



THE ULTIMATE GUIDE
— TO —
OPENING
A RESTAURANT IN NYC

BREAKFASTS • LUNCH • DINNER

OPENING
SOON!





New York City is one of the best, and most difficult, places in the world to open up a restaurant. Every year thousands of new restaurants open their doors with high hopes of becoming renowned and successful. Though the chances of survival might seem challenging – with only about 30 percent of new restaurants in this city surviving their first three years of business – opening a restaurant in NYC can be one of the most rewarding experiences of a restaurateur’s life. As Frank Sinatra crooned,

**“IF I CAN MAKE IT THERE,
I’LL MAKE IT ANYWHERE.”**

In order to be a successful restaurateur in the big apple, it’s crucial to prepare well in advance and understand New York City’s specific hospitality demands and operations.

To help you get started, we have compiled a complete list of necessary action items for you to complete prior to the launch of your restaurant.

LET’S GET STARTED!



DO YOUR FIELD RESEARCH

Before you cash in your life savings to open a restaurant, you'll first need to arm yourself with a wide range of hospitality experience. After all, you wouldn't hire a head chef who didn't know how to fry an egg, would you? So get all the experience you can.

Read and learn from experts, interview successful restaurant owners, and become a restaurant investigator. Scope out and dine in busy venues to gain a customer perspective. What do they do well? What could they improve on? Use the information you gather to create a template for how you'd like your restaurant to operate.

What if you've never worked a shift in food service before? Now is the time! From washing dishes, to working the line, serving, hosting, bartending and even managing, the more positions you learn, the more experience and insight you'll gain, as well as the invaluable education of learning on the job.

Danny Meyer, a renowned restaurateur in NYC, wrote the bestselling book, *Setting The Table*, detailing his successes, failures, lessons and experiences as a restaurant owner. Soak up information like the kind Meyer's has to offer and fill your mind with stories of success.



CREATE YOUR VISION

Once you've done your homework, completed your preliminary research, and have a first-hand understanding of each role within your restaurant, it's time to begin creating your vision. Now is the time to ask yourself these six classic questions!

WHO, WHAT, WHEN, WHERE, WHY, AND HOW?

WHO will you cater to?

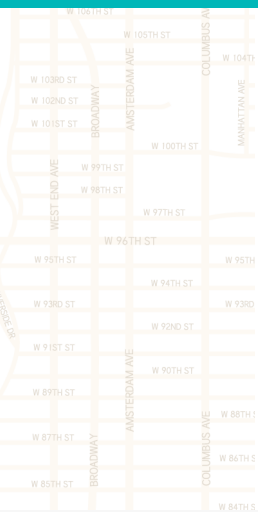
Think carefully about the market you would like to dive into, and what demographic your restaurant will appeal to. Whoever you aim to serve will become the lifeline of your business, so plan accordingly. For example, if you are going to market yourself as a family friendly venue, think about all the features your restaurant will need: parking, room for strollers, high chairs, booster seats, and change tables in restrooms. In addition to these aspects, consider what promotions and family-friendly foods you'll have on your menu to drive traffic through the door, along with all other specifics that will pertain to your demographic.

WHAT will your concept be?

Are you a pizza shop, a fine dining restaurant, or a quick service venue? Perhaps it's your dream to open the best date night place in town known for its craft cocktails, or maybe you envision a rustic farm-to-table eatery aimed at offering healthy, eco-friendly alternatives. Do yourself a favor and take the time to map out your concept. Equally as important as picking a concept is sticking to it, so hammer out a foolproof concept that will stand the test of time.

WHEN will you open?

The exact date will be tentative, but it's important to have a timeline in place, and most of your ducks in a row well before your launch. Consider what kind of an opening you'd like to have - soft, grand, or both, and what season you'd like to open your doors in. For example, if you have an outdoor patio it would make sense for you to open your doors in April or May so you're prepared for the summer.



WHO, WHAT, WHEN, WHERE, WHY, AND HOW?

WHERE will you open?

While there are many up and coming neighborhoods in NYC, not all of them will suit your vision. Location is one of the most important indicators of success and longevity, so choose a high-traffic, visible place where your niche will be met with eager consumers. As well, consider how your venue will separate itself from the haystack of venues surrounding it. If you are opening up the fourth Mexican restaurant on the block, understand your competition and know how you will stand out.



WHY do you want to be a restaurant owner?

