotia&radius=50.0>  
<http://www.careerbeacon.com/>  
<http://www.workopolis.com/EN/CommonHomePage.aspx>  
<http://www.hospitality.ca/>  
<http://www.hcareers.ca/>  
<https://www.workglobalcanada.com/>

Don't be afraid to post a sign in your window. You might be surprised at who walks in the door. Ask your existing staff for recommendations.

A good ad should be visually appealing and include the type of restaurant and the meal-style served. An email address and or/phone number are essential. Many chefs still like to receive interested candidates at the back kitchen door between certain hours.

Use inclusive hiring practices, removing barriers to diverse employees and new immigrants. Reach out through non-traditional means such as cultural community media. (See additional ideas in 10.6).

You may need to seek out foreign workers for a temporary or more permanent solution. Many restaurants in Nova Scotia have had success with the Federal Government's Foreign Worker Program. Guidelines for the Foreign Worker Program are revised regularly.

For more information visit: <https://www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/hire-foreign-worker.html> or <https://novascotiainmigration.com/help-for-employers/hiring-a-temporary-foreign-worker/>

## Assessing Candidates

Review the resumes and applications you receive. Schedule and hold interviews. Call references (remember, it is a small province).

Be prepared in the interview with a list of questions (there are books written about this; and numerous restaurant industry websites where you can find a list that suits you.) Make sure you hire the best person available for the position.

There are also on-line companies that can assist you with screening potential employees, such as [www.hiringsmart.ca](http://www.hiringsmart.ca)

## Know what you are looking for

Service might be 'the highest calling' but not everyone is cut out for it. Good service comes from the heart. It isn't necessarily something that can be learned. The famous and recently deceased Chicago restaurateur and chef, Charlie Trotter believed "an individual's attitude is the most important consideration" when hiring. You will need to learn to recognize that attitude. Remember that bad attitudes can spread like wildfire!

You're the owner and the boss so think carefully about hiring your friends and family. Experienced restaurateurs say 'don't'. There is a good chance your friendship will never be the same. Try to imagine yourself supervising and possibly reprimanding and disciplining your best friend.

Try to plan ahead so you aren't making hasty choices to cover a shift the next day. All too often, restaurant staff are hired quickly with little thought because they are required immediately.

## Staff Retention

A high turnover rate is common in the restaurant business. You'll want to do everything you can to keep the best staff working for you. Not only is high turnover unsettling for customers, it costs money to hire and train staff repeatedly. The higher the turnover, the less successful your business will be.

### Pay

It is usually more than an hourly wage that keeps a good employee — although money does help! Creating a good work environment is equally (if not more) important. Great employees want to be at work. They like their work. They feel appreciated and valued for their effort and dedication. You can rest assured that these feelings spill over to your customers. You can be certain the opposite is also true.

When an increase to the minimum wage is mandated, think about giving all of your hourly paid employees the same increase.

In today's labour environment, you will likely need to pay more than the minimum wage to attract and retain employees.

### Benefits

Offering benefits like a group medical and dental plan can help, especially if you are interested in keeping career kitchen and service staff. After you've been in business for a while you can also consider incentive plans for staff who take responsibility for food or labour or other supply costs.

Familiarize yourself with the taxation laws around employee benefits. Offering a staff lunch to employees and eating in your restaurant can be considered taxable benefits.

If you show respect for your employees as human beings they will work hard for you. Show them

the same level of kindness and caring and hospitality that you want them to share with your customers. They in turn, will respect you, as a boss and as a human being, and want to stay with you.

You want your employees to feel part of the team. They are the lifeblood of your organization – they are going to execute your concept and live and breathe your brand. Get them involved. Here's some ideas:

- Conduct employee opinion surveys. These can be done anonymously using on-line tools like Survey Monkey.
- Get employees to review applications.
- Ask employees for referrals for new staff

## A Retention Strategy

For your key / management positions, consider setting up an RRSP that is matched dollar to dollar by the business. The retention effect works when the employee must stay X number of years before they are entitled to the business' portion of the RRSP contribution. Once you reach the 3 to 5 year time frame, the pot is too attractive for them to walk away because of the size of the investment and the accumulated interest. Plus, the employee gets money back each year when they file their taxes.

## Resources

Now Hiring – A Guide to Help Employers Attract and Retain Workers in a Post-Pandemic Environment. This guide, by Tourism HR Canada, provides a wide range of ideas, tips and solutions to labour challenges facing the hospitality sector. [https://tourismhr.ca/wp-content/uploads/Now\\_Hiring\\_Guide\\_Tourism\\_HR\\_Canada.pdf](https://tourismhr.ca/wp-content/uploads/Now_Hiring_Guide_Tourism_HR_Canada.pdf)

Clearing Our Path – Creating Accessible Environments for People Impacted by Blindness <https://www.clearingourpath.ca/>

# 10.4

## STAFF TRAINING

Training staff is an important part of your start-up and a never-ending part of your on-going operation.

You are the choir director and if one person is singing out of tune, your symphony will be thrown off-key and result in bad reviews from the critics! The same is true for a restaurant and your job is to make sure that everyone is singing from the same song sheet. Every day in a restaurant is a training day.

### Orientation Package/Employee Manual

An Orientation Package/Employee Manual should be prepared for new employees. This should include a written introduction to you and your company, your vision and business philosophy, a copy of any employment policies and procedures manuals, a written job description, and any legal or payroll forms. It should also outline your service expectations as well as your legal obligations. Make this Employee Manual required reading twice a year for all employees.

Prepare a restaurant fact sheet for your employees; it will do double duty as customers often ask the same questions.

All employees should be told what they are being paid and what breaks and benefits they are entitled to.

At the same time they need to know what you expect of them. What should they wear and how should they request time off? Where and when is the work schedule posted? Who should they call if they are sick or will otherwise not make a scheduled shift on time? How should they enter

the workplace and where can they hang their coats and keep their belongings safe? What are the rules around smoking and cell phones?

### Operations Manual

An operations manual is the song sheet we mentioned. It can be an enormous task to put one together. A good manual is always a work in progress. You may have more than one:

#### Service Manual:

Front of house / guidelines for service / open and closing checklists

#### Kitchen Manuals:

Recipe books, order information, cleaning schedules, etc.

It is not realistic to attempt to write an operations manual before you open. You should at least have a clear idea about how you want things done at your restaurant and be prepared to communicate them verbally. Many policies and procedures arise from the trial and error of your first weeks and months of operation.

You can find sample employee manuals on the web at [www.RunningRestaurants.com](http://www.RunningRestaurants.com). The more detailed you can be, the more successful your training will be. Don't be discouraged about the amount of time it might take to put a manual together — it will save you time and money in the long run.

### Hitting The Floor Running

Working the floor or the line in a busy restaurant is much like dancing. You have to be able to move around with skill, grace, intention and speed without stepping on anyone's toes.

How your employees work together in the restaurant is much like a choreographed dance.

Like dancing, it means if one member of the troupe is out of step, the whole performance can be thrown off. A chef once described a server who couldn't 'get in step' to be as dangerous as a live electrical wire bouncing out of control around the room.

Why not ask a potential new hire to come to an 'audition' (a trial shift or working interview) before making an offer of employment? You can learn to recognize talent pretty quickly. In a few hours you can judge knife skills, cleanliness, and a readiness to take on a new task.

Because restaurants can be busy, chaotic and unforgiving, you are wise to wait until an employee is trained and has had the benefit of some one-on-one floor training before throwing them to the wolves, so to speak.

Remember, your restaurant will more often than not be judged by the customer's last visit. You are only as good as your last meal, and if a customer's experience of food or service was marred because a new employee is still learning, we can guarantee you the customer will be more forgiving if they know this up front.

### Technical/Skills Training

There are a variety of formal training programs available in Nova Scotia that would benefit anyone involved in the food and beverage sector. From university degree programs (Hospitality Management Programs at Mount Saint Vincent University and Cape Breton University) to college level courses in culinary arts and tourism management through the Nova Scotia Community College (NSCC) and private training programs. Nova Scotia's Tourism Human Resource Council also offers a variety of programs, including the 'Serve Right' Manager and 'Serve Right' Server programs. See <https://tourismhrc.com/training-program/> for a full

list of programs available through the Human Resource Council.

For more information visit:

<https://www.nsc.ca/programs-and-courses/index.asp>

If you want wine to play an important part in your restaurant you might consider Sommelier Training. For more information visit:

<https://atlantic.sommelierscanada.ca/page-18067>

Wine appreciation courses are offered privately and through the Nova Scotia Community College.

You and many of your staff will be required to take a number of industry food and safety courses available in the province.

Food Hygiene (Handling) courses are offered and required by the Food Safety Division. A schedule of course options is available online: <https://novascotia.ca/nse/food-protection/food-hygiene-course.asp>

First Aid/CPR courses are available through various organizations including the Canadian Red Cross: <http://www.redcross.ca/where-we-work/in-canada/nova-scotia>, St. John's Ambulance <https://www.sja.ca/en/first-aid-training> and Lifeshield <https://lifeshield.ca/course-list/>, among others.

Workplace Hazardous Materials Information System (WHMIS) training is available at the NSCC and through a number of private training agencies. It is available in the classroom or online. For more information visit: <https://safeandcertified.com/nova-scotia-whmis-training.asp#:~:text=The%20provinces%20and%20territories%20have,information%20or%20change%20in%20conditions>.

Occupational Health and Safety Training is available through [https://www.ccohs.ca/catalog/courses\\_list\\_nova.php](https://www.ccohs.ca/catalog/courses_list_nova.php)



Eilliot's Dining Room, White Point Beach Resort

The “Serve Right” beverage training program training for servers and managers is offered through the Nova Scotia Tourism Human Resource Council (NSTHRC). For a listing of what is available in your area, visit <http://www.tourismhrc.com/>

Through NSTHRC you can also access Emerit.

[Emerit](#) provides a wide range of training resources including online learning and training for over 40 occupations within the tourism and hospitality sector, custom training programs, instructor guides and a range of other tools to assist with staff training and management.

## 10.5

### MANAGING

Employees need to know what is expected of them. If they are good, let them do their job. But, they need to know the consequences of poor performance, dereliction of duty, and dishonesty. As manager, you need to be prepared to lay down the laws and consistently enforce them. You also need to be prepared to repeat the same things every day.

Your role as a manager is POSDC – Plan, Organize, Staff, Direct and Control. You may well find that you need some training to help you in this role.

Not only do you have to ensure your staff all show up on time, look presentable and be good at what they do, you need to get everyone working together as a team.

It's very important that the dining room staff (your sales people) and the kitchen staff (the manufacturers) work together as a team, and it's your job to manage this team. This can be a big job, because there can be resentments between the two groups. You will need to work continuously at balancing this often delicate relationship and maintaining good morale within each team. There will be days when staff don't get along and your job of managing can feel more like babysitting.

### The Schedule

The schedule can be more than a schedule of who works what job and when. It can be one of your most valuable and powerful management tools. Who works what shift on what day and with whom? It might sound simple, but it can sometimes be a difficult puzzle to put it together.

You must ensure you have strong and experienced staff alongside new or underperforming ones. Not only are you balancing your teams with new and experienced members, you are also managing, perhaps even balancing the incomes of your staff. If Friday night dinner is your busiest service of the week, it means whomever works that shift will more than likely go home with the most tips.

To show respect for your employees, try to post a staff schedule as far in advance as is operationally possible. Small details like posting the schedule more than a week in advance can go a long way in giving employees the flexibility to plan their own lives.

### Keep Good Documentation

Keep good employee records including disciplinary forms on each employee.

Conduct staff reviews every 6 months to a year. And make sure you follow up to address issues that are identified.

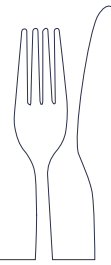
## 10.6

## DIVERSITY, EQUITY AND INCLUSION IN THE WORKPLACE (DEI)

A DEI focussed workplace is one where every employee feels included and valued while acknowledging differences and how the differences contribute to the organization's culture and business outcomes. It makes everyone, regardless of who they are and what they do in the business, feel equally involved and supported in all areas of the workplace.

**“ As a discipline, DE&I is any policy or practice designed to make people of various backgrounds feel welcome and ensure they have support to perform to the fullest of their abilities in the workplace. Diversity refers to the presence of differences within a given setting; Equity is the act of ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual. Inclusion is the practice of making people feel a sense of belonging at work.” ”**

<https://builtin.com/diversity-inclusion/what-does-dei-mean-in-the-workplace>



### Benefits of a Positive Restaurant Workplace for Diverse Employees

- Increased productivity
- Better retention/lower staff turnover
- More recruitment opportunities
- Better dining experience for customers
- Increased business
- Improved community image and positive community relationships

(Source: Restaurants Canada, How to Create a Positive and Inclusive Workplace, 2020)

Diversity covers a wide range of differences:

- Religion
- Culture
- Socio-economics
- Gender identity
- Physical abilities/disability status
- Sexual orientation
- Age
- Education
- Work interests and experience

Having a DEI focussed workplace starts with the design of the workplace - ensuring that it is universal, allowing the participation of a diverse staff. The hiring process must be free of bias and give all applicants, regardless of their background, an equal opportunity. It also requires carefully examining all design elements, systems, policies and practices to identify anything that perpetuates inequity and limits opportunity, and then developing an active and engaging plan that reaches out to every

employee – they must all be engaged and be part of the solution.

Key steps in establishing an inclusive workplace are identified in Restaurant Canada's How to Create a Positive and Inclusive Workplace Toolkit:

- Use inclusive hiring practices:
  - In advertising – inclusive language, promote jobs on a variety of platforms
  - Review screening processes to identify and remove biases and ensure all qualified applicants receive consideration
  - Have a standard set of interview questions
  - Ensure onboarding and training of employees includes information on having an inclusive, healthy and safe workplace
  - Include diversity on your hiring panel
- Remove barriers to employment for newcomers and immigrants
- Ensure an accessible workplace to accommodate employees with disabilities – these could be an impairment or activity limitation, and may be visible or invisible. Recognize that people with disabilities represent a large pool of potential employees.
- Ensure employment practices are inclusive of racial and cultural diversity – policies should cover harassment, dress code, toxic work environment, micro-aggressions
- Ensure employment policies, practices and day to day experiences respect gender diversity
- Accommodate all religious beliefs and faith in the workplace

Having a restaurant which delivers a diverse, equitable and inclusive workplace will make it a better place to work, and help overall operations. Having a diverse and inclusive customer-facing staff who understand and appreciate diversity in your customers will foster better interaction between them, helping sales and your bottom line.

