



RESTAURANT: (IM)POSSIBLE

With the plethora of vegan restaurants popping up, it may seem like a dream to open one, but several restaurateurs give us another side to the 24/7 lifestyle of some of our favorite veg eateries.



BY MAT THOMAS



Top 10 Tips for Opening a Restaurant

Our panel of experienced food-service entrepreneurs share that effective planning is the key to restaurant-business success. Here is a checklist of the major steps to take on your way to opening day.

1. Get Experience

Learn the ropes by working in some successful vegan restaurants or earning a degree in restaurant management.

ON THE POPULAR REALITY COOKING SHOW, *Top Chef*, one of the most anticipated episodes of the season is the high-octane "Restaurant Wars" show where competing chefs team up, design a menu, shop for supplies, create décor, cook a four-course menu, and subsequently run a restaurant in less than 24 hours. What's more thrilling than watching a restaurant literally open before your eyes? And just like for the show's restaurants, it's more than the food that an owner has to worry about. Is your kitchen up to code, your equipment maintained, and your permits in place? Most importantly, will you succeed or fail right after opening?

If your dream is to open your own eatery, you're not alone. Considering that there are nearly 900,000 food service operations in the United States today—almost five times as many as in 1980—it seems that more and more people are chasing that dream. It's certainly an appealing idea: running your own business and being your own boss while making an ethical living. Maybe you enjoy throwing lavish dinner parties where even your most stalwart meat-eating friends rave about your luscious vegan lasagna, and you've thought, "Hey, serving scrumptious vegan food to hundreds of people every day would be even more awesome, and save untold numbers of animals' lives!" Perhaps you have romantic visions of yourself serenely preparing signature dishes for fawning customers at a bustling bistro or community café that's the talk of the town. Certainly, there are many such blissful moments and ongoing satisfactions in a restaurateur's life. But be forewarned: Those who have succeeded in this insanely competitive world don't mince words about the vast difference between fantasy and reality and the recurring expenses of running a restaurant. The costliest of these is food,

which eats up between 25 and 40 percent of restaurant returns depending on product quality, followed by staff salaries, which take another 20 to 25 percent slice of the revenue pie. After dishing out money for rent, taxes, marketing, and other sundry expenditures, restaurateurs can expect about a five percent profit margin. So what's the charm in opening a restaurant if the stakes are stacked up against you? Real restaurateurs share the secrets behind the alluring yet challenging world of opening a full-scale eatery.

Take the advice, for example, of Richard Landau, former co-owner of Horizons, an elegant upscale vegan restaurant in Philadelphia, where he and his wife/business partner Kate are preparing to open a new restaurant called Vedge. "If you want time off, an easy life, and don't see food as the most important thing in the world, then save your money," he advises. Strong words from someone who, when asked whether restaurant ownership leaves time for a social life, answers, "What is a social life?"

Amy McNutt, founder of Spiral Diner & Bakery in Texas, can identify. In 2002, she started Spiral as a small lunch counter at an open-air market in downtown Fort Worth, but the business outgrew the space after about 18 months, so she moved it to a 2,500-square-foot building. Opening and operating this full-fledged restaurant entailed "working at least 80-, sometimes 100-hour weeks, for the first three years," McNutt says.

McNutt spent a staggering amount of money to open the restaurant: "about \$300,000," she says, "but we could have easily used \$500,000." This exorbitant expenditure left McNutt and her husband/business partner James completely broke and deep in debt for several years. They paid the bills by maxing

out all their credit cards and borrowing money from whoever would lend them some—family, friends, even customers. Meanwhile, Spiral didn't even turn a profit until its third year in business.

Despite all the time and money invested when opening a restaurant, Eric Prescott, co-founder of Boston's Peace O' Pie vegan pizzeria, cautions that, "For a solo entrepreneur, the vegan restaurant business is not one I'd go into expecting to make real money. Plus, dealing with all the various permits and licensing hassles is a bureaucratic nightmare, and more

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expensive than you'd think." Then there's the fact that, according to a study by Ohio State University, about 60 percent of restaurants close within three years of opening, with most of them failing within the first 12 months.

So if restaurant owners typically endure punishingly long work weeks, crushing debt, low return on investment, labyrinths of regulatory red tape, and statistically high failure rates, why then, you might wonder, would anyone in their right mind ever voluntarily subject themselves to such long-term torment? Because, explains Greg Dollarhyde, CEO of Veggie Grill, Inc., a vegan fast-casual chain in southern California, "It's a labor of love. It's incredibly gratifying to take an empty, burned-out stretch of dirt, breathe life into it with your concept, and then six months later have people eating your food and telling you they can't wait to come back. That's why we do this!"

