

HOW TO OPEN A RESTAURANT IN 15 STEPS



THE BOX
PARTNERSHIP

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INTRODUCTION

After opening a number of hotels and restaurants in Hong Kong and abroad, we wanted to give some helpful tips to daring individuals who are looking to open their own restaurant.

We have tried to cover all aspects of a project opening and although the 15 steps are highlighted here, no project is the same. We advise all entrepreneurs to have this list handy to guide them but more importantly to be flexible and ready to adapt to the demands of the industry. It is not an easy road ahead but it is a highly rewarding one!

LAURA OFFE, EDITOR

Founder & Managing Director

"Opening a restaurant is some serious business: it is a huge task to undertake, it takes dedication and passion so surround yourself with experts and people who will guide you through this journey! Most importantly, enjoy it!"



CHARLOTTE NADJAR, AUTHOR

Project Director

"These steps are defined in a suggested order but each project is unique and some people may want to follow the steps in a different order."

BIANCA GOZZI, CO-AUTHOR

Assistant Project Manager

"This e-book is adapted to the Hong Kong market and regulations, however, it is applicable to other countries too."



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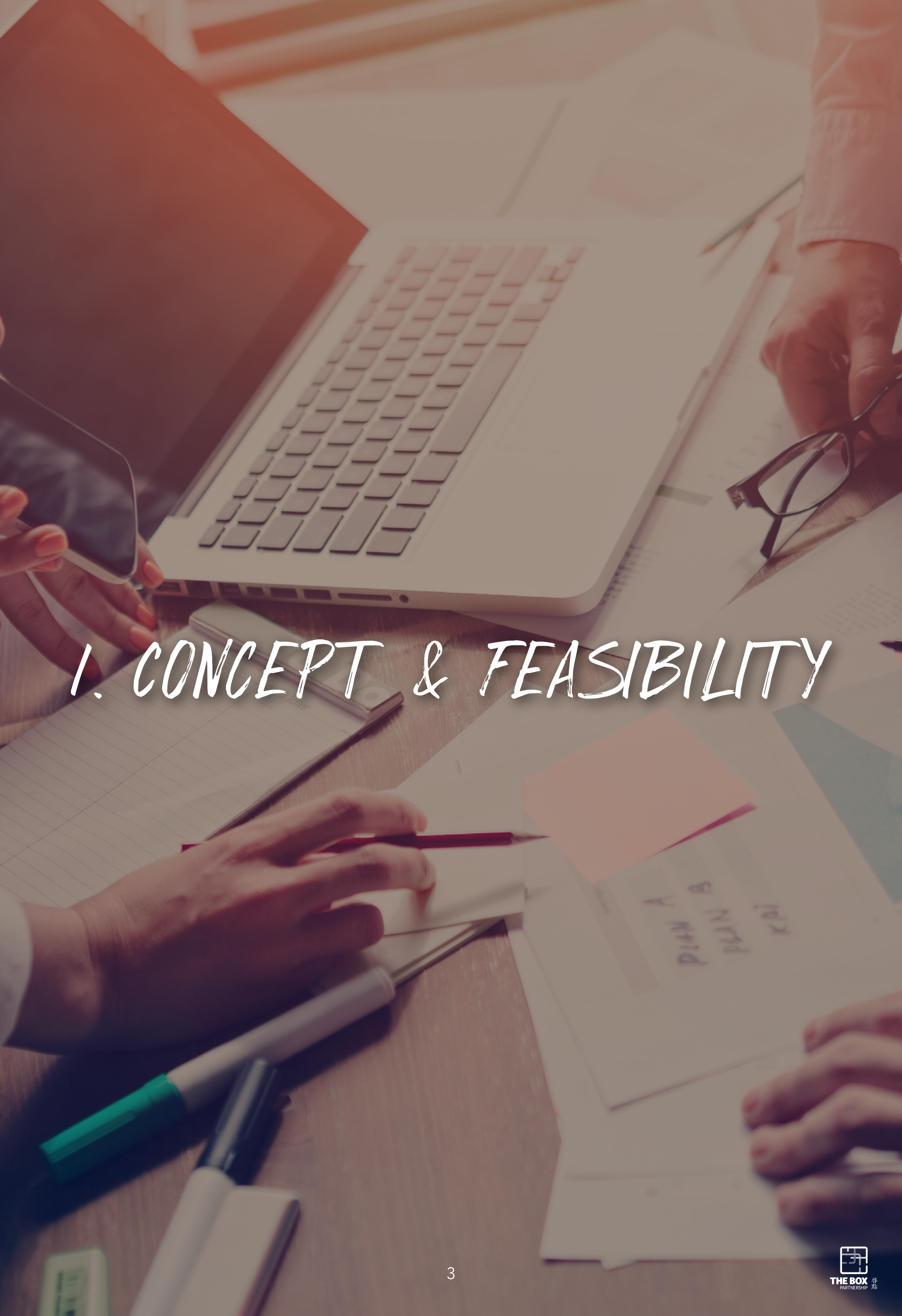
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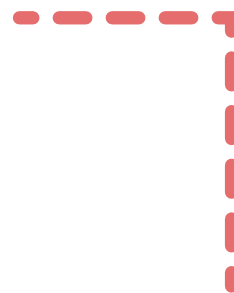