### HELPFUL TIPS

- Be transparent – communicate your vision and policies clearly to all employees
- Listen to your employees – and actively involve them in establishing a DEI workplace
- Think broadly about barriers – they could be attitudes, policies and procedures, physical, communication tactics, technology devices

### Resources

Restaurants Canada, How to Create a Positive and Inclusive Workplace

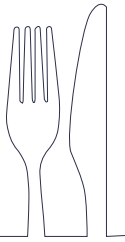
[https://info.restaurantscanada.org/positive-inclusive-workplace?gclid=CjwKCAiAleOeBhBdEiwAfgmXfzkGOIvTNbvQpqZsJQLDpLuoWJ-0HoeYj7viIgtTeowOIGiEJmxhoCqK0QA\\_vD\\_BwE#about\\_the\\_guide\\_0](https://info.restaurantscanada.org/positive-inclusive-workplace?gclid=CjwKCAiAleOeBhBdEiwAfgmXfzkGOIvTNbvQpqZsJQLDpLuoWJ-0HoeYj7viIgtTeowOIGiEJmxhoCqK0QA_vD_BwE#about_the_guide_0)

Diversity in the Hospitality Industry – Five Brands Leading by Example

<https://breezy.hr/blog/diversity-in-the-hospitality-industry>

Canada's LGBT+ Chamber of Commerce provides training and certification to meet the needs of the LGBT+ community as employees and customers. Visit <https://www.cglcc.ca/programs/training/>.

They also have a Rainbow Registered Accreditation Program for 2SLGBTQI+ Friendly Spaces <https://www.cglcc.ca/programs/rainbow-registered/>



## 10.7

## WHEN IT DOESN'T WORK OUT

You will want to follow the letter of the law when you need to let someone go (and you will need to let people go.) Familiarize yourself with the legislation, the Nova Scotia labour standards code, and the common law that surrounds the termination of any employee.

Letting someone go early is always your best option. Work hard to train new employees, but if they just aren't cutting it after a reasonable period of time, learn to let go. Terminating an employee can be relatively straightforward in the first three months of employment. You can kindly and gently tell someone it just isn't working out.

After three months, it can be more complicated. There are proper steps you need to take, including giving the employee verbal and written warnings that their behaviour or performance is unacceptable. You have to give notice and deliver it properly.

It is always in your interest to handle employee termination with care and dignity and to do your best to end the relationship in a good way. Like all 'ex's', ex-employees don't always go away nicely. Some disgruntled employees may even take to social media, often anonymously, to post grievances about your restaurant.

### HELPFUL TIP

#### Be Slow to Hire, Quick to Fire

You will find out pretty quickly if a staff person is not going to work out. Once you do, deal with it immediately.

It's human nature to not let someone go when you should. But if you don't, you will find that good employees will leave, and you will be left with a high proportion of poor employees.



École dans l'Anse Resto sur Mer  
Belliveau Cove, Yarmouth and Acadian Shores

## 10.8

## HELPFUL RESOURCES

### Reading List

*A Guide to The Nova Scotia Labour Standards Code*

<https://novascotia.ca/lae/employmentrights/docs/LabourStandardsCodeGuide.pdf>

*Human Resources for Dummies by A Wiley Brand*

<http://www.dummies.com/how-to/content/human-resources-kit-for-dummies-cheat-sheet.html>

*Running a Restaurant for Dummies by A Wiley Brand*

<http://www.dummies.com/how-to/content/running-a-restaurant-for-dummies-cheat-sheet.html>

*Setting the Table: The Transforming Power of Hospitality in Business* by Danny Meyer

<http://www.amazon.com/Setting-Table-Transforming-Hospitality-Business/dp/0060742763>

Tourism HR Canada HR Tools

<https://tourismhr.ca/resources/hr-tools/>

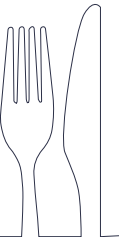
# CHAPTER ELEVEN

## OPERATIONS

Your restaurant needs to run like a well-oiled machine. There are a lot of minutiae in the life of a busy restaurateur. These seemingly small operational matters are integral components of keeping your business running.

Operate your business as though it were a franchise type restaurant. Seek out the measurement systems and controls that a franchise would use to secure their profits.

### KEY TAKEAWAYS



### CHAPTER MODULES

- 11.1** The Point of Sale/POS
- 11.2** Collecting Payment
- 11.3** Gratuities
- 11.4** Waste Management
- 11.5** Suppliers
- 11.6** Cleanliness... is Next to Godliness
- 11.7** Maintenance
- 11.8** Linens/Laundry
- 11.9** Safety and First Aid
- 11.10** Minimizing your Environmental Footprint
- 11.11** Bookkeeping
- 11.12** Payroll
- 11.13** Forms and Manuals
- 11.14** Records Management
- 11.15** Insurance
- 11.16** Helpful Resources

- **Get organized**  
Although it's easier said than done, the more systems you have in place the easier your day to day operations will be for you and your staff (not to mention beneficial for your customers).
- **Talk to others**  
Many experienced professionals would be happy to share their experiences and advice. The food service operations can be very tricky at first— talking to those who've been there will be beneficial.
- **Develop systems for your systems**  
Once things get moving, it will be important to keep your team updated about schedules, expectations, rules, and changes. It's helpful to create accessible documents to which staff can consistently refer.





## POINT OF SALE (POS)

Your POS system (how you sell and keep track of your sales) is key to your survival and the 'heartbeat' of your operation. The sale of POS systems is a highly competitive business with literally hundreds of different products and services on the market. New technology is constantly impacting POS systems. Learn from existing restaurant operators who offers the best value and service.

### Look Around

Start your research early. You will need to make a number of decisions. Do you have options to buy or rent the systems? What kind of reporting information do you want or need? POS systems are an important tracking and efficiency tool. Revenue (sales), labour, and inventory can all be managed by a single system.

Your sales can be emailed to you automatically at the end of each day. You can keep your eye on what's selling the most, who is signing in late, how many customers are coming each day and how much they are spending on average.

If you are a small/simple operation, you may be able to use an I-PAD based system which would be less costly. POS systems can run from \$10,000 for a simple system up to \$30,000 plus.

Check out other restaurants and ask other owners/managers about the systems they use.

### See How It Works

Ask local suppliers to do a demonstration of their systems.

You need your POS system to tell you what is sold during the day. The system should print a guest check or order which is then used as a requisition for the product to be given to the server. The guest checks should be carefully accounted for to ensure none are missing. This way you can be relatively certain that no employee is receiving food or liquor without recording it and collecting the money for it. Your POS system will need to generate the sales reports needed to 'cash out'.

Employees giving free food or drinks to friends are committing theft. At the end of each shift, employees balance their sales with the revenue they have collected.

Be sure to find out exactly what, and how quickly, the POS supplier can provide service if something goes wrong and you have a problem. It can be paralyzing for your business to have the POS 'down'. Have a contingency plan in hand for this type of problem.



Margaree Valley, Cape Breton Island

Photographer: Phototype



## COLLECTING PAYMENT

In most restaurants, a large percentage of your sales are received electronically through credit or debit cards. This is also a highly competitive and aggressive business. The fee and cost structures are extremely complex, making it difficult to make comparisons between companies.

### There Will Be Fees

Overall, you should expect it to cost you 2%-3% of each dollar you collect electronically in fees. In addition, most providers charge a monthly fee for each terminal you require.

### Look Around For Discounts

Take advantage of pricing discounts through an organization that you are a member of like the Restaurant Association of Nova Scotia, the Tourism Industry Association of Nova Scotia or the Chamber of Commerce.

Your bank or credit union may have a partnership or alliance with a particular provider and can help streamline the set up process.

### Have a Back-up Plan

When your machine is down (because it will go down), make sure you have a system for recording and/or processing credit and debit card payments by hand. SQUARE, which accepts credit cards from a smart-phone or PAD is a good back-up plan.

Troubleshooting malfunctions will require much of your time 'on hold' at the 1-800 technical help center, which can be very frustrating during a busy lunch/dinner service.

You can expect upwards of 90 percent of today's restaurant receipts to be received electronically, either by credit or debit cards.

### Cash

Cash does still trickle in, and a few restaurants are still bucking the trend and accept cash only. You will require a system to collect, count, record, and deposit your cash receipts.

## 11.3

## GRATUITIES

How will you handle gratuities in your restaurant? Will they be shared among support and kitchen staff? Will tips be pooled?

Before you make a decision, you should review Revenue Canada's rules about how tips and gratuities are to be handled and accounted for. How tips and gratuities are handled will determine whether or not income from tips and gratuities form part of an employee's pensionable and/or insurable earnings.

This is all rather complicated. But basically it comes down to whether the tips are considered to have been paid by the employer (controlled tips) or whether they are considered to have been paid by the client (direct tips). In the latter case, you will need a House Tipping Policy that defines how tips are shared; this policy must be designed by the employees, not by the employer; a separate bank account controlled by employees is a good option if you don't have a cash tip float. Both the tip float and the account are advanced money from the restaurant to cover the approximate tips each day. The tip arrangement developed by employees must be documented and employees must sign it.

Whatever approach you introduce, recognize that sharing of tips with kitchen and bartending staff is important so as to reward everyone.

Service charges are considered to be imposed by the business and are therefore considered controlled tips; gratuities are at the discretion of the customer.

For more information visit: <http://www.cra-arc.gc.ca/tx/hm/xplnd/tps-eng.html>. **Note that in future there may be some changes in the regulations regarding tipping so be sure to get up-to-date information from CRA.**

It is important to get the tipping process correct; if you have questions contact the Restaurant Association of Nova Scotia.

## Controlled Tips

Controlled tips are gratuities that are controlled by the employer. This means the employer is considered to have paid these amounts to the employee. If you add an automatic percentage tip to a client's bill or pool tips and share them with all employees, they are considered controlled tips.

Controlled tips form part of the employee's total remuneration and are subject to CPP contributions and EI premiums being deducted at source, provided that this person is employed in pensionable and/or insurable employment.

## Direct Tips

Direct tips are gratuities that are paid directly by the client to the employee and that are not subject to any of the forms of control by the employer as mentioned above under the heading controlled tips. These would include when a client leaves money on the table and the server keeps the whole amount and where tips are shared or pooled by the employees themselves (and not by you as the employer). It is also considered a direct tip when a client includes an amount for a tip and the employer returns the tip amount in cash to the employee. The term 'direct tips' denotes the principle of when the employer has no control over the tip amount and no control over the tip distribution. Direct tips are considered to have been paid by the client and not the employer. In these situations, the employer is merely a conduit for the tip from the client to the worker.

With direct tips, the employees collectively have to design and agree on how the tips are shared, e.g. with kitchen staff, bartenders, etc.

Direct tips are not subject to CPP contributions and/or EI premiums. However, an employee can elect to make CPP contributions on tip amounts earned in the course of pensionable employment where the tip income is found not to be subject to CPP contributions at source.

## 11.4

## WASTE MANAGEMENT

Getting rid of restaurant waste is complicated and expensive. It is not unusual for waste management to cost in the range of \$500 to \$1000 a month for a typical small restaurant.

To comply with current provincial and municipal regulations regarding waste disposal you will need services for:

- Garbage waste
- Organics (you must separate all food waste)
- Cardboard/Box board
- Container/plastic recyclables
- Refundable recyclables
- Paper

For more information, visit <https://novascotia.ca/nse/waste/regulations.asp>. There are numerous resources on recycling and waste reduction available through divertns at <https://divertns.ca/recycling-101>

In addition, if you have fryers in your kitchen, you will need to dispose of cooking oil. B.D. Rae ([www.bdrae.ca](http://www.bdrae.ca)) collects oil from restaurants across the province for free. The oil is used for bio-fuel.

Be sure to read the fine print before signing a waste management contract. You may discover the paper you signed when you first opened has you locked in for a long period of time. Like cell phone contracts, these can be very difficult to end, even if you are receiving poor service.

Good waste management will also help control pests; you will also need a pest management service contract.

## 11.5

## SUPPLIERS

Good purchasing decisions affect your bottom line. As a wise person once said, "you make more money buying than selling." Loyalty is important – build a good relationship with your suppliers.

Purchasing is buying everything you need for your restaurant: food, beverages, equipment, paper goods, tables, silverware, cleaning and maintenance services, and everything else.

Ask other restaurants for recommendations on suppliers. Interview suppliers. Ask them for samples.

## Develop Systems For Ordering

You don't want to run out of stuff. It is annoying for customers to be told that items are not available. Keep a current phone list of your suppliers at all times and a schedule of their delivery times. Determine if the delivery schedule works for you. What are the payment terms? It can be a headache to write cheques at the back door if you are on COD (cash or payment due on delivery) with your suppliers and they arrive in the middle of your lunch rush.

You need systems for receiving shipments. Ensure that every item on the invoice was indeed received and it is both what you ordered and of good quality.

## Think About Buying Locally

Consumer interest in "buying local" has grown exponentially in the past decade and has now become mainstream. Consumers expect local food, wine and beer as well as foods that are

produced in a sustainable way. Local foods are fresher and more flavourful, support local farmers and economies helping to create jobs in rural areas. They are also healthy and environmentally friendly in that they don't have to travel as far. Of particular importance to consumers is that they know what they are buying and where it comes from, and can find out how it is raised. All of these factors became even more important to consumers during the COVID-19 pandemic. Eating local is particularly important to visitors.

The benefits of buying local became even more apparent during the pandemic when supply chain issues were prevalent. Look at buying as many of your supplies as possible locally - you will have fewer supply chain challenges, support Nova Scotia's economy and likely get better prices. And, this will have a positive impact on your environmental footprint.

In Nova Scotia, the opportunities for restaurants to 'buy local' are extensive and include fresh fruit and vegetables, meats (beef, pork, chicken) and seafood as well as wine, beer and spirits. Purchasing only sustainable seafood is also important to many consumers. Some restaurants are going even further - to 'hyper-local' foods - growing their own herbs and vegetables, for example.

Visit your Farmer's Markets and get to know the farmers and other local suppliers. Choose suppliers who are in-line with your brand identity and personal convictions. Nova Scotia has a website <https://buylocal.novascotia.ca/> that provides a directory of local farmers and purveyors of local products. The province is developing a new provincial buy local program, Nova Scotia Loyal. Information on sustainable seafood can be found at <https://ecologyaction.ca/our-work/marine/sustainable-seafood>.

## Negotiate Pricing

Don't hesitate to ask other restaurateurs what they are paying for products and services. You might be surprised at the range of prices. Even the price of heating fuel can be negotiated.

You can consider joining a buying group like that is 100% owned by members. There are two types - some have a membership fee and will offer lower prices; others are free.

RANS website can provide a list of these types of groups.



## CLEANLINESS... IS NEXT TO GODLINESS

You cannot give enough attention to keeping your restaurant clean. You have options: an outside cleaning company or your own staff. To do a really good job, you will likely need both.

### First Impressions Count

Always keep your windows clean, plain and simple.

### Dishes and Cutlery

You must continuously look and feel for cleanliness. Don't use dishes that are stained and chipped.

Flatware can get bent and will need to be continuously replenished (you'd be surprised how much flatware is inadvertently thrown out when plates are scraped before washing). Salt and pepper shakers should be cleaned frequently and kept filled.

