

## PLANNING A RESTAURANT, CAFÉ OR FUNCTION FACILITY

When reviewing your winery hospitality experiences one idea that often comes up is that of opening a restaurant, café or function space. The marriage of food and wine in a winery setting seems a perfect combination and can bring your business a number of benefits such as:

- Providing a point of difference that attracts people to your property
- Showcasing your wines along with regional produce reinforcing your regional identity
- Creating an experience that complements and adds value to your brand
- Lengthening your customer's stay, increasing sales, and creating additional income streams.

While at the outset this can all look very attractive you should also consider that developing a food service operation is not without its risks as it can also:

- Tie up valuable investment dollars that could be deployed elsewhere
- Harm your brand if the experience is not up to expectations
- Drain cash from the whole operation if it is not managed correctly
- Require additional skills which may need to be bought in at extra expense
- Divert your focus and time away from your core business.

To lessen the risks it is important that you clearly define your idea and develop a well-researched business plan. Ultimately you must determine whether your idea makes sound financial sense and is relevant to your brand and overall winery experience.

Here are some steps that will guide you through your business review.

### 1. Organise your Thoughts

The first step is to get your ideas down onto a piece of paper. Initially it is important to define your thoughts on concept, target markets, menu, design, and operating style. Remember that people are looking for a regional wine experience so make sure your operation reflects this, is unique, and speaks about your brand. A sample template is included that can be used to help you organise your thoughts.

### 2. Outline your Business Plan

The development of your business plan is a simple way of conducting a disciplined review of your business idea. The final format of your business plan will be determined by what you intend using it for: as a financing proposal or a blueprint for your business development. Either way, it should contain at least three broad sections;

#### Section 1 - The Business

- An overview of the business you propose
- An overview of the operating environment
- Marketing information
- Competition review
- Management team
- Personnel requirements
- Action plan

#### Section 2 - Financial Data

- Sources and applications of funding
- Major capital equipment list
- Balance sheet
- Breakeven analysis
- Income projections
- Cashflow projections

### Section 3 - Supporting Documents

- Your business plan will be developed with the help of your own in-house team and your accountant. If you are not familiar with the food service business you should seek out a hospitality consultant to provide you with specialised advice.

### 3. Exploratory Meeting

This 'kick off' meeting is to explore how you are going to pursue your venture and establish a plan of action. This meeting should include the key players that will be involved in the project. Discuss the ideas you have for your operation and get the team's ideas and feedback. The development of your business plan is discussed and the talents necessary to prepare the plan are reviewed. Responsibilities are allocated and completion dates set.

### 4. Research Phase

This is one of the most important, and most commonly overlooked, parts of developing your business idea. Following on from your initial thoughts it's now time to get more background information about your area and the potential for your business.

As a minimum you need to investigate:

- The Environment – Understand the business environment in which you plan to operate. What is happening in the region and what trends are evident. Is the area growing or declining? Is there high or low unemployment? What developments are underway? How will this impact on your business?
- Target Market – Identify, understand, and quantify your target customers. Who are the people that will come to your operation and why?
- Competition – Look at existing and proposed operations. Understand what works and what doesn't and the impact on their business both financially and reputation-wise. Is there room in the market for your proposed offer and if so, where do you fit in? Where is the opportunity for you?
- Business – Take the time to understand the food service business – what it involves, how it operates, and the possible financial returns. This may mean engaging a specialised consultant to help you gain this essential information.

### 5. Developing your Plan & Making your Decision

Work with your team to pull together all your findings into a concise plan for your business. With your finished business plan you will have identified your target customers, established their needs, and recognised opportunities for your business. You will have a clear picture of your operation, what it will cost to develop and operate, what resources you will need to develop it, and what it will return. With this information you can make an informed decision on whether to proceed with the project. Use this as a blueprint for your business to guide your development and operations teams as you proceed.

### Important Points to Consider

#### Define your expectations

It is important in your initial planning phase to establish the expectations you have for the operation. Clear definition of your financial expectations is essential. If your plans show that you will be writing off restaurant losses you must ask yourself if this is the best way to spend your money.

#### Don't underestimate the challenges of operating a successful food service operation

Many people are under the misconception that operating a restaurant or café is an easy business and this probably explains the high failure rate in the industry. Expertise is required to consistently deliver great hospitality experiences that make money. If you don't have the expertise you'll either need to learn it or buy it.

#### It's all about people

Your team will be the difference between success or failure. In a business that relies on giving people a great time you cannot underestimate the role of your team. Recruiting, training, managing, and retaining your team must be your top priority.

#### Passion and Energy

As with any business if you don't have passion and energy you'd better not get involved in it. In running a winery you're sure to have plenty of both, but make sure you are prepared to apply this to your food service operations as they will need nurturing to succeed.

## One last word . . .

Food service facilities within wineries face a number of challenges not the least of which can be:

- ❑ Operating within limited trading periods (this may only be weekend lunches for some operations)
- ❑ Seasonally fluctuating and unpredictable guest numbers
- ❑ Availability and cost of good staff in rural areas.

Success will come by recognising the market opportunities available in your area and developing a flexible and cost efficient operation to suit. The key word here is flexibility. Aim to develop an operation that allows you the flexibility to tap into the maximum number of sales opportunities. For example, a café that can offer light snacks and meals throughout the day, brunch on weekends, tasting plates for the cellar door, picnic packs for the gardens, and also cater for functions, may provide you with more sales opportunities than a restaurant offering a high-end dining experience.

Also consider flexibility in cost planning especially in the case of managing labour cost. In the above example, a café may allow you to employ a predominantly casual team whose hours can be adjusted to cater to your sales levels. A high-end restaurant will require a more expensive specialised team, some of whom will need to be employed full-time, reducing your scheduling flexibility, and increasing your fixed cost base. Unfortunately, guests or no guests, fixed costs need to be paid! Keep this in mind as you review your proposed operation.

Some people have a dream of developing a restaurant or café to complement their winery hospitality experience. In order to succeed do your homework and let your research show you that there is a need before you proceed!

## Get Professional Advice & Training

Information for this section has been generously supplied by 'penne for your thoughts' (see Contributors Section for contact details).