2. Choose a Concept

Select the type of vegan restaurant you want to open by finding the best fit for your personal vision within the different industry segments.

3. Make a Business Plan

Create a road map for your business that includes details about everything from finances to everyday operations.

4. Raise Capital

Secure money for your business by borrowing from family, friends, and banks or seeking investments from venture capital partners.

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Of course, people's reasons for opening vegan restaurants are as varied and unique as the individuals who open them. For Prescott and his three founding colleagues, it is "to invest in socially responsible vegan enterprises in the Boston area because there are not enough restaurants where vegans can eat and show family and friends how good vegan food can be." Landau's mission with his fine dining establishments is to "show the general public that vegans aren't a bunch of patchouli-smelling, tie-dye wearing, pot-smoking hippies eating sprouts and nuts, and that vegan food can be delicious and satisfying." McNutt says "it is 100 percent because I love animals, and my only goal is to get people not to eat them."

Many Hats

The first thing budding restaurateurs need to know is what exactly restaurant owners do—which is not necessarily easy to understand given everything they may be responsible for. Menu creator, cook, server, manager, bartender, food and equipment purchaser, inventory clerk, accountant, paper pusher, janitor, publicist, interior designer... these are just a few of the roles restaurateurs commonly play, particularly in the early stages of fostering a new venture (and depending on who else they are working with). As Veggie Grill's Dollarhyde says, "The funny thing about this business is that you don't need to be 100-percent better at one thing, but rather one percent better at a hundred different things."

Perhaps the best way to get experience with some of these jobs is to learn the restaurant ropes by working first for someone else. Both Landau and his wife had restaurant experience before opening Horizons, and Prescott worked in a variety of positions, from entry-level host to assistant manager, before co-founding

Peace O' Pie. Dollarhyde was a food-industry veteran and CEO of the popular Mexican fast-food chain Baja Fresh before investing in Veggie Grill.

Of course, doing all of these various jobs takes time, which restaurant owners never have enough of since grueling work hours are the norm. Before a restaurant opens and for the first few years of its young life is when it needs the most nurturing and has the most demanding schedule. McNutt recalls that, even after 16- to 18-hour days at Spiral, "People still called me at home with issues needing resolution, so you're really on 24/7."

The good news is that many restaurant proprietors are able to tame this insane schedule after a few years when the restaurant is up and running smoothly. With Spiral about to celebrate its ninth anniversary and a second outlet, which opened in Dallas in 2008, McNutt has franchised both operations out to the restaurant's managers. Today she works between 10 and 40 hours per week, with most of that time spent making wedding cakes. She's now focused on opening the Citizen Theater, a twin-screen art-house cinema (with all-vegan concessions, of course) being built across the street from the Fort Worth Spiral.

Starting Up

Creating a restaurant is complicated, and entails making a dizzying array of important decisions. For example, what hours will the restaurant be open? Will it serve breakfast, lunch, and dinner? How many employees must be hired, and what are their jobs? What equipment will need to be bought?

A business plan can facilitate the often-confusing decision-making process by serving as a sort of blueprint for building a restaurant from the ground up. Restaurant business plans typically cover everything from comprehensive

financial data and what permits need to be filed with which government agencies, to whether a building will be constructed or leased and what is going to be on the menu—everything, that is, including the kitchen sink.

One of the most crucial decisions a restaurant owner must make is choosing a food style and creating a business concept. Opening a vegan restaurant narrows the style and concept options somewhat, but still leaves a lot of latitude. For instance, will the restaurant be a decadent mock-meat fast-food hangout (à la Brooklyn's Foodswings), a high-class gourmet foodie mecca (like San Francisco's Millennium), or something in-between and altogether different? Veggie Grill is among the few restaurants that have conceptually integrated plant-based eating with a modern modular business model. This means it was specifically designed for operating consistency in all seven of its locations to maintain the brand's aesthetic identity and mainstream "comfort-food" menu offerings. Dollarhyde says the concept works because, "The food is great, and fast-casual is the fastest-growing segment in the restaurant industry. It has the best overall economics outside of the large fast-food systems. The result has been incredible guest loyalty, visit frequency, and viral buzz, indicating the potential for rapid expansion to cities throughout the country."

One of the main factors to consider when creating a restaurant's concept is location. Opening a vegan restaurant can be a distinct advantage in an area where good vegan food options are lacking and in demand. Take Spiral Diner: It was the first veg establishment to open in Dallas proper, and remains the only one in Fort Worth—yet it's thriving in cattle country. McNutt explains, "Most restaurateurs open burger joints, or something that there's already a thousand of, so around here we're

5. Design the Menu

When establishing your menu's size, food offerings, and prices, consider what will appeal to your target customer base.