### Stay Diligent

Tabletops and the walls next to tabletops need to be clean always. Menu covers are often the dirtiest item in a restaurant. Just think about how many people touch them in day. Think about this the next time you see a server carrying the menu in their armpit!

### Check Bathrooms Often

Bathrooms must be spotless. This is critically important. Toilet paper and hand towel dispensers need to be filled at all times. While you are at it, make sure the taps aren't dripping and the handles work the flush.

### Cleaning Checklists

Cleaning won't happen automatically. You will need opening and closing duties to remind staff about what needs to be cleaned and how often. Often called "side duties" for front of house staff, these are essential to keep your restaurant clean. A schedule for when the coffee machine is cleaned; when the salt and pepper shakers are put through the dishwasher, etc. The devil is in the details.

For obvious reasons, you want to keep your kitchen clean as this is the first step in maintaining food safety for your customers. Issues with cleanliness are the #1 problem that food safety inspectors find.

Clean it Right is an educational program on cleaning and sanitizing offered by TIANS. Certified businesses are acknowledged on novascotia.com. A module of this program is available for restaurants. You can find links to the program at <https://nstourismstrong.ca/clean-it-right/>



## MAINTENANCE

A new restaurant can look pretty shiny and new. But as quickly as a few months, wear and tear can start to show. Customers do notice.

### Keep on Top of Things

Small repairs done often may save you from bigger maintenance jobs down the road. For example, keep on top of paint chips - keep some of your dining room paint colours in small plastic containers and use Q-tips to apply it as needed.

### Test Out Your Furniture

Never stop sitting in the chairs of your restaurant and taking a look and feel around from the perspective of a customer. Run your hands over and under the edges of your tables: yes, people still put gum there!

### Light Bulbs

A burned out light bulb is a sign that no one notices stuff around here; nobody cares. Lighting

is a very important element of a restaurant's ambiance. Replace busted bulbs right away.

## Kitchen Equipment

Kitchen equipment can need regular maintenance and inspection. Grease traps under your kitchen sinks need to be cleaned, usually by a professional industrial cleaning company. Kitchen exhausts and canopies need to be thoroughly cleaned (the frequency will depend on how much grease you are extracting with the air) on an on-going basis, again, by an industrial cleaning company.

Fire suppression systems over stoves and ovens and fryers require annual inspection. Fire extinguishers must also be inspected annually.

You may also need fire safety inspections on a regular basis; check with your Fire Marshal or municipality.

# 11.8

## LINENS/LAUNDRY

If you've chosen linen for your tables and napkins as part of your decor, don't forget to factor in the on-going costs of laundering these items.

You should be able to find a few local businesses that provide a linen and laundry service. If you have chosen linens, keep in mind you will need to

have the space to store a week's worth of linens, clean and dirty, as most services will only deliver and pick up once a week. A linen service can also provide entry floor mats, uniforms, and towels.

Many restaurants operate their own laundry, with an in-house washer and dryer. While you maintain complete flexibility over your supply of clean linen and this definitely has its advantages, it also means you are now supervising your staff doing laundry. Keeping linens clean isn't the same as putting your jeans in the wash! Sorting and folding is time consuming.

Laundry fees can grow to be exorbitant. It is not uncommon for restaurants to 'ration' towels for the kitchen and bar staff. Remember that every linen napkin that goes out to be cleaned is at your expense. Set standards for how many napkins are provided to guests.

Be careful to read the fine print if you are signing a 'linen service' contract. You can find yourself locked in for a 5 year term with no way to get out except taking the company to court. It doesn't matter if they aren't providing a quality service.



# 11.9

## SAFETY AND FIRST AID

**Safety of your employees and customers must be always top of mind.**

Your restaurant should have a well-stocked professional first aid kit and emergency procedures. Your kitchen staff will no doubt cut and burn their hands. Your front-of-house staff will need band-aids for blisters on their feet. Staff should have First Aid training.

Make sure your employees know where all emergency exits are located. Make sure the emergency lighting is tested and batteries replaced on a regular basis.

# 11.10

## MINIMIZING YOUR ENVIRONMENTAL FOOTPRINT

**If you are building new, you can really think ahead about ways to make your restaurant more energy efficient and to otherwise minimize your environmental footprint.**

The upside is that thinking this out before you begin can lower your energy and other costs throughout your time in business, saving you significant amounts of money over time.

### Look into Waste Water Recovery Systems

There is a way to save on the cost of hot water by having the water that feeds your hot water tank

pre-warmed by the very hot water that is running down your drain every few minutes during the cycle of your commercial dishwasher. It may sound complicated, but it is actually quite simple.

If you are installing new plumbing for your kitchen – or even if you want to modify your existing set up – ask your plumber about wastewater recovery systems.

## Make Green Decisions

Operationally, there are many choices you can make:

- Don't let taps or toilets run
- Choose packaging materials that are compostable, recyclable, and re-usable.
- Don't use Styrofoam – with the big increase in demand for take out, look for sustainable packaging, eliminate plastics and minimize waste
- Don't bring water for customers unless they ask. Consider how many glasses of water are untouched by guests. Not only is this a waste of the water itself, think about the energy and labour costs to wash glasses.
- Increase your purchase of local supplies and food
- Increase plant based vegan and vegetarian items on your menu
- Buy recycled paper products
- Ensure your equipment is energy efficient. Newer models use less electricity and fuel. Efficiency Nova Scotia offers rebate programs to help you upgrade to more efficient models and fuel sources. For more information visit: <https://www.energycns.ca/business/business-types/small-business/>

For additional ideas, download Sustainability Best Practices - high efficiency steps for implementing low impact operations and embracing future-ready foodservice. <https://info.restaurantscanada.org/sustainability-best-practices-guide>

## 11.11

## BOOKKEEPING

Keep on top of your bookkeeping, even before the restaurant opens. If you are managing your restaurant, you may not want to even think about doing the books yourself.

A good bookkeeper is worth their weight in gold, but they can be hard to find. Ask around for recommendations. It can be helpful to find a bookkeeper who has other restaurant accounts.

Always try to stay ahead of the game with maintaining your accounts. You need access to timely financial statements showing how your business is doing and will want 'your books' to be as up to date as possible at all times.

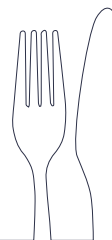
Also, the Government wants their cut on time. You will need to submit monthly CRA source deductions (the tax and other deductions you withhold from your employees pay) and HST (Harmonized Sales Tax) on time, every month (or every quarter). If you ever fall behind, even one payment, it can be difficult and often impossible to ever catch up again. If your payment is late, hefty fines and interest will apply.

### HELPFUL TIP

#### Manage Your HST Revenue

Manage your HST revenue carefully. It comes in with your sales revenue and it is easy to lose track of how much you will owe on your HST remittance. You may want to consider a separate bank account for HST revenue and transfer money in weekly.

Commit to paying your HST monthly.



## 11.12

## PAYROLL

Today there are more options than ever for managing payroll. You can choose to do it in-house (from start to finish), you can work with a local payroll company, or you can take advantage of online payroll services.

Whichever you choose, you will need to:

1. Have new employees fill out some paperwork, recording their name, address, date of birth, social insurance number, their next of kin (or who they want you to call if they faint on the job). They will also need to fill out tax calculation forms so you know how much tax to withhold from their cheques.
2. Calculate and verify hours of work and set pay rates. You will also need to set the payroll period (likely weekly or bi-weekly).
3. Whether you are using a payroll company or running the payroll yourself, you can choose to pay employees by cheque or by direct deposit. There is a cost to both methods.

## 11.13

## FORMS AND MANUALS

You will need a multitude of internal forms to keep your restaurant running smoothly. You don't need to invent these from scratch. There are many resources out there where you can obtain electronic templates and **revise them to fit your establishment and help you manage. Operations and employee manuals will also be essential.**

The following forms are commonly found to be important for day-to-day operations:

- Opening and Closing Duties
- Food ordering sheets
- Prep sheets
- Waste sheets
- Inventory Sheets
- New Employee Information Sheet
- Cash Out Slip
- Daily Cash Balance Spreadsheet
- Staff Schedules
- Forms to record breakage and waste

As a starting point, check out Restaurant Canada's start up guide for a CD of forms.

As noted in Chapter 10, you will need an Operations Manual, perhaps more than one such as a Service Manual and a Kitchen Manual as well as an Employee Manual or Orientation Package. Work on these and keep them up-to-date; they can be a valuable sales feature when/if you sell the business.

## 11.14

## RECORDS MANAGEMENT

If you are carrying on a business or engaged in a commercial activity in Canada, you are required by law to keep adequate records.

Your records have to provide enough detail to determine your tax obligations and entitlements. Also, your records have to be supported by original documents.

Record keeping is an important part of every business. Most agencies require you to save records for a certain period of time. All of these rules apply to the restaurant business.

The specifics on what you need to save and for how long can be found on the federal government website: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/keeping-records.html>



Grand Pré

11.15

## INSURANCE

Insurance will be an important element of your business. All restaurant operators should carry insurance regardless of the size of your business. The cost of insurance will depend on the level of coverage you need.

If you have purchased your property, you will be required to have property and fire protection insurance. This type of insurance will be required by your bank or lender to secure a mortgage on the property.

If you are leasing, you will want to find out what insurance the landlord covers on the premises and then design insurance coverage for everything else.

You will want liability insurance to cover claims made against you for bodily injury or property

damage arising from your operations. You will also want product liability in case of food poisoning.

Equipment and stock coverage may be necessary to protect your inventory (a loss of power and refrigeration can be very costly).

In addition, you may want to consider business protection insurance or loss of income protection. Such insurance would protect your business from a loss of revenue, if, for example, your restaurant has to close for a few months following a fire.

Crime coverage will protect you from losses caused by employee infidelity or theft. Robbery and Holdup protection will cover you in the event of a robbery.

Shop around for the best coverage and the best price. Consider using an independent insurance broker, and ask other operators for recommendations. Don't be afraid to ask for better rates when you are renewing.

11.16

## HELPFUL RESOURCES

### Reading List

*The E-Myth Revisited* by Michael Gerber

<http://www.amazon.ca/The-E-Myth-Revisited-Small-Businesses/dp/0887307280>

*Running a Restaurant for Dummies* by A Wiley Brand

<http://www.dummies.com/how-to/content/running-a-restaurant-for-dummies-cheat-sheet.html>

*Restaurant Basics: Why Guests Don't Come Back...and What You Can Do About It* by Bill Marvin

[http://www.amazon.ca/Restaurant-Basics-Guests-Dont-About/dp/0471551740/ref=sr\\_1\\_fkmr0\\_1?s=books&ie=UTF8&qid=1397312045&sr=1-1-fkmr0&keywords=Restaurant+Basics+Revisited+bill+marvin](http://www.amazon.ca/Restaurant-Basics-Guests-Dont-About/dp/0471551740/ref=sr_1_fkmr0_1?s=books&ie=UTF8&qid=1397312045&sr=1-1-fkmr0&keywords=Restaurant+Basics+Revisited+bill+marvin)

*Canadian Restaurant Accounting (2nd Edition)* by Douglas Fisher, FHG International Inc.

<https://www.restaurantscanada.org/product/canadian-restaurant-accounting-handbook/>

*Sorting it Out: A Guide to Waste Reduction, Recycling and Composting in the Food Service Industry*

<https://bewastewise.com/wp-content/uploads/2019/10/Restaurant-and-Food-Guide-Final.pdf>



Photographer: Reilly Mooring

Grand Banker

## BUSINESS PHILOSOPHY TOMASSO'S ITALIAN GRILL, TRENTON, ONTARIO

Our customers have appetites, therefore our menu must be appetizing.  
 Our customers have choices, therefore we strive to be their first choice.  
 Our customers demand quality, therefore, our recipes must be authentic.  
 Our customers seek more than food, therefore our service must be more than exceptional.  
 Our customers have memories, therefore we must be more than memorable – famously.  
 Because of our customers, we exist!

# CHAPTER TWELVE THE CUSTOMER

The customer isn't always right, but they are always the customer!

Steve Jobs knew what makes a business work. He showed the world that the customer-user experience trumps everything. He understood how to make a customer loyal. Unless your business model is all about serving ice cream on hot days where a cruise ship is scheduled to dock, you won't survive long by serving one-time-only customers.

To be successful in the restaurant business you need to attract a loyal following of customers who continue to grace your door again and again, and to bring their family and friends. You also have to continuously attract new customers to try you out for the first time.

### KEY TAKEAWAYS

- **Put yourself in their shoes**  
The customer experience trumps everything. Every detail of your restaurant needs to be considered from the customer's perspective.
- **Make them feel at home**  
Good customer service is important; but if you want to create a rave-worthy dining experience you must also demonstrate genuine hospitality.
- **Make criticism constructive**  
The customer isn't always right, but they are always the customer: Learn to accept complaints and do everything you can to recover when something goes wrong.

### CHAPTER MODULES

- 12.1 Understanding Who Your Customer Is
- 12.2 Customer Service
- 12.3 Hospitality vs Service
- 12.4 When Things Go Wrong
- 12.5 How to Handle Complaints
- 12.6 What to do if a Customer Says Your Food Made Them Sick
- 12.7 Managing Accessibility Regulations and Standards
- 12.8 Consistency/Standardization
- 12.9 Helpful Resources

## 12.1

## UNDERSTANDING WHO YOUR CUSTOMER IS

You need to talk to your customers. You need to find out who they are. Listen to them. They will tell you what you need to do to keep them coming back. Find out why they choose you instead of going to the hundreds of other restaurants.

To create value for your customers, you need to understand who they are and what they want. You need to understand what it is they are expecting from you. Without this knowledge, you don't really have a hope of learning to manage their expectations.

Consider what your regular customers like to order or where they like to sit when they visit. Do your best to deliver the product and service they want: cater to them. Of course you can't go about changing everything just because someone wants it or thinks it is a good idea, but you can make changes that make sense for your business and concept.

### Expectations: Meet and Exceed

Regardless of the type, style or size of the restaurant you are operating, you can be sure that every customer arrives with a set of expectations. Whether they are ordering a hot dog from a chip wagon or sitting down to an anniversary dinner in a fine dining restaurant, you will need to meet or exceed their expectations in order for them to return.

If you've advertised yourself as having the best fish and chips in town, you'd better be serving fantastic fish and chips. A customer isn't going to expect you to take a reservation and serve their

fish and chips on china and white linen. In fact, they'll be happy if they are served on newspaper as long as the fish and chips are good.

The bottom line is: customers who are not happy, whose expectations you have failed to meet, will not come back.

### Responding to A Diverse Marketplace

Nova Scotia's population and visitors are diverse. Diverse customers provide a market opportunity for restaurants - provided their tastes, interests and needs are met. And all consumers have a higher level of interest in experiencing culturally diverse menu items. Consider the following suggestions to respond to these opportunities.:

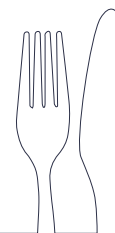
- Offer a diverse, equitable and inclusive place of employment and train your employees to respect diversity in your customers.
- Offer menu items that respect cultural sensitivities, and make sure your menus are clear and authentic in this respect.

