

Look Before you Leap

Perhaps more than any entrepreneurial business, the restaurant industry is filled with people who have forsaken other jobs to embrace their love for cooking or entertaining. Today especially the enterprising among us are looking to parlay their skills into successful businesses. But, though turning a pastime into a business can lead to success, the odds are against it.

One of the main arguments against going into business is that your hobby will no longer provide the fun it once did. Ruining your pastime and reducing your life's savings can be one of the most tragic experiences an entrepreneur faces. The reality of finding yourself each weekend catering other people's parties instead of being with your family and friends is often overlooked when the decision to begin a catering business is made.

WHAT ARE YOUR CHANCES? It's difficult to imagine all the steps one must take in order to finally decide on starting a restaurant. Many have been outlined in state and federal publications and magazines geared toward entrepreneurial activities. Some additional guidelines may help.

- Test your concept. Don't rely on your own taste and that of your close friends. Manufacturers don't bring a new product to market without consumer testing. You need to solicit unbiased input about your idea. Cajun ice cream parlors may sound good to your family and friends but the product may lack broad appeal among consumers. Develop focus groups from acquaintances by asking a range of questions about food tastes, services, and consumer needs.
- Focus on consumers. Determine the market's commitment to your idea. When the double drive-thru was developed, its founders realized that consumers would not pay the same price for drive-thru dining as they would for full service. In analyzing your concept you must determine whether customers are willing to pay a price for the product that would make the venture financially worthwhile to you.
 - o Research the competition. Many entrepreneurs quickly dismiss the obvious question: "If my idea is so great why haven't others thought of it?" With hundreds of restaurant chains having the capability to test and establish most any concept imaginable, why haven't others come up with your idea? This is an important question that deserves to be answered. Try to find out if others tried a similar concept but found it unworkable. Question local restaurant associations, contact the National Restaurant Association, and talk to key ingredient suppliers. Even after the concept is developed, this type of research needs to continue.
- Learn by doing. Discover the pitfalls of the business by taking a job in a competitor's operation. The best way to learn what not to do is to experience or witness someone else's attempt. As an employee you can learn without taking the financial risk of the consequences. Also, it is easier to improve upon an existing concept than to start

your own from scratch.

- Get a world view. Sample the world market for another company with a similar idea or operation. While the U.S. leads the rest of the world in foodservice concepts and innovations, foreign concepts have been refined and have found their way to this country. For example, sushi bars and other ethnic food concepts originated elsewhere. If your concept has an ethnic orientation, remember that different nationalities have different tastes and ingredient availability, so some customization may be required.
- Proceed cautiously. Don't quit your job until you've convinced yourself and your financial sources that the idea has merit. Consider opening the operation as a sideline, or perhaps with a partner to mitigate some of the start-up expenses and risk. Negotiate short-term leases with variable terms based upon the success of the concept.
- Analyze the upside. A simple calculation of the anticipated profits divided by the financial, effort, and time investment will yield a clear view of your financial gain compared with other employment options. As we all know, it isn't uncommon for a restaurant owner to work 15 to 18 hours a day.
- Explore the downside. Investing in your own business carries with it all the inherent risk of losing your investment. Starting a business that eventually fails can destroy a family's life's savings and force an aspiring business executive into personal bankruptcy.
- Trust your instincts. Most hobbyists have the vision and enthusiasm to see hidden opportunities. Remember that restaurants typically fail because of inadequate planning and execution.

Many entrepreneurs have learned from experience that it is difficult to improve upon the personal satisfaction and enjoyment earned through active participation in a hobby. If you're convinced you have an exceptional idea which necessitates foregoing the benefits of your hobby for the opportunity of financial gain, make sure that you thoroughly test your concept—and give careful consideration to the effect that making this change will have on your life and future.

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