This is a deep, personal, and necessary question to ask yourself. One where true motivations come into play. Do you love healthy food and want to make it available on the go? Are you interested in creating a community around the food your grandmother cooked when you were a child? Do you love the restaurant industry and want to be your own boss? Whatever it is, dig deep and get to the core of your passion. Allow the 'why' to be your guide during the hard work, determination, and time that will go into getting your restaurant off of the ground.



HOW are you going to make your venue a success?

You can't expect that merely opening the doors to your venue will cause patrons to pile in. Instead, you have to think strategically about how you will offer consumers something unique, and how you will get the word out about your restaurant. Whether you use a PR firm, social media marketing, or have a grand opening with special guests, having a plan in place will help to drive regular traffic.





WRITE YOUR BUSINESS PLAN

The answers to the previous questions will help you shape your restaurant business plan. Your business plan is a crucial step to building your restaurant.

Read through and consider these five tips before you put pen to paper or fingers to keyboard and create your master plan.

- 1)** Collect materials that are relevant: links, articles, quotes and information that may benefit you as you are writing, and use them for inspiration or include them within the appropriate sections of your business plan.
- 2)** Go through the business plan template the first time and make tons of notes for each section, then come back to it later and flesh out your ideas further.
- 3)** Refine and rework. If a section stumps you, make a note and move on, then revisit it later when you have more information or more clarity.
- 4)** Use graphics and images to clarify your message when you feel it's necessary. Create Pinterest boards or folders of images to keep you inspired and help you get visual. Then, when you are writing your business plan, go back to your boards to pull in graphics that get your idea across better than words.
- 5)** Just as Rome wasn't built in a day, your business plan will take time. It can take anywhere from weeks, to months, to years to get a solid grasp on what it is you're creating. As time passes and you continue to work on it, you'll fine-tune your message and have a crystal clear plan on your hands.

YOUR FINAL BUSINESS PLAN WILL INCLUDE:

EXECUTIVE SUMMARY:

A one-page overview of everything in your business plan.

BUSINESS OVERVIEW:

Your contact information & basic profile.

BUSINESS DESCRIPTION:

Your restaurant in detail, from the menu to the interior design elements.

THE MARKETPLACE:

Where in the market your business fits in.

SALES & MARKETING:

How you will attract and keep customers.

BUSINESS OPERATIONS:

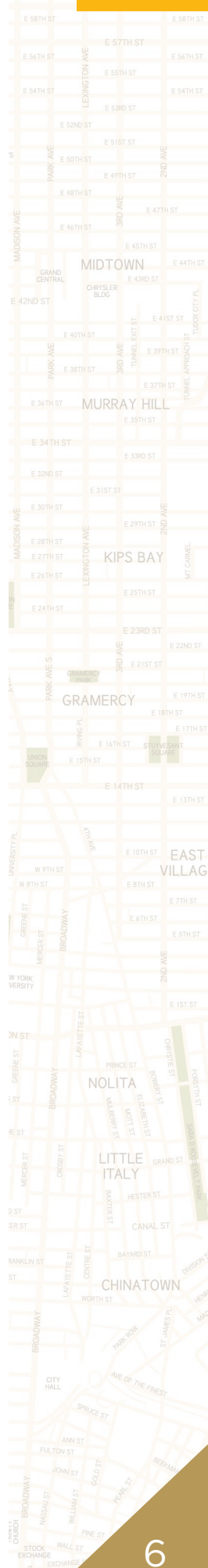
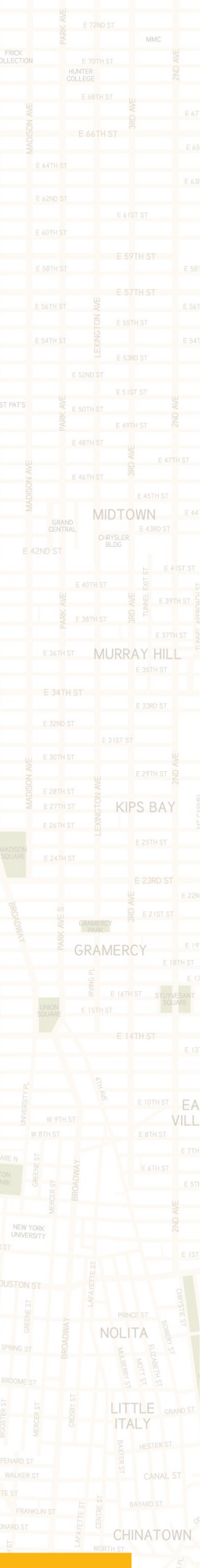
How your business will run day-to-day.