Tourism HR Canada offers training on catering to international visitors. See <https://emerit.ca/category/sensitivity-and-diversity-training>.

### HELPFUL TIP

#### Keep Records on Your Customers

Keep records on your regular customers – what they like and dislike, any allergies, dates for special occasions, etc. Having this type of information (and using it) can really impress customers and help you build strong relationships with them. This can be achieved through a record book or client relationship management system.



## 12.2

## CUSTOMER SERVICE

You need to consider every detail about how it feels to be a customer in your restaurant. Everything you do, every system and rule, needs to be considered from the customer experience.

### Telephone

Customer service begins with how you pick up your phone. If you can't answer it, what does your customer hear on your voice mail message? Do you provide some basic information, like address and hours you can visit for lunch or dinner, and what to do if they want a reservation?

You must return calls in a timely way. Remember, nothing compares to getting a live friendly voice on the phone and having your inquiry satisfied immediately.

### Reservations

Should you take them or not take them? Some restaurants find success with a bit of both. That is, taking reservations for part of the restaurant and leaving the remainder of seats for walk in customers. There are definite pros and cons to both. It is possible the 'style' of your restaurant will determine your policies about reservations.

Let's face it. Some customers really like to have a reservation and will outright refuse to go to your restaurant if they think they might have to wait for a table. They have a point. They want and need a guarantee that they can arrive with their party and be seated, immediately.

## WORDS OF ADVICE FROM THE PROS

**“ When taking phone reservations, remember that this is in fact a part of the customer's dining experience. How they are made to feel on the phone directly impacts their expectations of the restaurant. If you are taking a reservation, consider that you are already beginning to serve that customer and use this as an opportunity to start their experience off on the right foot.**

**Be accurate and prompt, repeat the details to confirm them with the customer and take note of any special circumstances they happen to mention (allergies, celebrations, whether it's their first time in, etc.). Remembering these things often go a long way.”**

Tanya King  
daMaurizio Fine Dining  
Halifax





## HOSPITALITY VS. SERVICE

If you're aiming to run an exceptional restaurant (or any other type of customer service business) you must understand the difference between service and hospitality. If you want to create 'raves' among your guests, you need to excel at both. You need to create 'legendary hospitality experiences'.

Demonstrating true hospitality is much more than carrying a plate a certain way or serving from the right and taking from the left.

Service is the technical delivery of a product. As a guest, you expect service: that someone will take your order and bring you your food and then your bill and your change. Service is mechanical, but hospitality is personal.

Hospitality is about how guests feel about what you did and how you did it. It is the sum of all of the thoughtful, caring, gracious things a server does to make a customer feel that she or he is on their side. The server or host who is warm, friendly and demonstrates a real willingness to help you is extending hospitality, not just service. Famed New York restaurateur Danny Meyer put it this way:

*"Hospitality is the foundation of my business philosophy. Virtually nothing else is as important as how one is made to feel in any business transaction. Hospitality exists when you believe the other person is on your side. The converse is just as true. Hospitality is present when*

As an operator, it is very helpful to know or have a good sense of how many customers will come through your doors that night. If you have a full house booked with reservations, you have some certainty of the number of covers you will need to service. It gives you a chance to schedule staff and prep accordingly.

But you will also have to deal with the 'no-shows'. It can be devastating to your bottom-line to turn away customers on the phone and at the door because 'all of your reservations are taken'. You are left with people who are disappointed and often angry because you've turned them away (they won't really understand why you are saying NO to them when your dining room is half empty). You are also left with a big hole in your bottom-line.

You can definitely 'turn more tables' with a no-reservation policy. As well, your restaurant can be accessible to more people. You can attract customers making last minute decisions about going out to eat. Because you don't always know if a customer who has a reservation is coming for a quick bite before a show and is in and out in 45 minutes; or if they will take two hours over dinner celebrating an anniversary.

Administering reservations can be a full time job. There are a host of electronic reservation systems out there you can explore, and their use has become much more prevalent in the past few years. There are usually costs involved. You may find it cheaper than employing a full-time reservationist, but most customers still like to make a human connection right away and be assured their reservation is secured.

### Greeting The Customer (And Saying Goodbye)

Never underestimate the importance of quickly and warmly welcoming a customer when they enter the restaurant. Nothing could be so simple, yet so complicated. Why is it that so many restaurants fail to get this right? A lot goes on in a customer's head in these few seconds or minutes when they walk through the door. Whether you're there to greet them, or leave them standing alone and not knowing where to stand will leave a lasting impression.

The same is true when guests are leaving. After dropping \$100 or more in your restaurant, most customers appreciate being thanked. Someone should say 'good day' or 'goodnight' to every customer who leaves. Not only is this common courtesy it is also an opportunity to 'touch' the customer one last time. It is your chance to be certain they are leaving satisfied or better still, 'wowed'.

#### LABELS

Avoid using labels or gender references when greeting customers. Recognizing diversity and being inclusive to all your customers means acknowledging that there are differences and that labels are no longer an appropriate way of greeting and respecting customers. By labels, we mean "Hi guys" or "Good evening ladies" or "Hello dear". Why take a chance when it is so easy to simply say: "Good Evening, Welcome to Sylvester's". Never assume someone's personal pronouns.

### The Room Temperature

Inadequate room temperature can ruin an otherwise perfect dining experience. You must learn to have control over the air quality and temperature of your dining room to ensure guests are comfortable.

Recognizing and pro-actively responding to what your guests are telling you, especially with their body language. Many customers don't like to complain but are pleasantly surprised when they see you make adjustments to the fans or thermostat because you noticed they were shivering. This is anticipating what a guest wants.

#### Service

There are a million rules for service. There are manuals of 'formal service' and books and articles about the art of service.

There really is no right or wrong; only convention. You need to set the rules of service in your restaurant and you need to train your staff to consistently apply them.

The New York Times has published a list of the 100 Things a Restaurant Staffer Should Never Do. Do yourself a favour and read the list. Have your staff read it as part of their orientation.

100 Things Restaurant Staffers Should Never Do (Part 1)

[http://boss.blogs.nytimes.com/2009/10/29/one-hundred-things-restaurant-staffers-should-never-do-part-one/?\\_php=true&\\_type=blogs&r=0](http://boss.blogs.nytimes.com/2009/10/29/one-hundred-things-restaurant-staffers-should-never-do-part-one/?_php=true&_type=blogs&r=0)

100 Things Restaurant Staffers Should Never Do (Part 2)

<http://boss.blogs.nytimes.com/2009/11/05/one-hundred-things-restaurant-staffers-should-never-do-part-2/>

As the authors note, not even a hundred suggestions can cover all the bases. There are so many details that go into good customer service. The details are definitely the devil you will need to face every day you are in business.

*something happens FOR you. It is absent when something happens TO you. Those two simple prepositions – for and to – express it all... In the end, what's most meaningful is creating positive, uplifting outcomes for human experiences and human relationships. Business, like life, is all about how you make people feel. It's that simple, and it's that hard."*

Danny Meyer, Setting the Table

### A Note To Parents...

Children can be challenging for a restaurateur. Of course, they can be charming and behave themselves. But they can also cause problems in your dining room.

If young children and toddlers are walking or running about the dining room, they can endanger your staff, other customers, and themselves.

Strollers of today are another challenge. Some parents insist on bringing their strollers right inside with them. You may not have room to park them tableside, and when they do, the strollers are blocking off access to other tables.

If your restaurant is likely to get children on a regular basis, cater to them (see the box for some suggestions). Children can have an impact on the decision about where to eat and might well be your future customers!

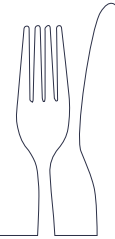
You might feel tempted to adopt a 'no children' rule. But be careful. While such a restaurant might be popular with some diners, it has the potential to stir up bad feelings and create huge public relations disasters.



### HELPFUL TIP

#### Catering to Children

- Have a kid's menu
- Offer the option of smaller portions of regular menu items for children
- Provide crayons and colouring books, toys, etc. to keep children occupied
- Reward good behaviour – buy a child a drink



## 12.4

### WHEN THINGS GO WRONG

The restaurant business is very unforgiving. Very few people will ever give a restaurant a second chance once things have gone wrong. Worse still, you can't count on a customer telling you when they are unhappy.

Research shows that most customers will not complain, they simply won't return. Customers vote with their feet.

You cannot afford to have customers leave your restaurant dissatisfied with the service they received: they will not return and, in addition, they will tell their friends not to go to your restaurant. You've not only lost their future business, they can make matters worse.

You should know if there is a problem BEFORE the customer leaves the restaurant. The restaurant business is unique in that, as long as you know, you have a chance to fix the problem before customers leave.

These days, customers are less and less likely to tell you about a problem, they are more likely to tell all of their friends on social media. Worse, they will write a bad review on Trip Advisor or another restaurant review site.

### Encourage Feedback

To be successful in the restaurant business, you actually want customers to complain and tell you when something isn't right. How else will you know that something about your restaurant needs your attention?

If the dining room is too drafty for guest comfort or the music too loud, you need to make adjustments. If the cut of meat you are purchasing is too tough or has too much fat and gristle, find a different one or take it off the menu until it is rectified and perfected. And thank the customer who brought it to your attention.

According to Bill Marvin, a typical business hears from only 4% of its' dissatisfied guests. One in 25 will actually tell you when things are not right. The other 96% just quietly go away and 91% will never come back.

As a restaurateur you may have days when you feel like everyone is complaining. And there are chronic complainers out there, who are in a bad mood even before they arrive. Nothing you do or serve them is going to win them over.

Frankly, with a product as intimate as food and service, you are never going to make all of the people happy all of the time. Take this to heart and learn to sort through the feedback you receive. Use comment cards, ask for emails, and above all, make sure you follow up.

## 12.5

## HOW TO HANDLE COMPLAINTS

You need to be able to keep all of these complaints and feedback in perspective and recognize when there have been failures in your product and service. You need to know how to take responsibility for the failure and take steps to remedy the problem.

If a customer is voicing their complaint on the floor of the restaurant in the middle of service, keep calm. It can be so easy to get defensive. Listen to what the customer is saying, and what they aren't saying.

Always try to maintain the perspective that getting customers to voice their complaints is an opportunity to fix the problem (and increase your profits.) It is a gift.

Don't ignore them. If a customer writes to you, you should always reply. It is always a good idea to not respond immediately. If it isn't an urgent matter, sleep on it before you write back. Remember that most customers just want to be heard and have their experience validated. You need to respond positively and not defensively to all complaints.

There is never a successful outcome if you get into an argument with a customer. If you need help with responding to customer complaints, read: Cashing in on Complaints by Bill Marvin: <http://www.amazon.com/Cashing-In-Complaints-Turning-Disappointed/dp/0965626210>

Sample responses and templates can be found online, like the one on the next page.

## 12.6

## WHAT TO DO IF A CUSTOMER SAYS YOUR FOOD MADE THEM SICK

There will come a day in the life of all restaurateurs when a customer will call or write to say they got food poisoning at your restaurant or that your food made them sick.

You need to establish a protocol about how to handle these very serious situations. Treat these customers with the utmost urgency and sensitivity. Do not ignore them. Don't argue with them or tell them they are mistaken or it is impossible that they got sick from your food. Instead, tell them you will immediately investigate further with your staff.

Ask them for as many details as you can: when they were in, what they ate, who served them. Ask to call them back with your findings. Make sure you do call them back.

Find out if there have been any other complaints. Check your answering machine. Locate the customer's sales check. Hopefully your POS system can tell you how many other guests were served the same meal. Talk to your kitchen staff and chef. When was the meal prepared and prepped, how and where was it stored?

Because you are familiar with the causes and sources of food poisoning and food borne illness, you now have some information to further assess the customer's allegations.

When you call them back, reiterate how sorry you are that this has happened to them. Never admit liability. Be careful about the questions you ask and answer. Calmly and non-judgmentally, share

with them results of your investigation. Tell them that if they feel your food made them sick then you have an obligation to contact the government food safety specialist. Ask the customer if it would be okay if the food inspector followed up with them directly. At this point the customer may ask you not to follow up and concede that perhaps something else they ate that day or the day before made them sick.

Whatever the outcome, be sure to keep their contact information on file and ask them to be in touch should anything else arise.

Don't be afraid to contact your food inspector. They know how to objectively investigate complaints and know what sorts of foods, food handling techniques and cooking/cooling methods result in food that is bad. If your food is not the source of the customer's illness, they are in the best position to communicate this to a customer.

Ensure that everyone on your staff knows that calls to the restaurant about food-related illnesses are to go 'straight to the top' (or whomever you designate) and are not to be handled by just any staff member.

Customer Response Letter Template  
From Comment Card or Letter – Major Complaint  
[ON RESTAURANT LETTERHEAD]  
[DATE]  
[Name]  
[Address]  
[City, State ZIP]

Dear [     ],  
I want to sincerely apologize for the unpleasant incident you had at our restaurant on [DATE]. Your comments were most troubling but I want to unequivocally thank you for bringing this to my attention. Without your feedback I might never have known of it.

It is our highest priority to provide our guests with an exceptional dining experience and in this instance we certainly failed to do this. What you experienced is totally unacceptable and we have already taken steps to ensure that this does not happen in our restaurant again.

While I cannot change the past, I would like to invite you back as my personal guest so that we can show you that we really can do a much better job than what you experienced. Please come back to enjoy a complimentary meal for two, all food and beverages included. I have enclosed my signed business card for you to present to your server.

Once again, please accept our sincere apology for this unfortunate incident and thank you for letting us know about it.

Best regards,  
[Name of Owner / Manager Name], [Title]  
cc: [Owner / Company President / Managing Partner]

## 12.7

## MANAGING ACCESSIBILITY REGULATIONS AND STANDARDS

Nova Scotia is committed to building an inclusive province by 2030.

New restaurants are already required to be accessible based on changes to the Building Code made in 2020, including accessible entrances, pathways and washrooms. And, some municipalities may have their own regulations, so you should check local rules.

Beyond this, the Province is developing accessibility standards in six areas. These standards include the Built Environment (see Chapter 9.7 for potential impacts on the design and layout of your restaurant), as well as ensuring goods and services are accessible to all. These standards are likely also to cover customer service standards and training, as well as communications tools such as websites.

Regardless of the regulations, you should train your staff on providing service to customers with disabilities - your staff need to know how to interact with and serve people with varying needs.

## WORDS OF ADVICE FROM THE PROS

**“The consistency of good food and service is of the utmost importance. Remember that often, the first thing to arrive at a table is a drink. Make certain you are as consistent in beverage service as with other service components. The client who is unsure whether their drink will be as good (as strong, as fast, as full, as sweet, as cold, as visually appealing etc.) will be unlikely to order another. Your customer suffers and so does your bottom line.”**

Tanya King, daMaurizio Fine Dining, Halifax

## HELPFUL TIPS

### Medical Service Dogs

Make sure your staff knows, and it is in your employee manual, that you are required to allow medical service dogs into restaurants. Train your staff to check with the nearby tables to make sure there are no allergies, and change seating arrangements if necessary.

