

A Guide to Setting up a Restaurant / Coffee Shop / Food Outlet.

Getting Started

Making the decision to set up a restaurant /food business involves careful consideration. As the standards and expectations of customers are rising all the time, the setting up of any food business could involve considerable financial outlay and time. Food business are required to be compliant with a range of legislation and non-compliance can result in serious consequences so food business owners need to be well prepared before they commence in business. The purpose of this guide is to take you through the steps to get started and provide you with relevant information that will help you plan your business start-up.

Step 1 - Market Research

Your first requirement is to conduct detailed market research. This will reassure you that you are doing the right thing and that there is a market for your new business. A successful restaurant always has a carefully planned mix of elements that combine to make it work and getting one of these wrong could have a detrimental effect on your business. Think of your favourite restaurant - why do you go there ? It is probable that you like the general ambiance, the food is consistently of good quality, the restaurant is clean and staff are friendly. It is estimated that 30% of restaurants in Ireland fail in their first year in business and furthermore, 50% wind up their business within five years of opening. Therefore, it is crucial that you conduct proper planning prior to investing any money in a new venture.

For research purposes, start by clearly identifying what type of restaurant / coffee shop you would like to open, you will need to choose a broad concept (e.g. pizzeria, ethnic cooking, modern coffee house, fish restaurant etc) in order to establish if there is a market for this type of food business. See what is working in other areas or towns of similar size. Remember you can always change your concept if, following initial research it does not prove feasible.

Another option to consider is a franchise restaurant such as KFC or Eddie Rocketts. The advantages of operating a franchise are outlined in the

Starting Your Own Business Guide produced by Ron Immick/Brian O Kane available from Westmeath LEO.

Learning about your market

How do I work out if there is a market for my business ? Start by writing down your answers to the following questions.

- Who needs / wants this type of restaurant ?
- Who do you think are your typical customers ?
- Is the market for my product / service growing and expanding ?
- Who are my competitors ?
- What is working well in the local environment ?
- Is the local market familiar with my proposed product (e.g sushi bar) ?
- What restaurant closed recently and why ?
- Where will I locate this business ?
- What are my set up and operating costs going to be (estimates) ?
- How much are people willing to pay ?
- How much can I expect to make running this business ?
- Am I capturing new trends, for example Asian and Fusion cooking or healthy eating options like Smoothie Bars ?
- How many potential customers will I need per day to make this business work ?

Customers

Can you clearly identify your potential customers ? Who do you envisage your typical customers to be? Can you identify the number of potential customers you could have? This can be difficult and you may need help from an enterprise professional to work this out.

Information about the number of people living in your area, and their age profile, is available from the Central Statistics Office at www.cso.ie or from Westmeath LEO.

Further information about peoples' spending habits may be available from published research including Household Budget Surveys or Enterprise Support Agencies.

Published research from trade associations may also help you with background research for example, the Restaurant Association of Ireland.

Once you have established who your target market is, it will be helpful to assess what their needs are. You will more than likely need to conduct some research relevant on your new business, by conducting a questionnaire survey and asking a representative sample of people.

Think clearly about what you need to know. Examples of questions might include :

- How often do people eat lunch / dinner out ?
- How much do they spend per visit ?
- What is their current favourite restaurant / coffee shop ?
- Are they happy with the current choices available ?
- What type of food / drink do they like ?
- Is there anything you can do to increase potential customers interest in your business ?

Try and survey as many people as possible, but don't rely on family and friends as they may be anxious to help you and may say what they think you want to hear.

It may be possible to meet with a group of potential customers before you open your business to test their reaction to your proposal. For example, if you are setting up a sandwich bar, could you talk to a group of local office workers who are likely to use your service ? They may suggest ideas that will enhance your business or provide information on the local market.

Think about the widest possible market you can target. Are there any possibilities for establishing a business to business market or are there local companies that might be interested in your product or service.

Following your market research you should have :

- Clearly defined your restaurant / food concept.
- Identified who your customers are likely to be.
- Information on your expected customers (numbers, lifestyle habits, spending habits, preferences)
- Be very aware of who your competitors are and what their strong and weak points are.

Following this you need to commence working on a very detailed Business / Implementation Plan for your new venture.

This is crucially important as there are so many elements to plan in this sector (selecting a premises, compiling budgets, sourcing raw materials, menu planning, staffing, interiors fit-out, overhead costs, stock control, point of sale systems, training, marketing, website, health & safety, legislation, banking, credit control, security, waste disposal, sanitation, maintenance, employment legislation, book-keeping and finance)

At this time, you need to start putting a budget together based on how much capital you have access to and how much you will be able to borrow.

Premises

Your next step is to identify a suitable premises and it may take time before the right premises comes to the market. Visit local auctioneers to see what is available and see what current market prices are like. Westmeath LEO produce a database of premises available for sale or lease in Co. Westmeath. The database is available in hard copy or online at www.westmeath-enterprise.ie and is free of charge. For main street locations in towns such as Mullingar and Athlone, you can expect to pay €20-€50 per square foot per annum. When deciding on a location, you need to consider the following :

- Does the location suit the business ?
- Is planning permission required for any aspect of your premises ?
- Is a Fire Certificate required ?
- Are there any restrictions on the signage you can erect ?
- Is there adequate parking nearby ?
- Are all essential services available ? (water, electricity incl. 3 phased if required, toilet facilities, waste disposal)
- Is there a main water supply ?
- Is there adequate ventilation ?
- Does the ceiling height comply with HSE regulations ? (8ft)
- Does the premises comply with disability legislation ?
- Will you be able to adapt the space to suit your needs ?
- Is there a feel-good factor about walking into your premises (those on the sunny side of a street attract more foot-fall)
- What is the foot fall like outside your premises ?
- Have you a pool of potential customers in the locality ?