FINANCIAL PLAN:

How you expect to make money and manage your finances.

SUMMARY:

Wrap up and thank you.





KNOW YOUR START UP COSTS

Restaurants pop up in New York like a game of whack-a-mole and they disappear just as quickly. Essential to the success of a new NYC restaurant is starting off on the right foot. In this section, we'll go over some of the start up costs that every aspiring restaurateur should consider when they're drawing up their business plan and budget.

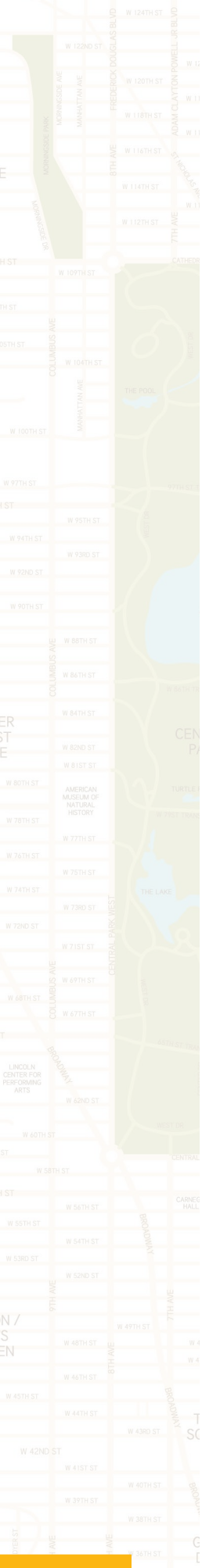
Rent and Utilities: NYC rent is notoriously high for even the smallest shoebox. Restaurateurs can expect to pay [\\$120 per-square-foot](#) in Manhattan and trendy Brooklyn. Utility costs such as water, electricity, and gas can quickly climb. The New York Times [asserts](#) that “a healthy restaurant aims to spend about 10 percent of its sales revenue on rent, utilities, and other occupancy costs.” The article [also](#) found that, “The costs of real estate, labor, and food should add up to about 75 percent of projected sales.” A good thing to keep in mind when budgeting for first, last, and initial costs pre-income.

Equipment: According to an age old (was 2011 so long ago?) [Forbes article](#), ovens, ranges refrigerators, fryers, freezers, and dishwashers can cost from \$100,000 to \$300,000 and upwards. Take into consideration six years of inflation and you're looking at one pricey kitchen! Additionally, there's the thousands of little items you won't initially think of that also need to be worked into the budget: spatulas, pots, pans, storage containers, dishes, cutlery, glassware, thermometers and more.

Technology: Your POS might be the most important technology decision you make. Traditional (and old school) legacy restaurant POS systems that involve hardware installations, scheduled maintenance and licensing fees can cost in the tens of thousands of dollars. The emergence of iPad POS systems, like [TouchBistro](#), have drastically cut these costs from tens of thousands to mere hundreds with an affordable upfront device purchase and then a monthly, scalable subscription model.

Food Expenses: The New York Times [reported](#) that a healthy restaurant budget should spend 30 percent of its sales revenue on food and beverages. Food cost is more expensive in New York than most other states, something restaurateurs should keep in mind when creating their budget. The same article reported that a week's produce order of 30 items cost \$543 from East coast food supplier Baldor.





Seating, Renovations, and Decorating: Construction costs are almost never as quoted. If you have to do renovations to your new space, keep in mind that costs can escalate and unexpected costs can materialize out of nowhere. As Anahi Angelone owner of New York's Corner Social [reminds us](#), "When you're building, you never know what you'll find behind a wall. That little change can cost you \$10,000." Similarly, leaks, electric complications and other surprises might arise that you have to contend with. As far as decorating, [RestaurantEngine](#) urges us not to forget about the cost of decor: chairs, tables, light fixtures, linens, and art. At the cheapest, basic wood tables and chairs for a 50 seat restaurant could cost upwards of \$5000. And that's before booths, bar stools, patio furniture, upholstery or any other necessary upgrades.

