

**2015
HOSPITALITY LAW
CONFERENCE**

FEBRUARY 9-11, 2015,

**FINANCIAL SIDE OF THE
RESTAURANT INDUSTRY**

Presented by:

Chris Tripoli

&

Thomas Dietrich



PRESENTERS



Chris Tripoli

President, A' La Carte Foodservice Consulting Group

- ❖ Chris Tripoli has over 35 years of service in the Hospitality Industry as a designer, developer, owner and operator. He founded and is the President of A' La Carte Foodservice Consulting Group
- ❖ A' La Carte is an international restaurant consulting group based in Houston, Texas. A' La Carte provides concept development, operations assistance, and growth planning services
- ❖ Chris regularly contributes to Restaurant Startup & Growth Magazine, My Table Magazine, and FCSI Foodservice Consultant and RestaurantOwner.com



Thomas Dietrich

Hospitality Professional Consultant, RDMC

- ❖ Thomas Dietrich is a hospitality professional and consultant that early in his career developed a strong background in restaurant operations both with national chains and independents
- ❖ Mr. Dietrich has over 30 years of executive hospitality experience.



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KEY TOPICS

Current market trends

What things cost

Opportunities in today's market

Where is the capital coming from

Q and A



CURRENT MARKET TRENDS

Most of the jobs created in the last five years have come from restaurants

Restaurant locations to exceed 1 Million in 2015

The food service work force will exceed 13.5 million workers representing 10% of the American workforce

Inflation adjusted growth expected to grow by 1 to 2% in real terms (inflation adjusted)

Competitive intrusion from established companies from other countries.

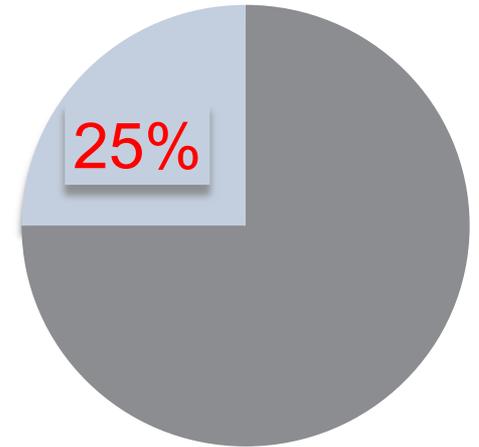
Traditional restaurants in nontraditional settings.



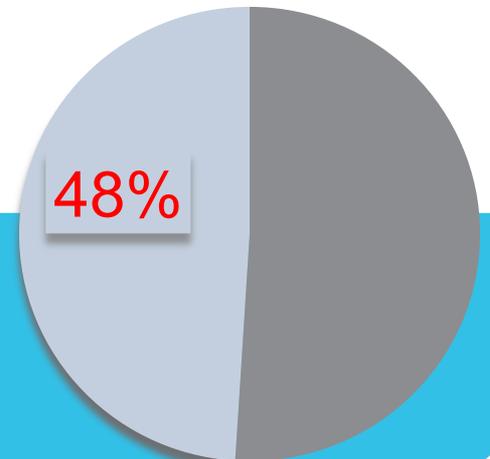
Overview

Currently over 990,000 restaurants

Share of food dollar = 48%



1955



2014

Current Successful Concept Trends

- ✓ Mobile Food Service
- ✓ Counter Service (Asian*, Mediterranean)
- ✓ Healthy Dining – home meal replacement
- ✓ Coffees
- ✓ Breakfast
- ✓ Takeout-Curbside-HMR
- ✓ Catering-Mobile Food Service
- ✓ Healthy Alternatives
- ✓ Regional-Craft Beers

OPPORTUNITIES IN TODAY'S MARKET

Restaurant industry has 47% of the food dollar

Chefs/entrepreneurs are being actively sought out. For example the recent Marriott offering.

Airports are radically changing their approach to food service

Location is still key, but is being constantly refined. Starbucks locating directly across the street from each other with lines in both locations.



What Things Cost*

	<u>Full-Service</u>	<u>Limited Service</u>
Cost of Sales	32%	31%
Salaries-Wages	33%	34%
Direct Operating	15%	12%
G&A	5%	5%
Occupancy	8%	10%
Pre-Tax Profit	<u>7%</u>	<u>8%</u>
	100%	100%

NEW RESTAURANT SALES ANALYSIS

Table Turns		3.0
	x	
Seats		180
	=	
Customers/Day		540
	x	
Average Check		\$16.00
	=	
Sales/Day (excl. togo)		\$8,640
	x	
Operating Days/Year		360
	=	
Annual Sales (excl. togo)		\$3,110,400
	+	
Togo & Catering Sales/Year		\$90,000
	=	
Total Annual Revenue		\$3,200,400



NEW RESTAURANT INVESTMENT ANALYSIS

Capitalized Lease (12%)	\$800,000
+	
Leasehold Improvements	\$500,000
+	
FF&E Costs	\$300,000
+	
Pre-Opening Expenses	\$150,000
=	
Total Investment Cost	\$1,750,000
-	
Capitalized Lease	\$800,000
=	
Unleveraged Cash Investment	\$950,000
Sales/Investment	1.83
Investment/Square Foot	\$350
Sales/Square Foot	\$640
Investment/Seat	\$9,722
Sales/Seat	\$17,780

NEW RESTAURANT MARGIN AND RETURN ANALYSIS

Sales	100.00%	
Cost of Sales	32.50%	
Labor & Benefits	29.50%	
Marketing	3.00%	
Occupancy & Other	12.00%	
Depreciation & Amortization	3.00%	
Restaurant Level Income	20.00%	\$640,080
Less Corporate Overhead	5.00%	
Plus Rent	3.00%	\$96,000
Plus Depreciation & Amortization	3.00%	
Adjusted Restaurant Income	21.00%	\$672,072
Return on Investment	38.40%	
Cash on Cash Return	60.64%	

**WHERE IS THE CAPITAL
COMING FROM?**