### Greeting Customers with Special Needs

Consider the experience customers with disabilities have when they enter your restaurant. What can your staff do to make them feel welcome, help them get seated, understand the menu, etc.?

## 12.8

## CONSISTENCY/STANDARDIZATION

Repeat business is one of the most important factors in a successful restaurant and consistency of product and service is often what brings them back.

It would be hard to disagree that McDonald's is perhaps the most successful food service company in history. They have standardized their product and service to the point where you can go into any McDonald's, whether in Yarmouth or London, England, and know before you order exactly what you will receive. You can also be certain the washrooms are clean.

It is well worth your while to read Michael Gerber's *The E-Myth Revisited* early in your career. You'll come to a greater understanding of how important consistency and standardization are.

Your kitchen staff should have clear portioning and plating rules so dishes always look and taste the same. Your customers should know that they will always receive an excellent product and/or service whenever they enter your restaurant. They should also receive the same wine pour every time.

## 12.9

## HELPFUL RESOURCES:

### Reading List

*Lessons in Service from Charlie Trotter* by Edmund Lawler  
[http://www.amazon.com/Lessons-Service-Charlie-Trotter-Edmund/dp/1580083153/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1397313926&sr=1-1&keywords=Lessons+in+Service+from+Charlie+Trotter](http://www.amazon.com/Lessons-Service-Charlie-Trotter-Edmund/dp/1580083153/ref=sr_1_1?s=books&ie=UTF8&qid=1397313926&sr=1-1&keywords=Lessons+in+Service+from+Charlie+Trotter)

*The E-Myth Revisited* by Michael Gerber  
<http://www.amazon.ca/The-E-Myth-Revisited-Small-Businesses/dp/0887307280>

# CHAPTER THIRTEEN

## MARKETING

Marketing is how restaurants connect with their potential customers. Even with a strong brand, delicious food, and exceptional service, without marketing no one will know about you. Marketing encompasses the promotional activities you do to reach your target audiences. Whether those are paid campaigns like radio or billboards, using free communications tools like social media, or getting involved in community outreach—marketing is a must for any restaurant looking to engage with new and returning customers. While many restaurateurs know that marketing is important, many still don't have a firm grasp on what it looks like for them, how to budget properly, or where to get started.

When people think about marketing they often imagine things like billboards, Facebook ad campaigns and radio commercials. But in reality, every “touch point” you have with your guest — from when they first hear about your restaurant to the moment they walk out the door after their first visit — is a marketing opportunity.

Marketing looks different for each restaurant. The tactics that work well for one restaurant may not be a fit for another — getting it right often takes a little trial and error. Yet all marketing efforts share one common goal: *to communicate **messaging** that evokes a desired **action**.*

### CHAPTER MODULES

- 13.1** Glossary of Key Terms
- 13.2** Brand Positioning
- 13.3** Traditional vs Digital Marketing
- 13.4** Marketing Plan
- 13.5** The Opening
- 13.6** Digital and Online Marketing
- 13.7** Handling Online Criticism
- 13.8** Associations
- 13.9** Measuring Results
- 13.10** Helpful Resources

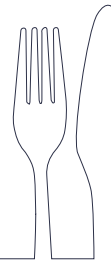
### HELPFUL TIPS

#### Marketing

- Many restaurateurs don't know much about marketing. This presents an opportunity to work with an expert to help you develop a plan and then manage it. At a minimum, get a professional marketing agency to review what you are doing and make suggestions. This will require a marketing budget to get started.
- Marketing your restaurant truly never ends. You must consistently get your brand out there to stay top-of-mind and relevant to bring in potential customers, and even get existing ones back in the door.



## KEY TAKEAWAYS



- **Everything is marketing**

It's all about the two Rs: repeats and referrals. A happy customer will likely come back again, and they'll tell others about their positive experiences—both in person, on social media channels, and on review sites. If a restaurant consistently fails to meet customer expectations, unfortunately no amount of marketing will help.

- **Brand Positioning Comes First**

Step one is figuring out your brand. Behind every successful restaurant is a solid brand positioning. Knowing 'who' you are, 'what' you do, and 'why' people should care is key to creating an effective marketing plan.

- **Know When To Bring in the Pros**

A little do-it-yourself (DIY) effort is okay, but don't overdo it. Know your strengths; and, when possible, enlist qualified experts for the best results (e.g. Marketing/PR Strategists, Designers, Interior Decorators, Copywriters, Photographers, etc.)

- **Content Quality Over Quantity**

It's easy to get overwhelmed by the variety of media platforms available today. But no matter what platform you decide is the best to reach your target audience, the quality of the content and the value it offers your followers is what counts.

- **You Get What You Put In**

Industry experts suggest that the average restaurant should invest 3% of revenues back into marketing. Investing in marketing will pay off, if you have an effective strategy in place.

- **Measure Your Impact**

When brainstorming marketing ideas, it's crucial to think about how you'll measure your results. It's impossible to calculate your return on investment (ROI) if you can't measure the success of your marketing initiatives.

## 13.1

## GLOSSARY OF KEY TERMS

### TRADITIONAL MEDIA

*Traditional media* refers to early versions of mass media and often includes: TV, radio, cinema, music, and print (e.g. newspapers, magazines, books, brochures, signage, tent cards, etc.) One of the drawbacks of traditional media is that it is one-way communication and often doesn't allow for immediate engagement. Traditional media is often very expensive.

### DIGITAL MARKETING

Communications using digital technologies are known as digital marketing. Digital marketing includes popular social media platforms like Facebook and Instagram but also includes lesser-considered channels like native texting apps (iMessage, WhatsApp), ChatBots, live chat, blogging, SEO-based tools like Google Adwords, and digital advertising like website banner ads. Many restaurants prefer digital marketing because there is the option to spend less than on traditional advertising. Digital marketing is typically a two-sided communication, making it easy to engage followers and measure your impact.

### PUBLIC RELATIONS (PUBLICITY, PR)

Public relations (or 'PR') is all about your restaurant's image. When it works, PR is free advertising and can generate great word-of-mouth. The goal of PR is to get media exposure, which is especially powerful because it is seen as unbiased. Developing a solid PR strategy is essential to the success of any restaurant. Getting involved in your community through fundraising initiatives and events that support non-profit or community groups, particularly if you are in a small community, is effective.

### SOCIAL MEDIA MARKETING

Social media marketing aims to increase awareness and boost sales through the use of social media platforms. There are four main ways that restaurants use social media for marketing purposes. One is to generate content that their followers want to share. The second is to run paid or sponsored campaigns via social media, reaching specifically targeted audiences. The third is to encourage customer-generated content, which then serves as an unbiased endorsement. The fourth is using social media "influencers" which is when businesses pay influencers to share content about their products on social media. These kinds of paid campaigns are flagged as "sponsored" or "gifted" experiences.

### GUERRILLA MARKETING

The goal of *guerrilla marketing* is to generate buzz using clever, unexpected tactics. Guerrilla marketing is seen as a cost-effective alternative to traditional advertising—which is great for cash-strapped restaurants. Typically, guerrilla marketing campaigns are spontaneous, unconventional, and often interactive.

### EXPERIENTIAL MARKETING

Every time a guest interacts with your brand, it's a marketing opportunity. Experiential marketing, also referred to as engagement marketing, invites customers to interact with the brand in a real-world scenario. For restaurants, it takes the concept of customer service one step further, looking to build deliberate marketing messages into commonly mundane experiences. From a unique greeting to a chalk wall in a bathroom stall to a QR code on the table, there are lots of ways operators can use experiential tactics to promote their brand.



The Grand Banker

### ON-SITE PROMOTIONS

The opportunities to develop smart and fun promotions for a restaurant are endless. From classic promotions like Happy Hour specials and Wing Wednesday deals to incentives like bounce-back coupons or social media contests, strategic promotions are a great way for restaurateurs to get people in seats.

### ORGANIC VS PAID CAMPAIGNS

Organic content refers to content that you or someone else posts for free on social media. Paid campaigns are when you spend money to promote your social media content, ensuring it reaches a target audience set by you.

### CUSTOMER-GENERATED CONTENT

This is content that's created (organically) by your customers during or after their experience at your restaurant. This kind of content—as long as it's positive—is golden. It's an unbiased plug that their followers will take into consideration when choosing where to dine.

### HELPFUL LINKS

Hubspot: The Who, What, Why, & How of Digital Marketing  
<https://blog.hubspot.com/marketing/what-is-digital-marketing>

The Ultimate Guide to Digital Marketing  
<https://www.wrike.com/digital-marketing-guide/>

How to Create a Social Media Marketing Strategy in 9 Easy Steps  
<https://blog.hootsuite.com/how-to-create-a-social-media-marketing-plan/>

eBook: A Comprehensive Guide to Digital Marketing Strategy  
<https://digitalmarketinginstitute.com/resources/ebooks/a-comprehensive-guide-to-digital-marketing-strategy>

Hubspot: Digital Marketing for Small Businesses (Need to enter email for access)  
[https://offers.hubspot.com/beginners-guide-to-digital-marketing?hubs\\_post-cta=anchor&hubs\\_post=blog.hubspot.com%2Fmarketing%2Fwhat-is-digital-marketing&hubs\\_signup-url=blog.hubspot.com%2Fmarketing%2Fwhat-is-digital-marketing&hubs\\_content=blog.hubspot.com%2Fmarketing%2Fwhat-is-digital-marketing&hubs\\_signup-cta=cta\\_button&hubs\\_content-cta=cta\\_button&hsCtaTracking=0a42501f-0096-4817-9fbc-923540fe37a6%7C6005234d-edae-48fc-b732-8607692fb3c3](https://offers.hubspot.com/beginners-guide-to-digital-marketing?hubs_post-cta=anchor&hubs_post=blog.hubspot.com%2Fmarketing%2Fwhat-is-digital-marketing&hubs_signup-url=blog.hubspot.com%2Fmarketing%2Fwhat-is-digital-marketing&hubs_content=blog.hubspot.com%2Fmarketing%2Fwhat-is-digital-marketing&hubs_signup-cta=cta_button&hubs_content-cta=cta_button&hsCtaTracking=0a42501f-0096-4817-9fbc-923540fe37a6%7C6005234d-edae-48fc-b732-8607692fb3c3)

## 13.2

### BRAND POSITIONING

Creating a powerful and palpable brand experience in everything you do can make a good restaurant great. It builds brand loyalty and gives customers a “feeling” that they will only associate with your brand and what it stands for. To be understood in the marketplace and chosen by your customers is the ultimate goal when it comes to brand positioning.

*“If you’re planning to open a restaurant, developing your Brand Positioning Strategy should be one of your first steps. It’s much easier to build a strong brand from day one than to reposition your brand when times get tough.”*

– Katelyn Bourgojn, RedRiot Branding

### What is Brand?

Your brand is more than just a slogan or a sign with your logo hanging on the door. It's your restaurant's promise to customers, employees and community. Branding starts at the top with a brand positioning statement and core values. These need to carry on throughout the entire operation—everything from the way an employee answers the phone to email signatures to menu design needs to communicate your brand. A strong brand is a recognizable one, so visual elements are also highly important. The key elements of your brand should include vision, core values, beliefs, voice, logo, colours, fonts, slogans and design. Consistency is key in order to establish your brand and earn loyalty from customers.

### Positioning Your Brand

People often get a brand positioning statement confused with a tagline or slogan. But once you

know the difference, it becomes pretty clear.

Quite simply, positioning is the place you hold in the public's mind relative to the competition (i.e. the *healthier* choice, the *fast* option, the *locally focused* choice, etc.). It's about the unique benefit your business delivers that sets you apart.

Taking an active, strategic role in positioning your brand is an ongoing effort for both new and experienced operators.

### Questions to Ask When Positioning Your Brand:

- Who are our target customers?
- What do they look like? (i.e., demographics, interests/habits, psychographics, etc.)
- What differentiates my restaurant from the competition?
- Why would a customer choose my restaurant over another option?
- If the restaurant was a person, what adjectives would I use to describe it? (e.g. friendly, relaxed, sexy, high energy, elegant, simple, boisterous, hip, etc.)
- At our core, what does my restaurant stand for?

### HELPFUL LINKS

*“A Complete Guide to Successful Brand Positioning”*

<https://blog.hubspot.com/sales/brand-positioning-strategy>

*“What Is Brand Positioning and Why It's Important for Your Business”*

<https://www.forbes.com/sites/theyec/2022/01/14/what-brand-positioning-is-and-why-its-important-for-your-business/?sh=4be055e25a63>

What is Brand Positioning?

<https://www.upwork.com/resources/brand-positioning-guide>

## 13.3

## TRADITIONAL VS DIGITAL MARKETING

Digital Marketing works well for marketing restaurants because of its **interactive and viral nature, flexible campaign budgets, and potential for genuine customer-generated content. Most restaurants now use minimal or no traditional media as part of their marketing campaigns.**

As you can see in Table 9, there are many platforms to consider when developing your marketing plan. And choosing the right tools can be overwhelming. To simplify the process, ask yourself the following questions:

- Who are my target customers?
- What or who influences their buying decisions?
- Where do they generally look for information? (i.e., Do they still read the newspaper or do they get most of their news from online sources? Are they die-hard foodies that spend their evenings reading Facebook or Google reviews and attending culinary events? Or are they busy families who are always on the go — passing lots of billboards along the way?)
- What media platforms are they most active on?
- What are their interests and what kind of messaging will engage them?

**TABLE 9**

Examples of Digital Marketing and Traditional Media

### New Media (Digital Marketing)

- Websites
- Social Networks (i.e. Facebook, Instagram, Twitter, Pinterest, Yelp, Google+, LinkedIn, TikTok, Snapchat, etc.)
- Blogging
- Podcasts
- Email Advertising / E-blasts
- Web Advertising (Google Adwords, banner ads)
- Satellite Radio
- Text Messaging & Native Text Apps (WhatsApp)
- Video (ads, hosted content or live streaming)
- e-Classifieds (i.e. www.kijiji.ca, CraigsList, etc.)
- e-Zines (i.e. digital magazines)
- Live Chat
- ChatBots
- Digital Display Ads
- Influencers

### Traditional Media

- TV
- Radio
- Newspapers
- Direct Mail
- Signage (e.g. billboards, posters, decals, etc.)
- Yellow Pages
- Telemarketing
- Product Placement
- In-store Promotion
- Promotional Literature (e.g., brochures, newsletters, tourism guides, etc.)