Insurance: There's no one size fits all number for insurance costs. The number is affected by everything from location to square footage, to numbers of employees. Often, restaurants will have to put down deposits for each insurance, and these add up quickly due to the sheer number of different insurance required. New York City law firm the [Lincoln Brokerage](#), which specializes in restaurants, has composed a list of insurance you'll need. They include: common restaurant insurance, general liability insurance, commercial property insurance, commercial crime insurance, business interruption, liquor liability, liquor bond, and workers compensation.

Licences, Permits and State/City Requirements: Restaurateurs looking to operate in New York city are subject to a number of permits and licences, most of which come with their own fees. For example, [New York's Food Service Establishment Permit](#) can cost upwards of \$280, and a [Food Protection Certificate](#) is approximately \$25.

A more extensive list of certificates, licences and permits are [as follows](#): Food Protection Certificate, Food Service Establishment Permit, Gas Authorization - Restaurant Equipment, Portable Fire Extinguisher Requirements, Grease Interceptor Information, Range Hoods, Recycling and Waste Removal, Required Posters and Signs (hand washing, no smoking, recycling, etc), Resuscitation Equipment for Restaurants.

Sales, Marketing, Advertising, Design: "Build it and they will come" works in many circumstances, but not in NYC. With so much competition, you're going to have to spread the word before you open the doors. Arron Allen of Arron Allan and Associates Global Restaurant Consulting [says](#), "A typical restaurant should allocate 3% - 6% of sales to marketing. It's also a good idea to allocate this money proportionally to your sales volume. Meaning, if July is your busiest month, you should spend a proportionate amount on your restaurant's marketing budget in that month." Your essential costs will be menu development and your website. Non-essential, but costs extraordinarily helpful towards sales generation will be side-walk signage (there's a huge ROI in a chalk board!) as well as coupons, advertorials, and social media advertising.

Music Licensing: Without a proper music licence, restaurants can be fined between \$750 - \$30,000 for every song played. To avoid these harsh penalties, you've got to pay for a music licence. There are two options: Pay performance rights organizations (PROs) directly, or pay for a pre-licensed solution.

With the first option, it's necessary to pay more than one organization as, while each has a database of their artists, neither of them cover every song or every artist. To cover everything, you have to pay into all three. CustomChannels.net estimates that the cost would be somewhere around \$1,068 for licensing per annum.

Alternatively, you can pay for a licensed music solution, which does the dirty work of vetting approved artists for you and playing only that music. This option is cheaper, with options like SiriusXM for Business at \$24.95 per month, but the number of artists and songs available is limited, and the option to customize your playlist or play music from your Spotify account is off the table.

Salaries: Of course, you have to have the funds to pay your staff! The minimum wage for tipped employees in New York is \$7.50 an hour, and \$10 and up (depending on the number of employees) for non-tipped employees. The average salary for an executive chef in New York City is \$72,644 according to glassdoor.com and the average salary for a [restaurant manager is \\$54,104](http://restaurant manager is $54,104). The federal Bureau of Labor Statistics also reported that "annual mean restaurant wages in New York City in 2015 were about \$49,000 for a head chef, \$28,580 for a cook and \$29,290 for a server."

Miscellaneous: Always a hand in your pocket, the fees continue. Accounting, interest on borrowed funds, administrative costs, lawyers, and more. A large slush fund will be needed to handle extraneous costs. month." Your essential costs will be menu development and your website. Non-essential, but costs extraordinarily helpful towards sales generation will be side-walk signage (there's a huge ROI in a chalk board!) as well as coupons, advertorials, and social media advertising.