1. CONCEPT & FEASIBILITY

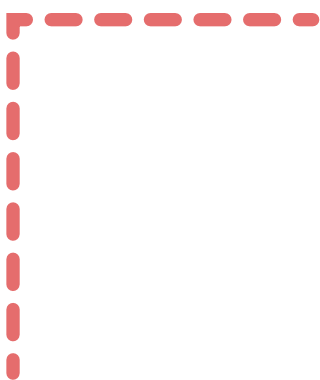
01. WHO ARE YOU: THE CONCEPT



Think about the basics of your concept: your story, your brand, your food, your differentiating factor, your seating capacity, your vibe...



Look for your benchmark: which restaurant comes to your mind when you think of good dishes, good drinks, great service and a great atmosphere? It's often hard to find one that has everything so take a criterion from different places and use those as benchmarks!



What is your specialty? What will make you stand out? What will bring crowds through your doors?

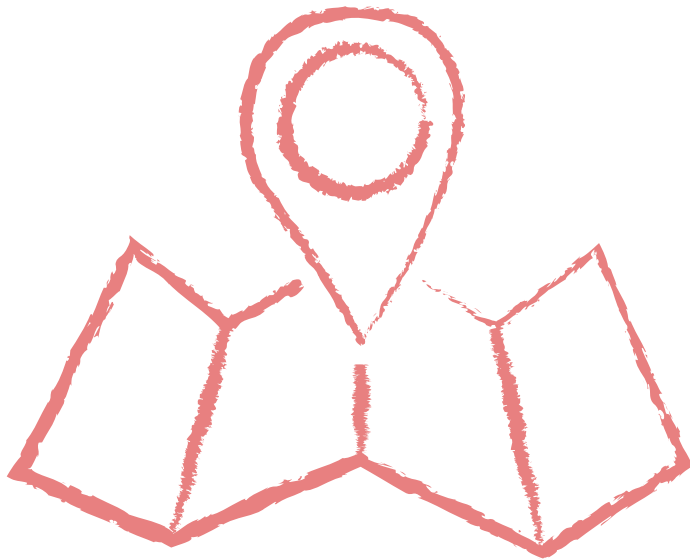
OUR TIPS

IF THERE'S ONE THING YOU SHOULD ALWAYS KEEP IN THE BACK OF YOUR MIND FROM THIS E-BOOK IS: DON'T OPEN A RESTAURANT FOR YOURSELF.... YOU ARE NOT THE IDEAL CUSTOMER AND WHAT YOU LIKE IS NOT A GENERALIZATION...SO KNOW WHO YOU'RE TARGETING!

02. KNOW YOUR MARKET AND YOUR COMPETITORS



Now that you have a conceptual idea of the kind of restaurant you want to open, research is key! Check out what's going on in the market, what's happening in other major cities... We don't suggest you should follow trends but it is important to understand what's going on in the industry to stay ahead!