## 13.4

## MARKETING PLAN

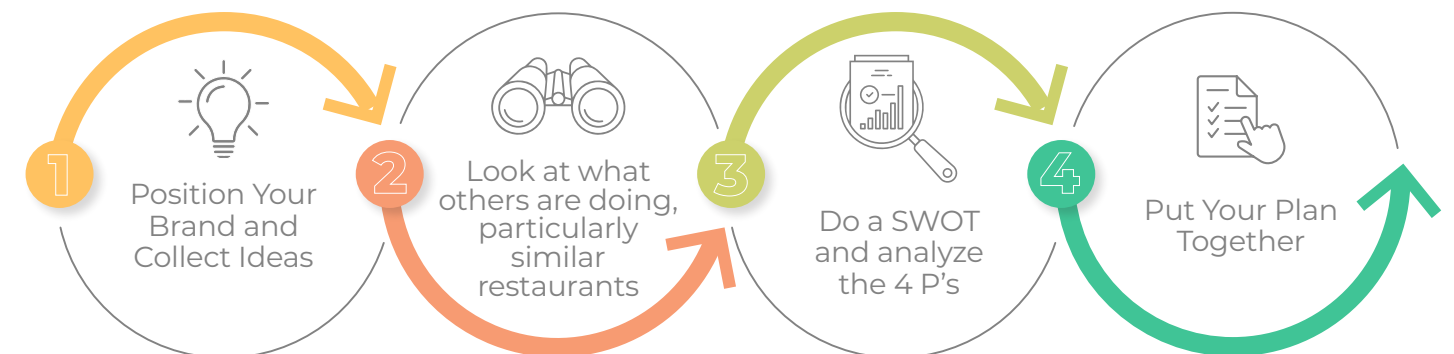
Developing a marketing plan is an integral part of the overall business plan. Without a thoughtful strategy that's executed well, you won't have any customers.

The marketing plan is typically developed along with the overall business plan. Restaurant owners can often overlook planning for marketing since other operational priorities can seem more important. This is a big mistake - without a solid marketing plan, and a budget,

you simply won't be able to reach your target audience.

While there is no set template for writing a restaurant marketing plan, there are a few key elements and considerations.

### Create a Marketing Plan for your Restaurant in 4 Easy Steps



### Before Writing Your Marketing Plan

#### 1. Gather Ideas / Brand Positioning

As covered in section 13.2 you can't write a marketing plan without first positioning your brand. Once that's done, brainstorm some marketing ideas along with everyone involved in your business. This brings many different backgrounds and perspectives to the table.

#### 2. Learn from Those Who Came Before You

You're not the first person to open a restaurant. There are many, many resources out there to help you along the way. Along with this guide, check out our listed resources, read books and websites on the topic of restaurant marketing—or talk to a mentor or colleague.



## SWOT Analysis for Restaurants

### 3. Conduct a SWOT and Four P's Analysis

Don't worry, these are pretty straightforward business exercises that will help you better position yourself in the marketplace. You can insert them into a section of the marketing plan and refer to them when developing marketing strategies.



## The **FOUR P'S** of Restaurant Marketing



### Craft Your Marketing Plan

Now it's time to put your plan on paper. Use the following sections as a guide on how to put together your marketing plan.

#### BUSINESS ASSESSMENT

This is an assessment of your situation and should include many of the same elements as your business plan:

- A summary of market research and analysis
- SWOT analysis
- Four P analysis
- An analysis of the competition
- An assessment of market trends
- A description of your geographical location and physical site
- A description of your target markets
- An overall marketing budget

#### MARKETING OBJECTIVES

With the assessment completed, develop a clear set of objectives including the following:

- Sales forecast (number of covers, average checks, etc.)
- Brand awareness/positioning (See 13.2)
- Total revenues
- Profit

#### MARKETING STRATEGY

This is your overall approach to achieving your marketing objectives. It should outline in detail who you will target and how you will reach them. It should include:

- Positioning statement (what is your concept? who is it for? how is it different?)
- Description of your target market segments (basic demographics such as age, gender, and income level)

- List of tactics that will be used to reach each market segment (e.g. social media contests, influencers, e-blasts, etc.)
- Description of execution for each tactic (Who is responsible? How will they do it?)
- Timeline (When will each tactic be executed?)

#### MARKETING BUDGET

Take the time to research the approximate cost of each tactic and to source companies that provide the services required (e.g. copywriting, web design, photography, etc.) Things to consider when creating your marketing budget:

- Strategy development (hiring a marketing/PR agency)
- Social media management
- Copywriting
- Photography
- Graphic design
- Web design
- Traditional printing (brochures, tent cards, etc.)
- Other printing (signage, t-shirts, etc.)

### One Page Marketing Plan

For many restaurant operators, the thought of developing an in-depth marketing plan is a little frightening. The key is not to overcomplicate it. Your plan can range from very comprehensive to a quick one page strategy, like the sample in Table 10.

What's most important is that you think strategically and develop tactics and campaigns that are easy to execute and easy to measure.

**TABLE 10**  
One Page Marketing Plan Example

CATEGORY	STRATEGY
Business Concept	To be the best restaurant serving authentic Neapolitan-style pizza in our city.
Brand Position	Pizza that tastes like you're in Italy.
Ideal Customer	<ol style="list-style-type: none"> <li>1. Affluent, aged 30-65, higher income</li> <li>2. Avid travellers/foodies/dine out often</li> <li>3. Pizza lovers/educated on pizza</li> <li>4. Appreciation for Italian wines</li> </ol>
What's most important to my ideal customer when they are buying what I'm selling?	<ol style="list-style-type: none"> <li>1. Authentic Italian ingredients/taste</li> <li>2. High-end wine list</li> <li>3. High-end atmosphere</li> <li>4. Top-notch service</li> </ol>
What I want to accomplish this year?	<ul style="list-style-type: none"> <li>• Lease a building/find an ideal location</li> <li>• Create an impressive interior/exterior</li> <li>• Establish relationships with suppliers</li> <li>• Earn customers</li> <li>• Earn a stellar reputation as the best pizza</li> </ul>
How to reach my target audience?	<ol style="list-style-type: none"> <li>1. Facebook</li> <li>2. Instagram</li> <li>3. Italian association</li> </ol>
How much will each program contribute to my revenue/profitability?	<ol style="list-style-type: none"> <li>1. Word-of-mouth - 20%</li> <li>2. Social Media campaigns - 40%</li> <li>3. Google Adwords campaigns - 40%</li> </ol>
What will trigger my ideal customer to think of me?	<ol style="list-style-type: none"> <li>1. When they're craving pizza</li> <li>2. When they want great food + wine together</li> <li>3. Want to dine as a group or family</li> </ol>
Marketing tactics to reach target audience?	<ol style="list-style-type: none"> <li>1. Word-of-mouth</li> <li>2. Social Media campaigns</li> <li>3. Google Adwords campaign</li> </ol>
How much money will I need to get it done? (For the first year.)	<ol style="list-style-type: none"> <li>1. Facebook &amp; IG campaign \$3,000 - \$5,000</li> <li>2. Google AdWords campaign \$3,000 - \$5,000</li> </ol>



## 9 Marketing Best Practices for Restaurants

Now that you have a marketing plan, there are a few things to keep in mind when executing it. Here is a brief overview of good marketing practices, many of which are described in more detail later in this section.

### 1. STAY CURRENT

Keep informed about new trends or useful digital tools that can help you enhance your restaurant's marketing plan. Review your marketing strategy regularly to determine if you need to adjust or change direction.

### 2. LEARN ABOUT SEO/SEM

According to Hubspot, 46% of all Google searches are looking for local information, and 88% of searches for local businesses on a mobile device either call or visit the business within 24 hours. Help prospective new

customers find you online by learning more about Search Engine Optimization (SEO) and Search Engine Marketing (SEM).

### 3. PUT YOUR WEBSITE TO WORK FOR YOU

Your website can be a powerful tool when used effectively. According to Hubspot, 61% of mobile searchers are more likely to contact a local business if they have a mobile-friendly site. Great websites are easy to find (SEO), easy to use (functionality and mobile responsiveness), and encourage strategic engagement (conversions). Ask your website copywriter and web developer to optimize your website to be found or rank higher on search engines.

### 4. ENGAGE FOOD WRITERS AND SOCIAL MEDIA INFLUENCERS

Many local food writers are happy to review restaurants on personal blogs or social media accounts in return for a meal. The outside link will help with search rankings, and the

## 13.5

## THE OPENING

As the old expression goes, “you don’t get a second chance in the restaurant business.” Think carefully about how you are going to ‘open’ your restaurant, and when.

Many new restaurant owners are so excited to launch that they overlook key elements — resulting in lacklustre experiences for early guests. The following tips will help ensure your opening is a success.

## 4 Opening Tips

## 1. BE VERY CAUTIOUS ABOUT ADVERTISING YOUR ‘OPENING DAY’

There are so many factors out of your control that can delay a planned opening. It’s better to err on the side of caution than generate a lot of buzz around your launch and then not deliver.

## 2. HOST A DRY-RUN FOR YOUR FRIENDS AND FAMILY

A dry run gives your team a chance to learn the dance steps without tripping — and your loved ones will be much more forgiving than the average guest.

## 3. OPT FOR A SOFT-LAUNCH FIRST

Every seasoned operator knows that the first few weeks after launching a new restaurant can be hectic. Your team is still learning the ropes and mistakes are quite common. A soft launch means that the restaurant is open for business, but isn’t actively advertising it. Once you’ve worked out the kinks, it’s time to jumpstart your marketing efforts.

## 4. HOST A PRESS PARTY

Hosting a media party gives journalists and online influencers a chance to try your restaurant first-hand. Media events are geared toward local and regional media and are effective publicity tools when done right.



<https://modernearth.net/Blog/Uploads/Post/goals-not-tools.png>

## HELPFUL TIPS

## Opening Your Restaurant

- Invite food writers and local influencers to try your restaurant once you’ve worked out any initial problems or challenges.
- Use a mix of promotional tools in order to reach a wide audience. For example, try a combination of social media, billboards and radio.
- Run your opening promotions for a long period of time (a minimum of six months) to start, it takes a long time to become top-of-mind.
- Partner with an established partner or supplier to host a special event within the first couple of months after opening to tap into their established network.
- Use a public relations professional to draft a press release and get media coverage of your restaurant opening.

review (if it’s a positive one) will help your reputation. In addition to bloggers, social media influencers are typically hired (with cash or contra) to experience your restaurant and share positive content about your brand. They don’t need to be food experts, they just need to have influence over your target market.

Consider using some of your social media budget to highlight this kind of content. Example: A boosted, collaborative post on Instagram with an influencer account.

## 5. GROW YOUR EMAIL LIST

When done well, email marketing is still a super powerful tool. In 2021, 95% of marketers found email marketing was an effective way to meet their goals (Hubspot). Start growing your email list by promoting signups through social media, on your website, and inside your restaurant, keeping in mind federal privacy and anti-spam legislation. For more information visit: <http://fightspam.gc.ca> But remember the golden rule of all content marketing, including e-blasts: Less Sell. More Tell.

## 6. INVEST IN SOCIAL MEDIA

Social media, when executed effectively, will help build an online following, strengthen your brand, and bring in new customers. But it needs to be done properly and with a strategy and budget behind it—investing money in the management of your social media channels is well worth it.

## 7. RUN CONTESTS

A great way to reward loyal customers or attract new ones is to run contests, both in-store and online.

## 8. LEVERAGE YOUR ONLINE RESERVATIONS SYSTEM

Whether you’re using Resy, OpenTable, or a similar online reservations platform, you have access to valuable customer data. Not only can you ask previous customers to opt-in to your email marketing list, but you can also gather reviews, look at customer demographics and more. Discuss what options are available on your booking platform with your sales rep.

## 9. KEEP YOUR GOOGLE BUSINESS LISTING UPDATED

Your Google Business listing provides basic information about your restaurant - location, days/hours of operation, links to your website and menu, and some photos. It is often the first post that potential customers see when searching. Review it regularly, and particularly when you change things like days or hours of operation, and make sure it is kept up-to-date and the photographs are current.

## HELPFUL LINKS

*A One Page Marketing Plan Anyone Can Use* by Small Business Trends

<http://smallbiztrends.com/2008/06/one-page-marketing-plan.html>

16 Stats that Prove the Importance of Local SEO

<https://blog.hubspot.com/marketing/local-seo-stats>

## DigiPort

DigiPort is a one-stop resource for Nova Scotia’s tourism operators to access services and supports to improve your online presence and learn digital marketing skills. Sign up for monthly digital webinars, view resources, and book a free 1:1 consultation with a digital service provider.

<https://nsdigiport.ca/>

## 13.6

## DIGITAL & ONLINE MARKETING

Today, having a website is the bare minimum when it comes to online marketing. Not only is your website an extension of your brand, but it's also a resource for those looking to weigh their options in what can be an over-crowded market. The content on your social media channels acts in this same way, helping potential customers form opinions on your brand, product and experience.

Existing online is an integral part of owning any business, including a restaurant. It's important to remember that if you don't take control of your online presence—someone else will. With Google reviews, TripAdvisor pages, Facebook and other channels, customer-created content about your brand will pop up online, and if you don't have some kind of established online channel, you can't control the message, or respond to those who are talking about your restaurant.

Both organic and paid digital marketing campaigns are important parts of your marketing strategy if you want to truly reach your target markets. That is now indisputable.

### Your Website

Your website can be a powerful tool when used properly, or a major hindrance to gaining new customers when done poorly (or not at all). A well-designed and executed restaurant website should:

- Stay true to your brand — both in visual design and writing style (brand voice).
- Be “Mobile-friendly” or “Responsive” (i.e. Your website automatically responds to provide optimal viewing experience on any device — cellphones, tablets, desktops, etc.). According to Hubspot, 61% of mobile searchers are more

likely to contact a local business if they have a mobile-friendly site.

- Prominently highlight key contact information, hours of operation, and link to the online reservation system (if applicable) on every page.
- Include a link to Google maps.
- Include an up-to-date menu that is easy to read on any device.
- Encourage engagement (i.e. collect customer feedback, promote e-newsletter signups).
- Have easy-to-find social media links.
- Have contact information for group bookings/private events, if applicable.
- Have content that is optimized for search engines (SEO); meaning it ranks high in search engine results.
- Include details about the accessibility of your location on your website so people can make informed decisions as to if your location can accommodate their needs.

### What Should I Spend?

A basic website, including the design work, will cost somewhere in the \$5,000-7,000 range. Although you can spend as much as you want for a website, unless you're trying to win a web design award, there's no real need to spend more than \$7,000.

For inspiration, look at other restaurant websites that you admire, so you have some idea of what you want before you start working with a designer. Make sure you keep your website up-to-date and also the information in your listings on other websites, like tourism websites or restaurant guides. To do this, keep records of the websites on which your restaurant information is listed.

### Social Media

Social Media is now the most-used channel when it comes to advertising and marketing

(Hubspot). Unfortunately, algorithms on the most popular channels change frequently and there is a multitude of platforms out there catering to many demographics. As well, the digital world is fast-paced with new tools emerging frequently. As such, keeping up with current tools and best practices can be challenging. Be sure to do your research on where your target audience spends its time online before you put your eggs in one basket. This is where a consultant can come in handy.