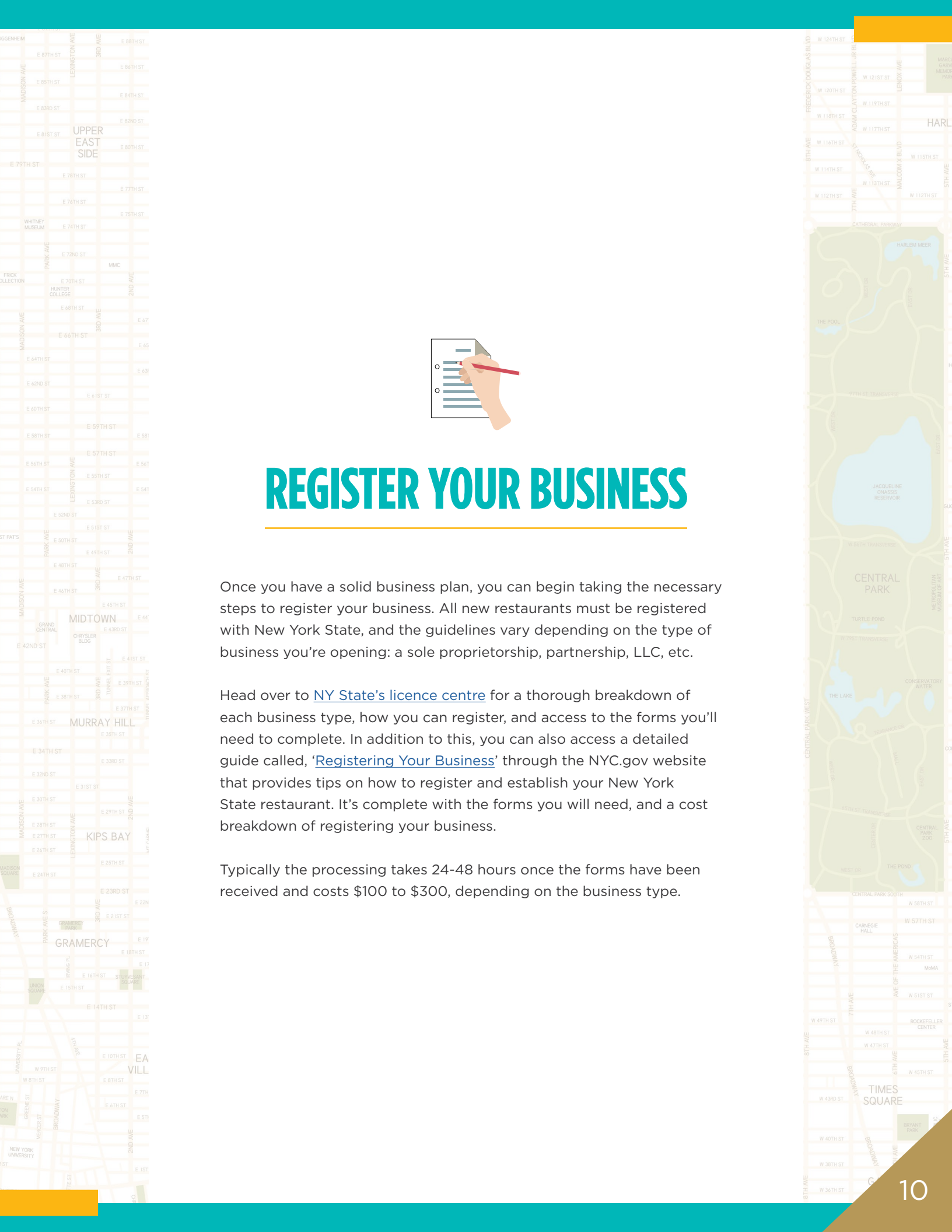


REGISTER YOUR BUSINESS

Once you have a solid business plan, you can begin taking the necessary steps to register your business. All new restaurants must be registered with New York State, and the guidelines vary depending on the type of business you're opening: a sole proprietorship, partnership, LLC, etc.

Head over to [NY State's licence centre](#) for a thorough breakdown of each business type, how you can register, and access to the forms you'll need to complete. In addition to this, you can also access a detailed guide called, '[Registering Your Business](#)' through the NYC.gov website that provides tips on how to register and establish your New York State restaurant. It's complete with the forms you will need, and a cost breakdown of registering your business.

Typically the processing takes 24-48 hours once the forms have been received and costs \$100 to \$300, depending on the business type.





FIND A SPACE

New York City is famous for its high rent coupled with closet-sized living. Finding the right space for your venue may very well be one of the most daunting and costly undertakings you will experience during this process. Here are a few key things to remember when you begin your search:

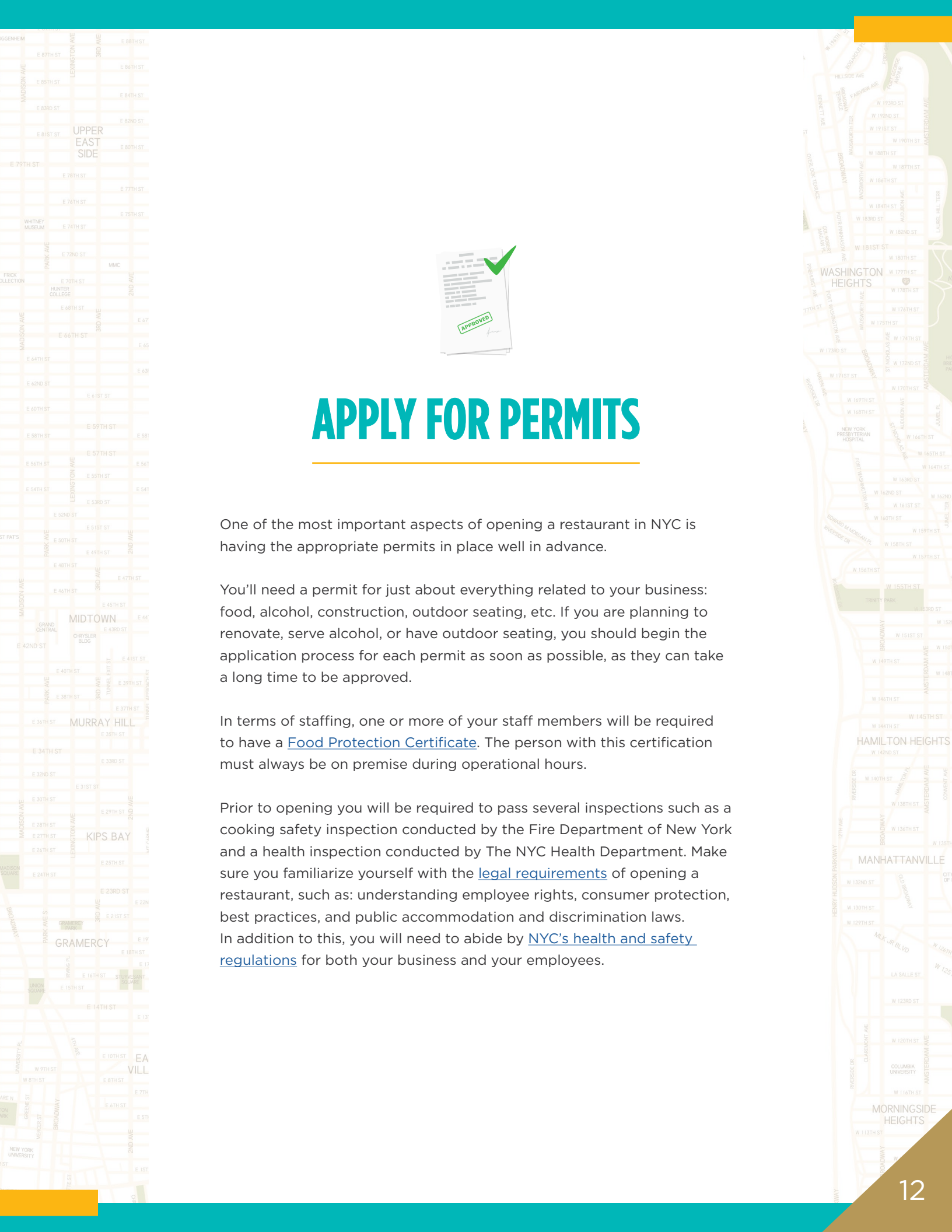
Location is key: Location in NYC is a tricky thing, this is why it is so important to first understand your target market and how your concept and restaurant will thrive in it. Choose a location that will cater to your customer base and is in a visible area so passerbys will be able to spot your venue as they walk by, especially if you'll be depending on walk-in traffic.

To help you find the location of your dreams, you may want to approach a commercial real estate firm that specializes in NYC restaurant spaces, such as [LoopNet](#).

Size matters: It may be your dream to open up a 150 seat eatery in the West Village, but be realistic. You may have to adjust your plans to match a location, or take a hard look at the space and decide if you are willing to make it work. Make sure you have enough space to comfortably accommodate your guests while still leaving adequate room for kitchen staff to do their job properly. Trying to cram too much into a small space will leave your staff and guests feeling claustrophobic and uncomfortable.

Be careful with turn-key restaurants: Be wary of venues that are presented as fully stocked and ready to open as is. Turn-key venues often come with old POS systems, furnishings, and hidden problems, as well as the reputation of the previous place (for better or for worse). If you think a turn-key might be your best option, do your research: find out why the previous restaurant failed, do a cost-analysis to understand how much needs to be done, be cautious of any claims of instant success, and of course, re-brand.