Now that you understand the market, look at possible locations you'd like to settle in... Pick 2 to 3 neighborhoods and study them: customer base, spending habits, rent prices... Check out your competitors: your direct competitors (similar concept, close to your area) and your indirect competitors (same concept in a different area or different concept in the same area). Understand what they do well and where they need to improve...

OUR TIPS

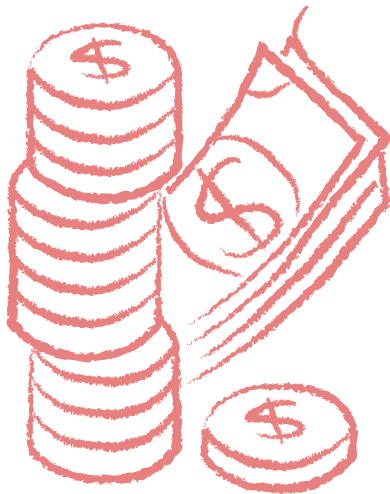
DEPENDING ON YOUR CONCEPT, YOU'LL NEED A DIFFERENT SIZED SPACE... THINK ABOUT HOW MANY SEATS YOU WANT TO HAVE? THAT WILL AFFECT SEVERAL THINGS: RENT, STAFFING, OPERATING COSTS...

03. THE FEASIBILITY STUDY

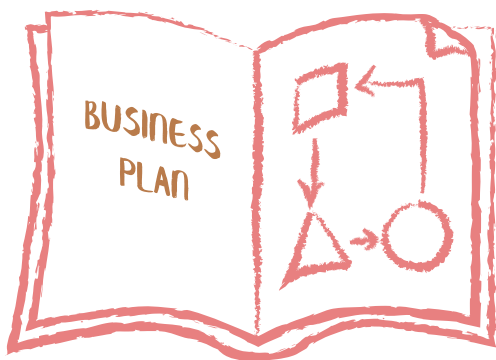


**DO YOUR
HOMEWORK!**

You now know the approximate rent you'll be paying; this will affect your overall ROI and your monthly P&L so make sure you run the numbers through different scenarios so that you cover all possibilities.



At this point, you will be able to decide whether you want to go ahead with your project and how you will finance it. Is it a project you want to invest in alone or will you need investors?



Next step, business plan! Prove the viability of your concept to potential investors and provide them with a clear answer to the question: "Why does Hong Kong need another restaurant?" Note: the business plan is also required when opening a bank account.