### BEST PRACTICES FOR SOCIAL MEDIA

#### 1. Take control of your online presence.

In addition to having a website with your contact information, address, hours, menu and links to social media accounts, you should “claim” all other digital listings. This includes your Google Business listing, TripAdvisor listing, Apple Maps listing and any other relevant reviewing platforms.

#### 2. Budget accordingly for time and money.

Social media, in essence, may be free to sign up for, but as we all know time is money. Social media management can't be squeezed in on top of someone's regular duties—it takes a lot of time to do it properly. So budget to hire a social media manager either internally or externally, for content planning and ongoing management.

#### 3. Keep them engaged with your posts for as long as possible.

When it comes to content, marketers still strongly believe in quality over quantity. And with the way the algorithms for Instagram and Facebook currently work, no one is rewarded for organically over-sharing. Video, carousel-style posts, and reels are the highest-performing content for a reason—they keep people looking for just a little bit longer.

#### 4. You (still) need to pay to play.

There's a lot of noise on social media. A lot. Using an entirely organic approach will only get you so

### HELPFUL TIPS

#### Be a Part of the Conversation

- Regularly check postings about your restaurant on social media and review sites such as Instagram, TripAdvisor, Google pages, and Facebook.
- Listen to what people are saying; respond if appropriate and address issues as required. See the discussion later in this chapter (13.7).

far, and can only grow your following so fast. It's important to understand you will need to budget for paid social media campaigns to stand out and reach your target audience. Remember: engaging content will be needed to get your money's worth for these paid campaigns.

#### 5. Less sell, more tell.

You've probably heard about the 80/20 rule in marketing before, and social media content should be no different. Followers don't want to be “sold” to all the time, they're following you for more value than that. They want to learn about your brand, your team, and your story. Keep sales-related content, like daily specials or upcoming events, to 20% of your content, max. The other 80% should be entertaining, educational and informative.

#### 6. Planning is key.

A content plan is the most important part of a social media strategy and ensures long-term consistency. Flying by the seat of your pants, like with anything else business-related, is not sustainable or effective. Social media should be planned in a content calendar that looks months in advance, sets you up for gathering the engaging content you need in time, and keeps you top-of-mind for your audience. There are

many social media management tools out there for big and small companies alike that can make this part easier. 5 recommended planning tools are:

- Hootsuite
- Sprout Social
- Buffer
- Later
- Social Pilot

### 7. Video cannot be ignored.

Making video content might sound overwhelming and expensive—and it can be—but anyone with a decent smartphone can make video content that's good enough for an Instagram or Facebook story, a reel, and even a feed post. Video needs to be part of your content plan. There are plenty of great resources out there for creating engaging video content for social media, editing tips and other tricks.

### 8. Don't rely on giveaways.

Contesting has a time and place in your social media plan, but don't rely on it solely for gaining new followers. You want to earn an audience that's truly interested in your restaurant, not just looking for freebies. (A large portion of new followers often drop off after the giveaway is over.) Incorporate contesting approximately once per quarter into your content plan, and be sure to keep up with the rules around contesting on the platform you're using. There is small print you may need to include.

### 9. Hashtags

Hashtags, are those still a thing? Yes. They are a great tagging tool and allow your posts to be found more easily on platforms like Instagram and Twitter. It's best not to use the same hashtag stack all of the time, and there is no magic number. Just keep up to date on the most-used hashtags in your area and industry, and who's

searching for them. Pro tips: Do not make up your own lengthy hashtags, as those are not effective and that's not how hashtags work.

To search the most used hashtags in your area by keyword, simply use the search function on Instagram then click on "Tags". Another option is to look at hashtag insights provided by a social media management tool, if you're using one. Use the hashtag #VisitNovaScotia for the opportunity to have your content featured on Tourism Nova Scotia's social media channels.

### 10. Measure, measure, measure.

As with any business strategy, social media outcomes need to be tracked and measured to prove if they are successful. Be sure to set the right key performance indicators (KPIs) to do so. Do not get caught up in vanity metrics (like the number of your followers) instead look at what gets you the best value—content with high engagement, or some kind of measurable element (for example, a redeemable coupon), or tickets sold to an event. Look at reports based on your set KPIs every month, reassess, and plan accordingly.

### HOW TO CHOOSE THE RIGHT SOCIAL MEDIA PLATFORM(S) FOR RESTAURANTS

Deciding which platforms to use to promote your restaurant can seem like a daunting task. But it's not that hard when you break down each social media tool and look closely at who its users are. From there, you choose the platforms that your restaurant's target audience (your ideal customers) are most on and develop a content strategy around how to best reach them on these platforms.

### Social Media Platforms Overview\*

#### FACEBOOK

Facebook is a social networking site used for sharing a variety of content. Facebook is still the number one platform used by both marketers and consumers. While it has recently seen a decrease in user growth, it's still considered a powerhouse in the world of social media. Its paid campaigns are relatively easy to set up, and the analytics are very comprehensive.

Useful Stats (via TechWyse):

- 29.82 million active users in Canada
- Users in Nova Scotia represent 2.74% of all Canadian Users
- 54% of users use the mobile app only
- The largest age group using Facebook is 25-34, which represents 22.1% of Canadian users
- The second biggest age group is 34-44 which represents 21.8% of Canadian users (close second)
- 57% Female (Canada)
- 43% Male (Canada)

#### KEY CONCLUSIONS:

Facebook is an effective way to reach 25 to 44-year-olds, with slightly more female users. Make sure your content is optimized for viewing on a mobile device since that's where most people are using Facebook. Facebook business pages for restaurants can link to your menu as well as online reservation systems.

#### INSTAGRAM

Instagram is a video and photo-sharing app available on iOS and Android. It should be noted that Instagram and Facebook are owned by the same parent company, Meta. So there are plenty of ways to optimize your accounts together. Paid Facebook campaigns can be linked to include delivery on Instagram as well. It usually makes sense to use both platforms together.

Useful Stats (via Statista):

- 18 million active users in Canada
- The largest age group using Instagram is 25 to 34-year-olds, which represents 29.2% of Canadian users
- The second largest age group is 18-24, which represents 23.7% of Canadian users
- 55% Female (Canada)
- 45% Male (Canada)
- Globally, it is the 4th most used social media platform ([Hootsuite](#))

#### KEY CONCLUSIONS:

Instagram is most useful for reaching the 18-34 age group, with a fairly even split between males and females. It has a reputation for being extremely powerful in influencing consumer behaviour, hence the popularity of influencer marketing on this platform. It can be directly linked to your Facebook account, which makes running paid campaigns on both platforms easy. Instagram has functionality for business pages to link directly to your online reservations system.

## TWITTER

Twitter was founded in 2006 and is a social media platform used to post short-form content (up to 280 characters), called “tweets”. Like other platforms, tweets can include visual content like videos or photos. Tweets can also link to outside sources, and can include hashtags. Paid campaigns with reporting are available on Twitter.

Useful Stats (via Statista, Hootsuite):

- Useful Stats (via Statista, Hootsuite)
- 6.45 million active users in Canada
- 80% of users access Twitter via the mobile app
- 37.4% Female (Canada)
- 62.6% Male (Canada)
- Globally, the biggest age group using Twitter is 25-34 (38.5%)
- Twitter is the most popular social media site for news (U.S.)

### KEY CONCLUSIONS:

Twitter is a platform that could be used to reach men in the 25-34 age range, keeping in mind that they’re consuming the content mostly via a mobile app.

## YOUTUBE

YouTube is a free video-sharing website and app. You can view videos or upload your own. It has become a powerful search engine for music and other content. Once you have an account, you can run ad campaigns on YouTube with sophisticated targeting.

Useful Stats (via Media in Canada, Global Media Insight):

- 2.6 billion worldwide users
- YouTube is most popular with Canadians aged 12-34 (93%)
- 70% of YouTube users have watched the platform on their smartphone in the past month

- YouTube has more than 51 million active channels
- 46.1% Female (worldwide)
- 53.9% Male (worldwide)

### KEY CONCLUSIONS:

YouTube is a powerful platform for reaching teen audiences as well as males in the 25-34 age range. High-quality video content is needed to stand out on YouTube, which is expensive to produce.

## SNAPCHAT

Snapchat is an instant messaging app for iOS and Android. Users can exchange texts, graphics, photos and videos that are meant to disappear either right away, or shortly after they are opened. Videos and photos are called “snaps”. Snapchat can be used to interact with brands and influencers, and paid ad campaigns are possible.

Useful Stats (via Business of Apps, Hootsuite):

- Over 306 million daily active users worldwide
- As of 2021, 95 million users are based in North America
- 39% of Snapchat’s advertising audience is between the ages 18-24
- People over 50 are the fastest-growing audience
- 52.9% Female (worldwide)
- 46.3% Male (worldwide)

### KEY CONCLUSIONS:

Snapchat is an effective way to reach teens and the 18-24 age group through paid ad campaigns and influencer marketing.

## TIKTOK

TikTok is a short-form video social media app. It lets users create, watch or share 15-second to ten-minute-long videos, mostly shot on mobile devices. Popular content includes entertaining videos showing pranks, stunts, dance routines, lip syncing and comedy. You can run paid ad campaigns on TikTok.

Useful Stats (via The Social Shepherd):

- 1 billion active users worldwide in 2021; 30.8 million daily active users.
- TikTok was the most download app worldwide in 2021.
- The biggest user group is aged 10-19, which represents 25% of users (US)
- 22.4% of users are aged 20-29 (US)
- 61% Female (US)
- 39% Male (US)

### KEY CONCLUSIONS:

TikTok can be an effective tool for reaching teens and the 20-29 age group, predominantly female. Influencer marketing can be an effective strategy for using TikTok in your marketing plan versus trying to design a paid ad campaign and stand out amongst the millions of daily posts. TikTok can be an effective platform for restaurants to debut new menu items, showcase the dining experience, and participate in viral TikTok trends—if it makes sense for your brand.

## WHATSAPP

WhatsApp is a free cross-platform messaging app. In WhatsApp, users can send texts or make video and voice calls. It has become popular because it costs much less than texting or long-distance calling and can connect users who are using various operating systems (i.e. iPhone users can have group chats with Android users).

Useful Stats (via BackLinko, Research Co., Media in Canada):

- 2 billion active users worldwide
- 45% of Canadians say they use WhatsApp
- 68% of these Canadians are aged 18-34
- WhatsApp is the most-used mobile messenger app in the world
- 27% of Americans online between the ages 26-35 use WhatsApp
- 46.1% Female (worldwide)
- 53.9% Male (worldwide)

### KEY CONCLUSIONS:

WhatsApp is extremely popular in many countries other than Canada, but it is growing here. If you’re trying to reach new Canadians or tourists, this is a fantastic option. WhatsApp is a powerful tool for setting up chatbot services that answer customer service questions quickly. Read more about WhatsApp marketing strategy [here](#).

**A NOTE ON LINKEDIN:** LinkedIn is a professional networking site. It has been commonly called Facebook for your career. While companies and brands can have pages on LinkedIn, it’s predominantly used by professionals to connect, share content, and discover employment opportunities. LinkedIn is a great place for a business owner to have a personal account and share news about their restaurant. It is also a fantastic recruitment tool.

### What if My Target Audience is Older?

You may have noticed that most social media users across all platforms skew to the younger side. This doesn't mean that you can't use social media to reach a relatively older target audience. The most effective tool for reaching the 50+ demographic is Facebook. In fact, according to

Pew Research, 72% of internet users who are between the ages of 50-64 are on Facebook and approximately 62% of the 65+ age group uses the social media site. Additionally, statistics show that 54% of seniors watch videos online. Approximately 82% of baby boomers prefer to watch videos on YouTube.

SOCIAL MEDIA TOOL	BEST FOR REACHING
Facebook	25-44 all genders, 50+ all genders
Instagram	18-34 all genders
Twitter	25-34 men
YouTube	Teens of all genders, 24-34 men, baby boomers
SnapChat	Teens of all genders, 18-24 all genders
TikTok	10-29 all genders
WhatsApp	18-34 all genders, international travellers or new Canadians

### SOCIAL MEDIA MANAGEMENT TOOLS

Social media management software and tools can help restaurants plan and schedule content as well as get access to detailed reports and analytics. These kinds of tools are extremely helpful for maintaining consistency in your social media efforts. There are several options available, some with free plans. Here's a list of some of the top tools for managing social media accounts:

- Hootsuite
- Sprout Social
- Zoho
- Loomly
- Buffer
- SocialPilot

### HELPFUL LINKS

Best Social Media Management Software and Tool 2022 <https://www.forbes.com/advisor/business/best-social-media-management-software/>

Social Media Demographics to Inform Your Brand's Strategy in 2022 <https://sproutsocial.com/insights/new-social-media-demographics/>

Social Media Marketing Guide for Restaurants <https://pos.toasttab.com/blog/on-the-line/examples-of-awesome-restaurant-social-media-marketing>

Social Media Examiner <https://www.socialmediaexaminer.com>

Digital Information World <https://www.digitalinformationworld.com>

HubSpot's Marketing Blog <http://blog.hubspot.com/marketing>

Hubspot State of Marketing Trends Report 2022 [https://www.hubspot.com/hubfs/2022\\_State-of-Inbound-Marketing-Trends\\_V08122022.pdf](https://www.hubspot.com/hubfs/2022_State-of-Inbound-Marketing-Trends_V08122022.pdf)

Hootsuite list of Social Media Resources <https://www.hootsuite.com/resources>

### Online Advertising

Strategized web-based advertising can be an effective way to connect with prospective customers. Online ads can be hyper-targeted (directed at specific groups based on your chosen pre-sets) and are easy to measure, making them a popular choice for many businesses. Facebook, Twitter and YouTube offer inexpensive advertising options with flexible price points and detailed reporting on outcomes.

### POPULAR ONLINE ADVERTISING PLATFORMS

Google Adwords <ads.google.com>

Facebook Ads Manager <https://www.facebook.com/business/tools/ads-manager>

Instagram Ads <https://business.instagram.com/advertising>

Web-based Publications (i.e. local newspapers, magazines, etc)

YouTube [https://www.youtube.com/intl/ALL\\_ca/ads/](https://www.youtube.com/intl/ALL_ca/ads/)

### HELPFUL LINKS

*Social Media Marketing for Restaurants: 21 Tips* by Wishpond <http://blog.wishpond.com/post/57638303180/social-media-marketing-for-restaurants-21-tips>

*10 Examples of Awesome Restaurant Social Media Marketing* <https://pos.toasttab.com/blog/examples-of-awesome-restaurant-social-media-marketing>

Digital Marketing for Restaurants: How to Get Found Online <https://upserve.com/restaurant-insider/digital-marketing-restaurants/>

Restaurant Digital Marketing Guide for 2022 (downloadable guide) <https://www.touchbistro.com/blog/restaurant-marketing-guide/>

The Guide to Restaurant Social Media Marketing <https://pos.toasttab.com/blog/on-the-line/examples-of-awesome-restaurant-social-media-marketing>

The Complete Guide to Social Media for Restaurants and Bars <https://sproutsocial.com/insights/bars-restaurants-social-media-guide/>

## 13.7

## HANDLING ONLINE CRITICISM

Sometimes unhappy diners will complain in person, allowing staff the opportunity to remedy the situation on the spot [see section 12.5]. But today, many will post complaints online instead. Negative social media comments and online reviews can hurt your restaurant's reputation, so it's important to have an effective strategy in place for timely damage control.