Know your neighbors: Speak with surrounding venues and business owners to learn more about the neighborhood's history, BIA, and local concerns. Hear their unfiltered opinions and ask lots of questions. Then weigh your options thoughtfully before making a decision on signing a lease.



APPLY FOR PERMITS

One of the most important aspects of opening a restaurant in NYC is having the appropriate permits in place well in advance.

You'll need a permit for just about everything related to your business: food, alcohol, construction, outdoor seating, etc. If you are planning to renovate, serve alcohol, or have outdoor seating, you should begin the application process for each permit as soon as possible, as they can take a long time to be approved.

In terms of staffing, one or more of your staff members will be required to have a [Food Protection Certificate](#). The person with this certification must always be on premise during operational hours.

Prior to opening you will be required to pass several inspections such as a cooking safety inspection conducted by the Fire Department of New York and a health inspection conducted by The NYC Health Department. Make sure you familiarize yourself with the [legal requirements](#) of opening a restaurant, such as: understanding employee rights, consumer protection, best practices, and public accommodation and discrimination laws. In addition to this, you will need to abide by [NYC's health and safety regulations](#) for both your business and your employees.



CREATE YOUR MENU

Get your creative genius ready – it's time to create your menu!

Start by taking a close look at your vision and your recipes. Even if you have all of your grandmother's recipes memorized and you're a great chef, you'll need to experiment and tweak, to corral all the recipes into a menu that makes sense for your customers and your location.

Some things to consider are:

- How many menu items will you offer?
- What will you specialize in?
- Will you have certain menu items that are only available at specific times?
- Will you offer any special pairings? For example, if you are a high-end Mexican restaurant, perhaps Mezcal infused cocktails and margarita variations would pair nicely with tapas-style nachos and tacos.

Consider your concept and tailor your menu to it. Your menu coupled with the concept and vibe of your venue will become what you are known for, and should be the reason people come through the door and come back again.



HIRE YOUR STAFF

Once your concept is defined and you have your space, permits, and menu in place, it's time to hire your staff. These are the people on the frontlines with your customers, cooking the food, and making the drinks. Hiring the right people is crucial to the successful operations of your business.

Before you create a job posting online or elsewhere, think about your ideal employee. What traits and experience do they have? Think about the number of years of experience you require, what other jobs they've had, and what specific skills or certifications they should have.

Consider what is teachable and what isn't, and then write a detailed job description listing your specific requirements and desires. If certain skillsets are make or break, for example, if you expect cooks to have three plus years of experience, then specifically outline that in your posting.



THE ULTIMATE GUIDE TO RESTAURANT STAFFING

Here is a downloadable guide we wrote detailing how you can assemble your dream team.

[DOWNLOAD GUIDE](#)



JOIN ASSOCIATIONS & GET FAMILIAR WITH RESOURCES

NYC has a lot of valuable associations and resources for both novice and seasoned restaurant owners. If you're overwhelmed with where to begin, we've compiled a list of resources below, all of which are dedicated to helping restaurateurs build their vision and operate successfully.


New York State Restaurant Association: A complete association dedicated to helping restaurateurs launch and run their businesses. NYSRA offers everything from legal services to menu help.

New York City Hospitality Alliance: NYC Hospitality Alliance is specifically dedicated to helping hospitality owners in the five boroughs. This is a membership organization that demystifies city inspections, permits, and compliance issues.

New York City Government Website for Opening a Food Business: This website details all of the permits, requirements, and other protocols specific to opening a restaurant in New York City. The list of links and resources will walk you through the process of getting your restaurant ready from business licenses to inspections.

New York City Score: A free resource through the New York City Public Library that offers free mentorship, seminars, and workshops for small business owners. Score will pair you with a mentor who is established and has experience in your field.

Free Restaurant Business Plans: Bplans.com offers free restaurant business plan samples for budding restaurateurs to reference and replicate.



Ultimately, starting a restaurant in NYC is hard work, but if done correctly, it can be immensely rewarding and – dare we say it – *profitable*. Do your research thoroughly and take your time creating, planning, and building your restaurant. If you follow the guidelines and protocols listed in this guide and on the NY State and NYC government sites, then you’re already off to a great start.

BEST OF LUCK!



TouchBistro is an iPad POS and integrated payments solution built for restaurant people, by restaurant people. It helps thousands of restaurateurs across the world run better businesses and makes managing a restaurant easier.

www.touchbistro.com | Speak to a Software Sales Representative today **1-855-363-5252**