SOME NUMBERS TO KEEP IN MIND

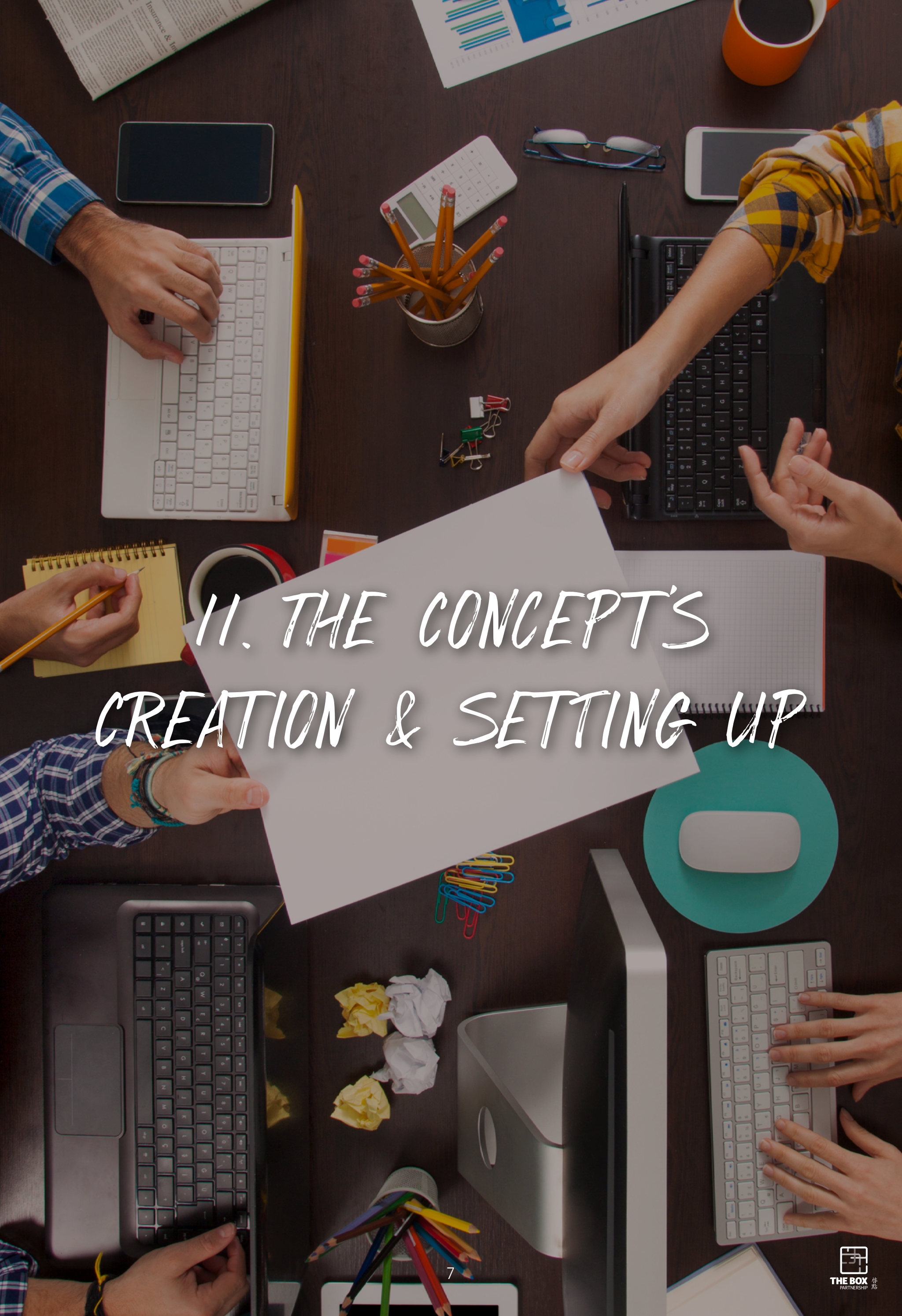


RENT < 12% OF OVERALL SALES

STAFFING ≤ 30%, IDEALLY NO MORE THAN 28%

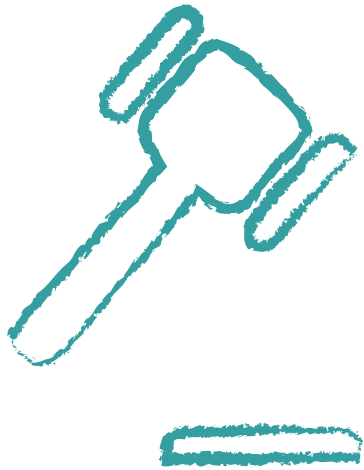
FOOD COST ≤ 30% OF FOOD SALES

BEVERAGE COST ≤ 20% OF BEVERAGE SALES



11. THE CONCEPT'S CREATION & SETTING UP

04. SUIT UP: THE LEGAL ASPECT!



If you believe in your restaurant's success and have financial support, you also need to open your business "legally". It's quite simple in Hong Kong, it takes about a week. We suggest using a company to do so, they'll get everything sorted while you concentrate on developing your concept.



Once that's done, you'll need to open a bank account... that's a whole other ball game, so be prepared!

GET EVERYTHING READY:

BUSINESS PLAN, BR, NNC1, INVOICES ETC.

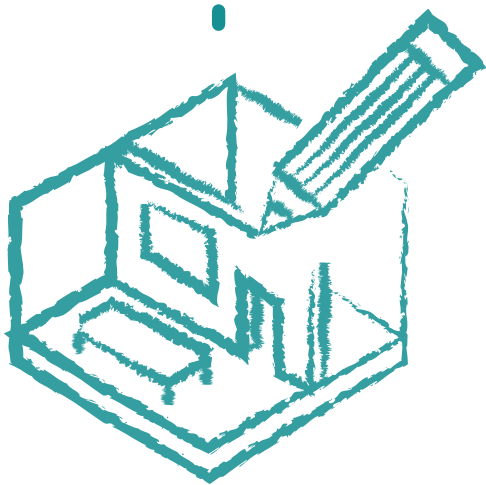
05. BRAND YOURSELF



Create a concept brief: how do you visualize your concept, your brand? Use different adjectives to represent your concept... The more accurate you are, the easier it will be for your designers to build it from scratch!