6. Pick a Location

Study the demographics and dining habits of an area before setting up shop, and decide whether you will buy or lease a building or construct a new one.

7. Buy Equipment and Ingredients

Outfitting the kitchen and dining room costs a pretty penny—and food prices are no small potatoes, either.

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unique, and people appreciate that. While vegan restaurants in Los Angeles or New York can specialize in certain food styles and cater to specific customer groups because there's such an abundance of veg places, we succeed by being all-inclusive rather than targeting a discrete demographic." Not surprisingly, most restaurant customers at vegan establishments are not actually vegan. Both McNutt and Prescott estimate that about half their customers are omnivores, while Landau says that number is approximately 85 percent at his epicurean establishment. Notably, Dollarhyde states that 90 percent of Veggie Grill's customers eat meat.

Getting Green

The amount of money needed to open a restaurant depends on what kind of restaurant it is, with size, location, and food concept being determining factors. In California, build-out costs for an upscale fast-casual establishment like Veggie Grill, for instance, "are upwards of \$300 per square foot," says Dollarhyde, "and we usually open restaurants that are 2,500 to 3,000 square feet." That's about \$900,000 to open one outlet. Build-out costs per square foot for an upmarket eatery in San Francisco or New York are even higher—about triple what Veggie Grill spends.

So how does an entrepreneur first obtain the significant sums of money needed to open a restaurant, and then make enough to pay off loans and bills? Well, there's McNutt's strategy of begging and borrowing from family and friends and running up credit-card debt. Alternately, there's the approach that both Dollarhyde and Prescott took: finding investors who see the company's profit potential and want in on the action. Regarding long-term profitability, Prescott is convinced that, "For restaurants with viable concepts and strong

backing, expansion seems to be the key to profitability. With margins as thin as they are, the increased revenue from multiple locations can mean the difference between sustainability and fizzling out." Indeed, Veggie Grill's same-store sales rose five percent in recession-riddled 2009 compared to the previous year, and jumped another 13 percent in 2010. The company's profits from its restaurants are even higher when additional sales from new outlets opened during 2010 are factored in.

But It's All Worth It... Right?

Despite all the trials and tribulations of restaurant ownership, McNutt is happy with how things turned out. "It was hard, hard work for many years, but it's definitely paid off," she says. "Not that we made any money off of it, but we're debt-free and able to live a comfortable lower-middle-class lifestyle." Would she encourage others to open vegan restaurants? "Yes, absolutely, as long as you're in it for the right reasons. You're not going to succeed unless you love what you do and your heart is in it 100 percent. But making a living serving cruelty-free food to people who truly appreciate it is its own reward."

Opening and owning a vegan restaurant is a Herculean task—but for those willing to do what it takes to succeed, the rewards may be immeasurable. Imagine the positive impact that one restaurant serving delectable vegan meals to thousands of customers every year has on animals' lives, people's health, and environmental sustainability. Plus, every person who enjoys a vegan restaurant meal has made a compassionate choice—and may spread the word that vegan food is both healthy and delicious. Good vegan restaurants are therefore one of the most powerful forms of activism, so, if you're called to open one even

Fast Stats

Veg restaurants are on the rise, as are meatless items on mainstream menus. Here's a quick look at the growing category of compassionate eating.

- ✱ The National Restaurant Association (NRA) named vegan entrées a "hot trend" for 2011, with **52 percent** of chefs polled agreeing.
- ✱ The NRA also noted that **17 percent** of chefs say vegan entrées are a "perennial favorite" among customers.
- ✱ Awareness of Meatless Mondays has increased across the US by **30 percent** in just six months.
- ✱ Of the people who are now aware of Meatless Mondays, **27 percent** say their awareness has influenced them to eat less meat.
- ✱ *Nation's Restaurant News*, a trade publication that maps restaurant trends, dedicated a recent cover story to the increasingly common popularity of meatless dishes at omnivore restaurants.

after knowing the real deal, you just might have what it takes. **VN**

Mat Thomas is a freelance writer living in San Francisco. Even though his vegan pesto lasagna is pure ambrosia, he does not have the fire in the belly to open a vegan restaurant. Read more of his writing at animalrighter.org.

8. Hire Staff

Decide how many workers you will need, what they need to do, and how much experience you want them to have.

9. Obtain Permits

Choose a corporate structure, file any articles of incorporation or organization required by your state, get a Federal Tax Identification Number from the government, comply with local zoning laws, and pass a health and safety inspection.

10. Advertise

Consider hiring a professional publicist to form a long-term marketing plan and start creating buzz for your business before you open the doors.