



# How to write an effective restaurant business plan (and why you need one!)

Congratulations! You're thinking of opening a new restaurant, fulfilling a lifelong dream to do what you love and be your own boss. Owning and operating a restaurant can be one of the most challenging things you'll ever do — but also the most thrilling.

NEXT specializes in small business insurance and is tailor-made for the restaurant industry because it provides affordable coverage tailored to your specific needs. Our policies are adaptable and grow with your business; you can easily add extra coverage, new policies or additional insureds.

We know you've got the grit and passion to succeed — and we're here to help you. And the best way to make sure you go from new in town to the local favorite is to have an air-tight business plan.

And don't worry, if you've already opened your business, it's not too late! Putting a plan on paper can remind you of how far you've come and help you to keep that momentum.

## Why create a business plan, anyway?

A solid business plan is going to do two helpful things for you: spell out your goals and build confidence in your investors or partners. It should give people a feel for who you are and what your passion is.

It will be your roadmap to success, and serve as a helpful tool as you decide your vision for your restaurant, and how you plan to get there.

Once you've got the plan, all that's left is the execution. (And, of course, serving up some mouth-watering meals).

By the way, if you're not comfortable writing a business plan on your own, you can always hire a professional to help.

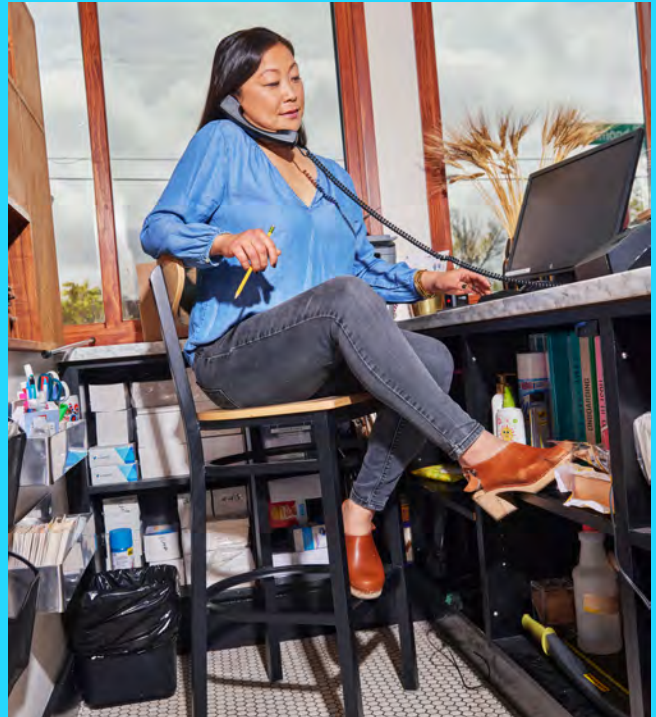


# What to put in a restaurant business plan

A typical business plan has the following sections. You don't need to include all of them but if you want to show it to investors to secure some funding, it helps to show as much of the financial details and market analysis as you can to build their confidence in you.

**Here are some of the key components to a good plan (based on what's important to you and your business):**

- Executive summary
- Company background
- Short-term and long-term goals
- Food and services
- Financial details
- Market and competitive research
- Sales and marketing plans



## Executive summary: The sneak peak

This might be the only thing an investor reads, so this is where you hook them.

You might use this quick structure to explain:

- Who you are
- What the problem is
- How you're solving it
- Why you? Why now?

The executive summary should be short and engaging, like a movie trailer. Use bullet points to separate your ideas and use concise language without any jargon.

Emphasize how your restaurant will be different — especially if you're serving a well-established food like pizza or burgers. If your food is more unique, share origins and include images to kickstart the reader's taste buds.

## Company background: What gives your restaurant its flavor

This is where you get to be a storyteller. Showcase your vision and tell your restaurant's origin story. Build confidence in your readers with your experience and passion. You can also include:

- Companies or other restaurants you've worked for or started
- Technical skills
- Your education or certifications

Feel free to be creative! You can even include photos or customer testimonials if you have them.



## Food and services offered: The main menu

This section gives your plan some flavor (pun definitely intended). Here you'll showcase your product, your passion and what will bring people back again and again. Lay it all out.

- What kind of food and drinks will you serve?
- Where will you source your ingredients?
- Are you planning any signature items that you want to be known for?
- Are you providing any other services? (Delivery, outdoor seating, a prix fixe menu etc).



# Short-term and long-term goals: Your recipe for success

Well-defined goals and milestones won't take the magic out of making your dreams a reality. They'll actually help you make it happen!

Using the SMART system can help you create goals that are both realistic and achievable. SMART stands for:

- **Specific:** Aim for something specific otherwise it's tough to focus your efforts.
- **Measurable:** This is how you track progress and stay motivated.
- **Achievable:** You want to aim high, but stay in the realm of what's possible.
- **Relevant:** Make sure the goal matters to you. Is it worthwhile to accomplish?
- **Time-based:** Set a target date so you have a deadline to work towards.