Time to make it a reality: meet with different branding agencies and see which one gets you and your concept, pick one and work with them to be able to define your brand and bring your concept to life.



Hire an interior designer. Share the Design Brief & competitive analysis with them. Explain the story behind the concept so they can understand what you want your concept to aspire to.

TIPS FROM OUR PROFESSIONALS



CHERIE CO

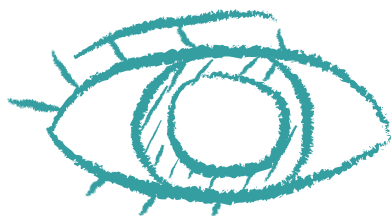
PROJECT MANAGER AT
THE BOX PARTNERSHIP

<< MAKE SURE YOU HAVE A PROJECT MANAGER TO TAKE CARE OF THE CONSTRUCTION WORK AND PROGRESS, THE DECORATION, THE FURNITURE, LIGHT, ELECTRICITY ETC. FOR BOTH FOH AND BOH THE PROJECT MANAGER CAN BE SOMEONE FROM THE INTERIOR DESIGN COMPANY OR A THIRD-PARTY CONSULTANT. THEY'LL MAKE SURE YOU'RE ON TRACK AND ON TIME! >>

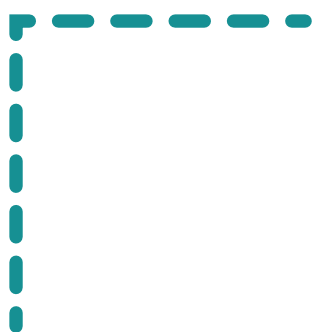
06. LOCATION, LOCATION, LOCATION



Location is crucial to the restaurant's success! You can always change your prices, your decoration, your menu, your concept, your staff, but you can't change your location. So, choose carefully and wisely!



Also, check out the accessibility and visibility of the shops you are visiting. Make sure your license consultant and designers check out the space to ensure that there are no structural or hidden issues...

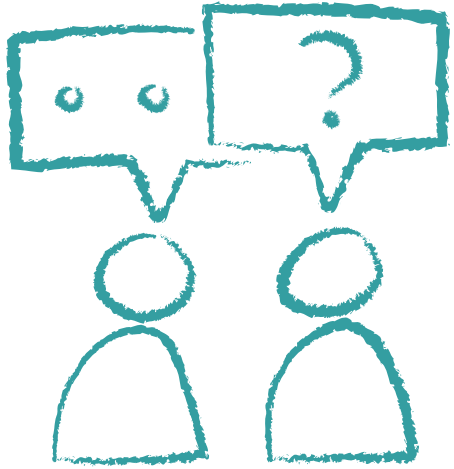


Think carefully before taking over a space that used to be a retail shop...you might have to cover a lot of initial costs!

OUR TIPS

DOES THE SHOP HAVE ENOUGH POWER? MANY SHOPS IN HONG KONG ONLY HAVE 180 WATTS BUT AS A RESTAURANT YOU'LL NEED A MINIMUM OF 220-250 WATTS, SO MAKE SURE YOU ASK YOUR AGENT!

07. CAN'T LIVE WITHOUT 'EM: LICENSE CONSULTANTS



Why would you hire another consultant? Hong Kong has a number of health and safety regulations that need to be respected before you officially open your restaurant...Don't always try to understand them...let the consultant handle them! Trust us on that one, you don't want the headache!

08. SIGN THE LEASE



You found the perfect spot for your restaurant and agreed on the terms. Recommendation: get a long-term lease to ensure you get your money's worth! Hong Kong is notorious for its jumping rent prices so keep that in mind before you agree on any T&Cs.