Negative comments won't go away on their own, but if you handle the situation with professionalism and grace, other customers will take notice — and the reviewer may even feel obliged to remove their comments.

Below are some helpful tips and rules for handling negative social media comments.

### How To Handle Online Criticism

#### STEP 1: MAKE IT EASY TO CONNECT DIRECTLY

Some patrons complain via social media because they can't easily find a restaurant's contact information to reach out directly. To avoid this, ensure your website, Facebook page, and other social media platforms have up-to-date, easy-to-find contact information.

#### STEP 2: SET UP NOTIFICATIONS

Monitoring every social media platform is time-consuming and most restaurants can't afford a full-time online community manager. Setting up

notifications for your social media and review site platforms means you will receive an email when a new review or comment is posted. Notification settings and options vary (and change) but normally can be found in the general account settings for most of these platforms.

#### STEP 3: READ THE REVIEW CAREFULLY

One advantage to online criticism as opposed to in-person is that you have time to consider each comment thoroughly. Once you have done this, highlight the customer's complaints, and consider how you'll mitigate the issue(s) in the future. In your response, detail the measures you'll take to improve.

#### STEP 4: PRIVATE VS. PUBLIC APOLOGY

On many platforms, you can choose whether to respond privately or publicly. It's usually best to publicly apologize, but then encourage moving the conversation to a private channel to iron out the details. You don't need other followers to see what possible compensation was offered, or the more in-depth details they might have about a negative experience.

#### STEP 5: BE POLITE AND ACCEPT RESPONSIBILITY

Some reviewers can be downright harsh, or even disrespectful in the moment they wrote the review. Though your first instinct may be to go on the defensive, it's very important to try to stay calm and not take it personally. If needed, take a deep breath and come back to it. Customers expect a thoughtful apology, and it will look bad if you refuse to accept the blame. Remember that for every reviewer there may be 20 more readers.

#### STEP 6: RESPOND QUICKLY

Reacting quickly proves that you're listening and that you take customer complaints seriously. But, as already mentioned, don't respond while upset.

## HELPFUL TIPS

### Dealing with criticism

- Social media reviews can have great influence. And not responding to negative reviews could imply that the comments are accurate and nothing is being done to remedy the situation.
- Good or bad, social media comments are genuine customer feedback. Negative reviews can point to operational/staffing issues that require your attention. Think of negative feedback as an opportunity for improvement.
- Ignoring negative comments makes you look unprofessional and unconcerned with customer satisfaction, which for some can be enough reason not to visit your restaurant.

## 13.8

## ASSOCIATIONS

There are many associations in Nova Scotia that might be useful for networking, information, educational and training resources, as well as marketing.

#### Restaurant Association of Nova Scotia (RANS)

<http://www.dinens.ca>

The largest restaurant association in Nova Scotia supporting businesses in the food and beverage industry. RANS provides members with cost-saving programs such as preferred rates on

credit card fees, business & personal insurance, group benefit plans, discounts for employees, etched glassware, equipment financing, and design services. Other support includes advocacy, educational materials, start-up support, a free listing on [dinens.ca](http://www.dinens.ca), and free exhibitor access to Savour Food & Wine Show.

The association exists to assist and help individual operators succeed and create a better legislative working environment for the food service sector.

#### Taste of Nova Scotia

<http://tasteofnovascotia.com/>

Taste of Nova Scotia connects restaurateurs, chefs, food producers, processors and consumers throughout Nova Scotia. The association provides promotional opportunities online and in printed publications, and offers to members a public relations and media relations program. To be considered, your restaurant must source a certain percentage of local products.

#### Chambers of Commerce/Business/Tourism Associations

Many communities have chambers of commerce or other business associations that offers cost-saving programs, networking opportunities, promotion in their publications, weekly e-newsletters, online business directory, etc. Many communities also have local tourism associations or municipal tourism departments that offer marketing initiatives.

#### Tourism industry Association of Nova Scotia

[www.tians.org](http://www.tians.org)

Provides members with advocacy and industry support, as well as expert advice through the One-To-One Tourism Mentorship Program (<http://www.tourismmentoring1to1.ca/>).

#### Nova Scotia Tourism Human Resource Council (NSTHRC)

<https://tourismhrc.com/>

The Tourism Human Resource Council provides



access to a range of training programs and links to human resource information, as well as connections to Tourism HR Canada and their programs and research.

### Tourism Nova Scotia (TNS) Resources

Programs offered by Tourism Nova Scotia:

<https://tourismns.ca/programs>

TNS Content Library - free access to images and video and b-roll for tourism industry to promote travel: <https://tourismns.ca/photo-video-library>

Free business listings on ns.com (ns.com received over 14m visitors last year) - <https://tourismns.ca/promote-your-business-tourism-nova-scotia>



## MEASURING RESULTS

As the old saying goes: “if you can’t measure it, you can’t fix it.”

Before you begin investing time, money, and effort into marketing, it is important to have a strategy for tracking success. Without measuring your results, there’s no way to determine the ROI (return on investment) of a particular marketing campaign or tool.

Aside from paid digital marketing campaigns, which offer comprehensive reporting, traditional marketing initiatives (like billboards or print ads for example) and organic social media posts can be harder to measure.

Doers and Dreamers Guide - <https://tourismns.ca/news/intouch-blog/update-your-business-listing-2022-doers-dreamers-travel-guide>

### Digital Nova Scotia

The industry association representing the technology sector in Nova Scotia.

<https://digitalnovascotia.com/> Offers a wide range of digital assistance training programs, many of them designed for the tourism and hospitality sector.

## Best Practices for Measuring Results

1. Set benchmarks or goals for all aspects you’re looking to measure.
2. Ask ALL customers how they heard about you via comment cards.
3. Track and input data on customer comment cards to generate your own reports on customer satisfaction, percentage of repeat business, and other metrics important to you.
4. Make all of your marketing tactics as measurable as possible. (I.e. track redeemed coupons with promo codes.)
5. Regularly review your social media metrics and adjust as necessary.
6. Review in-depth the reporting provided on digital ad campaigns and paid social media campaigns to determine if you achieved your desired ROI.
7. Look at data to determine your busiest time/ days/weeks/months.



## HELPFUL RESOURCES

### Associations

Restaurant Association of Nova Scotia (RANS): [www.dinens.ca](http://www.dinens.ca)

Taste of Nova Scotia: [www.tasteofnovascotia.com](http://www.tasteofnovascotia.com)

Tourism Industry Association of Nova Scotia: [www.tians.org](http://www.tians.org)

Nova Scotia Tourism Human Resource Council (NSTHRC) <https://tourismhrc.com/>

Chambers of Commerce: <https://www.atlanticchamber.ca/list>

### Websites

Aaron Allen & Associates (Blog): <http://aaronallen.com/blog>

HubSpot Marketing Library <http://www.hubspot.com/free-marketing-resources>

Government of Canada: Anti-Spam Legislation <http://fightspam.gc.ca/eic/site/030.nsf/eng/home>

Digital Nova Scotia: Website providing digital support for Nova Scotia’s tourism sector

<https://nsdigiport.ca/>

Tourism Nova Scotia: [www.tourismns.ca](http://www.tourismns.ca)

# APPENDIX I: SOME ADDITIONAL RESTAURANT INDUSTRY OPERATING DATA

PART 1: NOVA SCOTIA RESTAURANT  
OPERATING NORMS

PART 2: STATISTICS FROM A US SURVEY OF  
RESTAURANTS – START-UP COSTS, SALES AND  
SPACE REQUIREMENTS



## PART 1: NOVA SCOTIA STATISTICS

The statistics presented here are averages for Nova Scotia as a whole; they are from Statistics Canada sources. Note that totals may not add due to rounding.

### 1. Restaurant Operating Norms by Number of Seats

#### Revenue Mix by Number of Seats

Type of Revenue	25 seats or less	25-50 seats	50-100 seats	100-200 seats	200 or more	National
Food	95.5%	93.2%	82.04%	71.6%	81.8%	86.5%
Beverage	2.1%	5.0%	15.49%	23.2%	14.2%	10.5%
Other revenue	3.2%	1.7%	2.48%	5.2%	3.9%	3.0%

#### Cost of Sales and Other Ratios by Size

Type	25 seats or less	25-50 seats	50-100 seats	100-200 seats	200 or more	National
Food (cost of sales)	29.0%	32.2%	38.7%	30.2%	36.5%	34.0%
Beverage (cost of sales)	23.0%	34.7%	23.5%	25.3%	31.6%	27.1%
Other (cost of sales)	40.0%	14.2%	25.2%	1.1%	27.1%	24.3%
Costs/Sales	29.5%	32.0%	36.0%	28.6%	35.4%	33.0%
Gross Margin	71.3%	68.0%	64.0%	71.4%	64.6%	67.0%

### Operating Costs and Operating Profit by Number of Seats

Type	25 seats or less	25-50 seats	50-100 seats	100-200 seats	200 or more	National
Salary/Wages	28.1%	29.0%	29.3%	30.6%	29.7%	29.6%
Occupancy	8.3%	10.9%	9.3%	9.5%	7.0%	9.2%
Operating	4.5%	3.1%	4.3%	4.3%	3.1%	3.6%
Paper	4.0%	2.8%	3.5%	2.1%	2.9%	2.9%
Utilities	3.3%	3.5%	4.3%	3.8%	2.6%	3.5%
General/Admin	4.7%	1.3%	3.1%	3.7%	3.2%	2.8%
Marketing	3.5%	4.1%	3.6%	4.2%	2.9%	3.4%
Entertain.	0.2%	1.4%	2.5%	1.2%	0.8%	1.4%
Total expenses	56.6%	56.0%	60.0%	59.4%	52.2%	56.4%
Operating Profit (Gross Margin minus Total Expenses)	14.8%	12.0%	4.0%	12.0%	12.4%	10.5%

### 2. Restaurant Operating Norms by rural, suburban and urban Locations

#### Revenue Mix by Location

Type	Rural	Suburban	Urban	National
Food	82.0%	89.1%	82.2%	86.5%
Beverage	13.2%	8.4%	14.5%	10.5%
Other revenue	4.8%	1.6%	3.3%	3.0%

#### Cost of Sales and Other Ratios by Location

Type	Rural	Suburban	Urban	National
Food	31.2%	34.3%	34.0%	34.0%
Beverage	29.1%	27.0%	29.1%	27.1%
Other	13.2%	22.1%	28.2%	24.3%
Costs/Sales	30.1%	33.5%	33.1%	33.0%
Gross Margin	69.9%	66.6%	66.9%	67.0%

## PART 2: STATISTICS FROM A 'COSTS TO OPEN A RESTAURANT' SURVEY OF RESTAURANTS – START-UP COSTS, SALES/INVESTMENT RESULTS AND SPACE REQUIREMENTS

The data in the table on the next page is reproduced with permission from [RestaurantOwner.com](http://RestaurantOwner.com).

### “Our members are always asking, “How much does it cost to open a restaurant?”

As part of our ongoing effort to answer this question, we responded by asking each of our members to share their unique experiences with regard to their startup costs. We received more than 700 responses from a variety of restaurants. Of course no two restaurants are the same, and the cost per square foot to open a restaurant varies greatly depending upon a litany of factors such as service style, decor, size, and location. Nevertheless, we were able to uncover a number of statistics that can be useful when planning your startup”

Source: [www.RestaurantOwner.com](http://www.RestaurantOwner.com)

For more information visit [www.RestaurantOwner.com](http://www.RestaurantOwner.com)

**Important Note: This data is based on a survey of US restaurants in 2012. It is provided for information only and should not be used as data for Nova Scotia restaurants. All types of restaurants are included. Costs may include do-it-yourself projects as well as those constructed by contractors.**

### Survey Results: How Much does it Cost to Open a Restaurant

	Lower Quartile	Median	Upper Quartile	Average	# of Responses
<b>Sales-Investment Results</b>					
Annual Sales	\$425,000	\$950,000	\$1,375,000	\$1,172,629	680
Sales per Sq. Ft.	\$170	\$286	\$433	\$355	679
Sales per Seat	\$5,278	\$9,106	\$13,750	\$10,534	673
Annual Profit - \$	\$12,813	\$52,000	\$130,000	\$91,102	665
Profit %	2.5%	8.0%	12.0%	6.5%	665
Sales to Investment Ratio (no land purchase)	1.7 to 1	2.9 to 1	5.0 to 1	2.3 to 1	489
Sales to Investment Ratio (with land purchase)	1.1 to 1	1.8 to 1	3.6 to 1	1.7 to 1	138
Annual Return on Investment (ROI)	4.5%	17.6%	40.0%	33.5%	611
# of Months it took to become profitable	1	6	24	18	440

### Survey Results: How Much does it Cost to Open a Restaurant

	Lower Quartile	Median	Upper Quartile	Average	# of Responses
<b>Cost Estimates</b>					
Total Start-up costs (no land purchase)	\$125,000	\$275,000	\$550,000	\$494,888	489
Total Start-up costs (with land purchase)	\$175,000	\$425,000	\$925,000	\$735,326	138
Start-up cost per sq.ft. (no land purchase)	\$45	\$95	\$173	\$159	488
Start-up cost per sq.ft. (with land purchase)	\$64	\$131	\$234	\$178	138
Start-up cost per seat (no land purchase)	\$1,418	\$3,046	\$5,571	\$4,244	482
Start-up cost per seat (with land purchase)	\$1,808	\$3,734	\$7,315	\$5,452	138
Cost overrun compared to budget	0%	15%	45%	33%	626
Construction Cost - \$	\$49,500	\$140,000	\$350,750	\$279,807	547
Construction cost- % of overall Start-up Costs	29%	47%	64%	47%	547
Construction Cost per sq.ft.	\$19	\$50	\$91	\$72	532
Construction cost per seat	\$500	\$1,452	\$2,943	\$2,126	539
Kitchen & bar equipment costs	\$30,000	\$75,000	\$150,000	\$115,655	569
Kitchen & bar cost per sq.ft.	\$43	\$88	\$150	\$136	564
Land & Building Cost	\$25,000	\$125,000	\$400,000	\$406,657	138
<b>Space Requirements</b>					
Total sq.ft.	2000	3200	5000	3945	723
Kitchen sq.ft.	500	900	1375	1051	722
Kitchen % of overall sq.ft.	20%	28%	38%	29%	721
Total # of Seats	62	100	170	140	716
Sq.ft. per Seat	26	31	39	34	414

