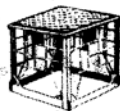


# Milk crate



## Six tips for opening a successful restaurant

Be passionate, be smart, and don't be afraid to admit you've made a mistake, writes **Andrew Spring**.

In my line of work, insolvency and business recovery, I come across a lot of struggling restaurants, cafes, takeaway joints, pubs and bars. They face enormous financial pressure from rising fixed costs and increased competition from delivery services and other eateries. It's damn hard work and the margins can be tight.

I recently handled the insolvency of a cafe that had a long lease on the premises and equipment. It didn't have a unique offering and served typical cafe fare. The competitive marketplace meant low margins and they had to sell a lot of food and coffee to cover costs – the owners were working 15-hour days just to meet the wage bill.

In that situation, they signed up to a long-term commitment without fully understanding the environment or how to make the business work.

I also handled the matter of an upmarket CBD restaurant that found itself unable to meet its large debt. The owners had spent a couple of million fitting out the restaurant and while it did well servicing lunchtime business trade, it could not attract a dinner crowd because of its city location.

For anyone who is considering opening a restaurant or cafe, or perhaps already owns one, here are six key tips to take on board.

**1. Do your research.** Understand the demographics of the area and the types of food and experience that may work there. A cheap and cheerful burger joint will likely be more successful near a university campus than in a suburb such as Mosman or Malvern.

**2. Be unapologetically passionate.** Understand why you opened your eatery and let that story

flow through the business. Customers who become engaged are more likely to return and become your brand ambassadors, but their engagement comes from more than just a satisfying meal.

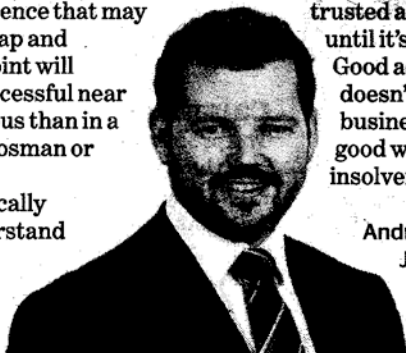
**3. Secure your intellectual property.** Your story is the important ingredient that customers engage with and it is housed in your brand. Be aware of how to protect it through trademarks or copyright.

**4. Engage your staff.** As the lifeblood of most businesses, your team is essential for delivering the right experience to your customers. Effective management techniques, including training, feedback and key performance indicators, can help staff understand how their role contributes to the success of the business. Do not become beholden to a team member, either – the chef only runs the kitchen with the owner's consent.

**5. Don't be afraid to admit you've made a mistake.** I worked with a restaurateur who owned three successful restaurants and decided to open a fourth. The fourth one didn't work, and the owner wasn't afraid to admit he got it wrong and closed the doors before it became a major issue for the group.

**6. Seek help early.** If your business is showing signs of financial difficulty, don't ignore it. There are solutions and that's why it's important to talk to a trusted adviser rather than wait until it's too late.

Good advice and good planning doesn't automatically make a business successful, but it is a good way to help stave off insolvency.



Andrew Spring is a partner with Jirsch Sutherland, a specialist insolvency and business recovery firm.