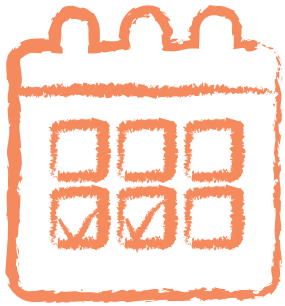
HONG KONG FACTS

IN HONG KONG, POPULARITY CAN BE CUT-THROAT, TAKE FOR EXAMPLE KAI KAI DESSERT THAT WAS FEATURED ON THE MICHELIN GUIDE. JUST A FEW MONTHS AFTER THE GUIDE WAS PUBLISHED, THE LANDLORD MORE THAN DOUBLED THE RENT FROM HKD 100,000 TO HKD 220,000.



III. CONCEPT DEVELOPMENT

09. MANAGE YOUR PROJECT



Failing to plan is planning to fail. If you don't know where you are going, you are more likely to get nowhere. The Project Manager will guide you through every step during the whole process.



Under-capitalization. Once you take over your shop, unexpected costs will pop up: fire system needs to be relocated, the door you originally had in mind has not been accepted by the Building Dept... don't panic, there is always a solution to these types of obstacles.



Experience. Hospitality management principles are peculiar. The restaurant business is unique in itself. Maybe you are a successful manager, however you are still an inexperienced restaurateur, unaware of what you don't know. That is why you need to rely on someone that has the expertise and knowledge to advise you.

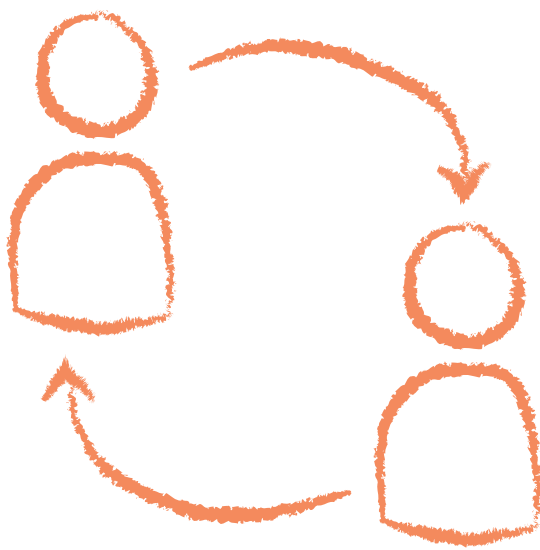
CHECKLIST: DO YOU HAVE EVERYTHING?

- POS
- ALARM SYSTEM
- SOUND SYSTEM
- CREDIT CARD MACHINES
- BOOKING SYSTEM
- EQUIPMENT & DECORATION
- NAPKINS, CANDLES, PLANTS, ETC...
- INSURANCE

10. BUILDING A TEAM!



Look for personality over experience: teaching someone how to serve is easier than changing one's attitude. The chef is key so choose them carefully and hire them early so that they can start working on recipes, looking for the right suppliers, etc.

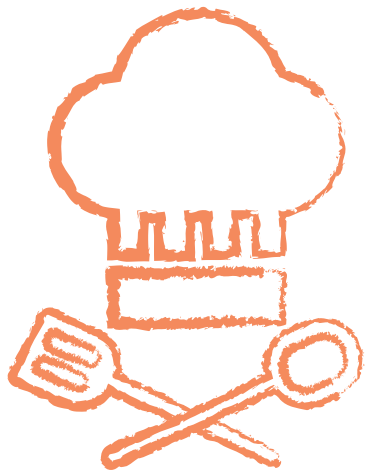


Usually, 20 to 40% of your opening team will leave you before the end of the first month...don't panic, it happens to everyone! That's the name of the game! Make sure you hire a full team so that it does not affect the customer experience!

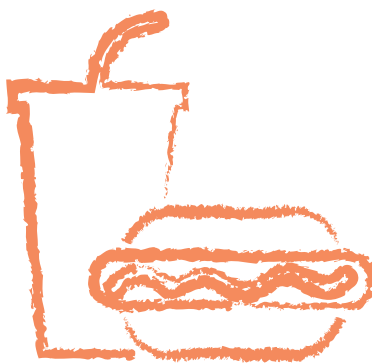
HONG KONG FACTS

HONG KONG HAS A HIGHLY EDUCATED AND SKILLED WORKFORCE THEREFORE IT IS BECOMING MORE AND MORE DIFFICULT TO FIND LABOR FOR RESTAURANTS, THE INDUSTRY TENDS TO HAVE A BAD REPUTATION SO KEEP THAT IN MIND WHEN YOU DECIDE TO JUMP INTO THE INDUSTRY!