## Let's see it in action!

For example, instead of saying "create employee training program," a SMART goal would be "I will create a waitstaff training program within 1 month."

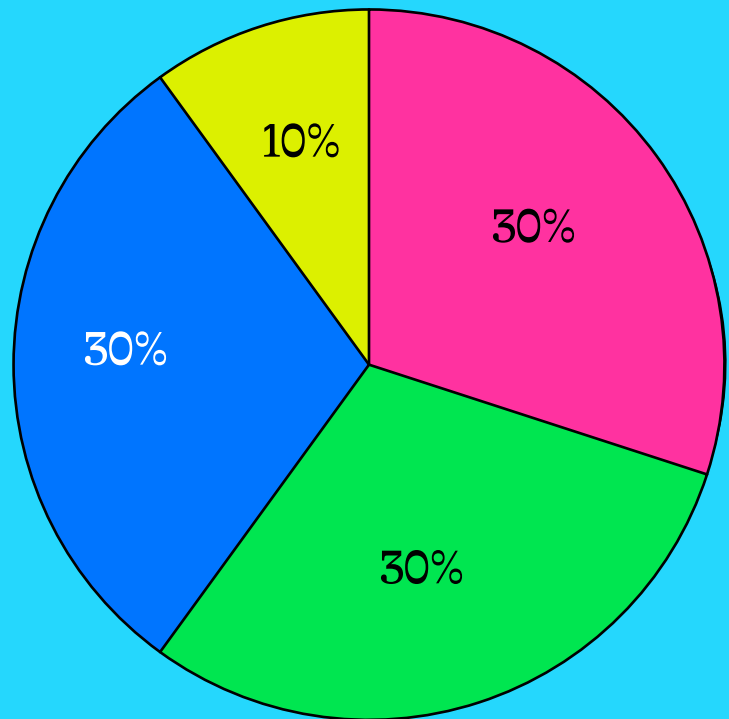
- **Specific:** I want to create a training program that prioritizes workplace safety and good customer service.
- **Measurable:** I will divide the plan into four parts and will complete one section every week to stay on track.
- **Achievable:** One month should be a good amount of time to research policies and document processes.
- **Relevant:** A training program will help staff feel confident and valued, which will help me avoid employee turnover. Well-trained employees will also help my customers feel valued, which will keep them coming back.
- **Time-based:** I will do this within one month.

## Financial details: Bring home the bacon

Don't worry, this is NOT line-by-line accounting. It's more of an educated guess at what your finances will be. It can be hard to know where to start, so if this seems overwhelming, you can always seek the help of an accountant. They can review your numbers for credibility, or they can take this whole section off your plate.

### Many restaurants follow the 30-30-30-10 rule for budgeting their business.

- 30% for food costs like ingredients and beverages
- 30% for labor expenses like payroll and healthcare
- 30% for overhead like rent, insurance, equipment and utilities
- 10% for profit



Here are some of the essentials:

- Sales forecast: This is an estimate of how much your restaurant will sell in a time period, or your future revenue. You can base this on estimates of how many guests you think you'll serve a day and the average check per table.
- Expenses budget: You have to know how much you're going to spend to understand profits. Include expenses like fixed costs (rent, insurance, payroll) and variable costs (inventory, ingredients, advertising, taxes).
- Projected cash flow: This is how much real money is moving in and out of your business. Cash flow tells you if you're able to generate cash to pay debt or fund operating expenses.
- Projected balance sheet: This is a projection of what you own and what you owe. Investors will look at these numbers to figure out if you have a viable business they should fund.

## Competitive research: Getting the lay of the land

If you're opening in a competitive area, this part will be your playbook for success. Focus on these two main questions:

- What are your competitor's strengths and weaknesses?
- How do you plan to set yourself apart from them?

Don't just pay attention to your current competition. A good plan helps you anticipate newcomers who are going to give you a run for your money.

## Sales and marketing plans: Spread the word

Here you want to share how you're going to get people through the door, eating the best food in town.

- Promotional strategies: Will you open social accounts? What about physical advertisements like flyers or billboards?
- Review sites: Will you use your own or manage a third party page?
- PR outreach: Will you work with the local media to promote your restaurant?

Remember — keep the long term in mind. It's easy to open social accounts, but who will continue creating content and maintaining the platform?

# GET NEXT. GET COOKIN'.

Writing a business plan is only one ingredient that will help determine your success. This is a competitive space, and the recipe for success can be complicated. So what else will you need?

We certainly recommend restaurant insurance essentials like general liability, commercial property and workers' compensation to help you protect the investment you've poured your time and energy into.

There's so much to keep track of when you run a restaurant, so NEXT has designed policies to take some of those worries off your plate. It only takes about 10 minutes to get covered and set up automatic monthly payments, then you're back to following your rock solid business plan.