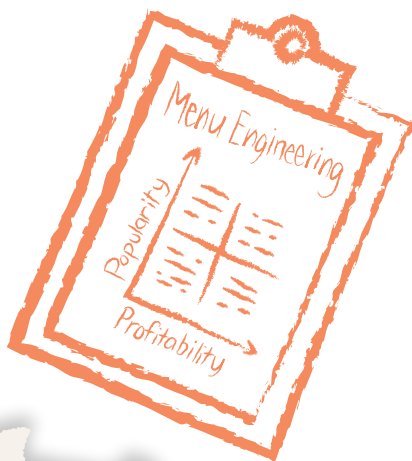
11. SHOW ME THE MONEY: MENU & PRICES



Remember that competitor analysis you did a while ago? Well, go get it! What are your competitors offering and for how much? Work with your chef and bartender and keep your costs in mind!

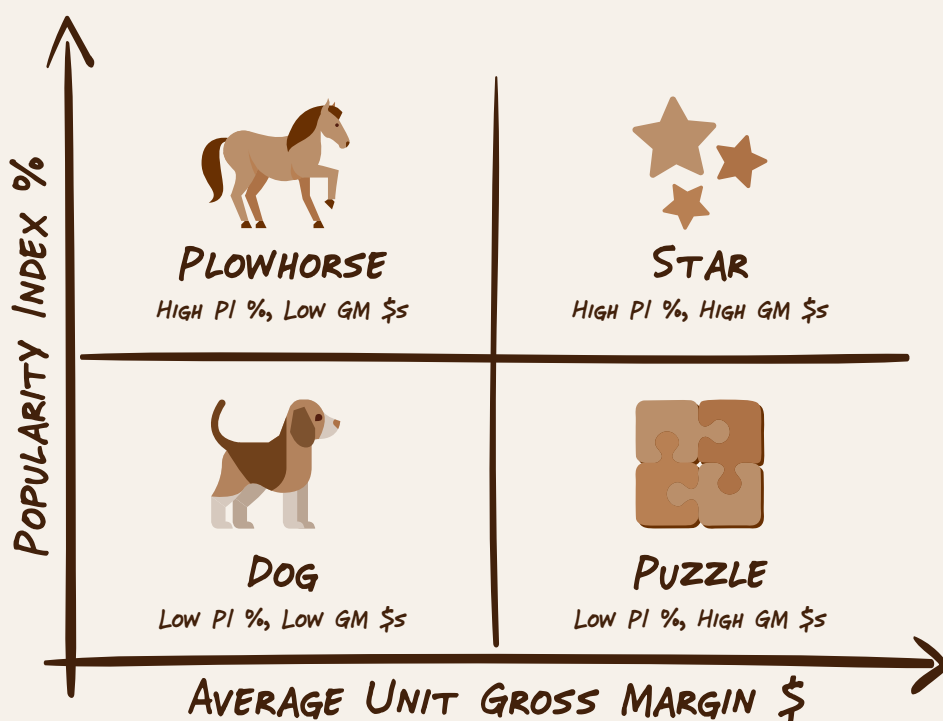


Try the competition to evaluate the food & beverage quality and the value for money.



Procedures to look at: Create a menu engineering document to control your costs and see what works and what doesn't! You'll see how useful it is once you are open! List your suppliers and what you buy from them as well as the delivery days. Prepare the inventory sheets (to fill in each end of the month) for stock takes.

TIPS



DO YOU KNOW WHAT ALL THESE WORDS MEAN?

THEY HELP YOU UNDERSTAND WHICH DISHES OR DRINKS ARE SELLING WELL AND WHICH ONES AREN'T!

12. GET OUT THERE: MARKETING & PR



If you want people to know about you through magazines, the Internet or social media, you will need to have a good marketing strategy and someone to do all the hard-selling and networking of influencers. Be aware of one thing: nothing is free!



We recommend to start communicating on social media 4 to 6 weeks before the opening. Your Branding Consultant will be in charge of developing your website and your social media templates, posts and content style. Be consistent on how you showcase your brand, you want people to recognize you!

HERE ARE THE STEPS FOR A MARKETING CAMPAIGN:

- SET OBJECTIVES
- DEFINE KPIs
- DESIGN TACTICS
- EXECUTE CAMPAIGN
- MEASURE OUTCOMES
- OPTIMIZE RESULTS



IV. LAUNCHING THE RESTAURANT

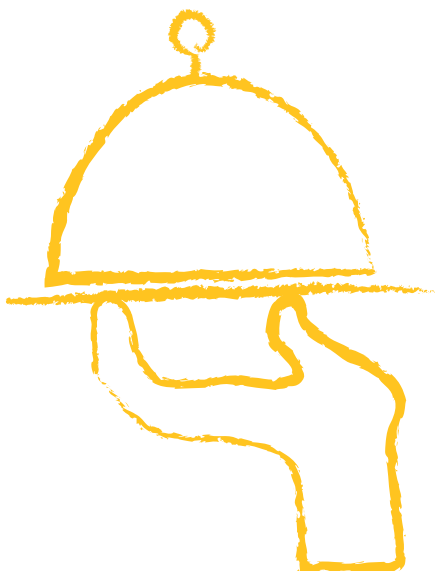
13. PRE-OPENING: TIC-TOC, TIC-TOC...



Handover (from the contractor to the shop owner): make sure everything is delivered to you at least 1 week before opening.



Training: should last around 3 to 5 days, with basic knowledge about the restaurant, service standards, food knowledge, beverage knowledge, role play, grooming standards etc... To be conducted the week before the simulations.



Simulations: 1 to 4 days, you'll invite friends and family to try the restaurant. Prepare feedback forms to give to your guests so they can share their experience and give their comments and suggestions. If you notice a pattern, then you might want to consider it and rectify or improve.



Soft-opening: The length of it depends on you... is your team ready? Giving a discount to paying customers will enable you to get a few more practice days...

TIPS

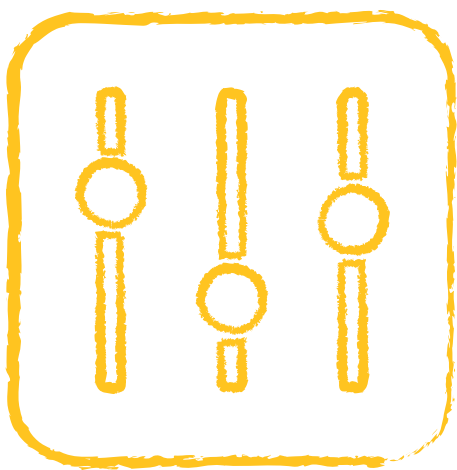
PEOPLE OFTEN FOREGO SIMULATIONS BECAUSE OF THE COST...BUT REMEMBER THAT IF YOUR TEAM DOESN'T DO A FEW TRIAL RUNS ON PEOPLE YOU KNOW (YOUR GUINEA PIGS), THEY WILL MAKE MISTAKES WITH PAYING CUSTOMERS AND YOU MIGHT NOT RECOVER FROM THAT!

14. IT'S SHOW TIME: OPENING DAY



Your team is trained and has had a few practice days to learn how to serve their guests, cook the food and prepare drinks. The feedbacks you received are good. You are now ready to rock'n'roll!

15. NOW THE HARD PART: AFTER THE OPENING



The first month is the most decisive one, you'll be able to listen to your customers and staff, to adjust your offer and improve. However, it does not stop there, it never stops... always listen to your customers and your team. They are the ones who keep you going!

WHAT TO KEEP AN EYE ON

- TRIPADVISOR
- SOCIAL MEDIA
- COMMENT CARDS
- OPENRICE
- GOOGLE ANALYTICS FOR YOUR WEBSITE
- KOLS

CONTACT US FOR A FREE AUDIT

GET STARTED



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