- How much will fit out cost ?
- How does the rent compare with other similar sized premises ?
- What service charges will you have to pay ? (cleaning, maintenance, lighting, alarm monitoring etc)

Compile a checklist of your premises requirements and rate each premises you visit.

Most premises will require adaptation and this is likely to be the most expensive part of your business set up. Layout and design are very important factors that will contribute or hinder your restaurants success. Typically, restaurants allot 40 to 60 percent of their space to the dining area, approximately 30 percent to the kitchen and prep area (space for receiving, storage, food preparation, cooking, baking, dishwashing, production aisles, trash storage, employee facilities) and the remainder to storage and office space. The space required per seat varies, but you will probably need 15-18 feet per seat to assure comfortable seating for smart dining, less so in a coffee shop / sandwich bar.

Before finalising your decision on your premises, you should consult with planning and environmental health authorities to ensure that you will be able to comply with all necessary legislation. Your landlord should also be able to inform you of any planning restrictions that may exist on the property. If adequate planning is not in place for your proposed business, you will need to apply for change of use from Westmeath County Council

Westmeath County Council - Planning Department - Tel : 044-9332000
Sinead Bowens, Environmental Health Officer, HSE - Tel : 044-9384890

It is advisable to have your lease examined by a solicitor or other qualified person who can assure you that you have protected yourself.

Once you have an idea of the cost of your premises and the adaption required, you can begin to look at other costs in your business. As there are so many outlays to consider in the set- up of this business, you need to plan your budget very carefully.

Cost of being in business

Listed below are some of the costs that you might need to do some research on and budget for before you can complete your cashflow fully :

Insurance

It is important when starting a business to ensure as far as possible, that your Assets and Liabilities are covered by insurance. An uninsured loss could have a detrimental effect on your business and could possibly put you out of business.

It is advisable to visit a broker or insurance company and discuss your requirements. They will probably offer you a Combined Policy which will include cover for :

Fire	Theft
Loss of Profits	Money
Employers Liability	Glass
Public Liability	Additional Covers
Theft	Personal Protection (Personal Accident, Serious Illness, Life Assurance)

Waste Disposal

Waste disposal services in the county are provided by a number of private operators. There are some differences in the charges between the different operators so make sure you minimise your disposal charges by finding the most competitive provider. Check out www.repak.ie for details of environmentally friendly waste disposal.

Water Charges

At present, commercial premises pay water rates at a flat rate to Westmeath County Council. This system changed in 2009 as the Council introduced metered charges for water services of non-domestic customers. Water charges will depend on your level of usage. In the interim, premises that do not have a metre will pay a flat rate based on assumed level of water usage. There are 14 different flat rates charges depending on your type of business, for example hairdressers will pay more than offices.

Rates

Rates are a local property tax. Your rates are calculated by multiplying the Annual Rate on Valuation (as determined by the County Council) by the valuation on your property (as determined by the Commissioner of Valuation) If you are located within the Westmeath County Council area, the County charge called the value multiple is 51.75 and if you are located

within the Mullingar Town area, the value multiple is 54.75. If you are located within the Athlone Town Council area, the value multiple is 60.12

The Valuation Office in Dublin set the rateable valuation on your property, based on its market valuation. You can confirm the rates due on your property by contacting Westmeath County Council (Rates Office Tel: 044-9332066) or asking your landlord or estate agent. Make sure there are no arrears on rates before you enter into any lease agreement on a property, as you could be liable for up to two years arrears of rates.

Banking & Credit Card Services

As a restaurant owner, you will more than likely require facilities to process credit card and laser payments. These services can be acquired through your bank, or an agent appointed by them. It costs approx. €500.00 to purchase the systems but you need to take account of the fact that there is also a monthly charge of between €50.00 - €80 and a deduction of 2.1% - 2.8% on each credit card transaction, and a charge of .26c on each laser transaction.

Accountancy Costs

It is always useful to have an accountant to help you but you may be able to reduce subsequent charges by operating good book-keeping systems yourself. Keeping your own books or at least monitoring them will give you a good idea of how your business is performing. Westmeath LEO offer $\frac{1}{2}$ day courses in book-keeping and interpreting your own accounts. Alternatively, a list of book-keepers is available from Westmeath LEO.

Step 4 Legal Aspects of your Retail Business

Food Regulations

It should be the policy of every food business to produce and deliver food and beverages that are of good quality and safe to eat. To assist with this, there are stringent guidelines and legislation in operation. The majority of food safety legislation in Ireland originates from the European Union and includes :

- Regulation EC 852/2004 Hygiene of Foodstuffs

- SI 369 of 2006 (Enforcement of the above EC Regulation in Irish Law, June 2006)
- EC 2073/ 2004 Microbiological Criteria for Foodstuffs

These regulations require all businesses to co-operate with the relevant authorities. New businesses should contact their local authority (Health Service Executive) to register and all businesses should ensure that they are approved by the relevant authority after one on-site visit. Changes to the business must also be notified to the authority.

The regulations lay down general rules for Food Business Operators and the primary responsibility for food safety rests with them. It will be necessary for the Food Business Operator to show the inspecting authority that there is an organised and effective food safety management system in place, ensuring hazards are identified and controls are established and implemented. Staff must be aware of what to do in the event of non-compliance and maintain records of procedures and checks carried out. The Food Business Operator must make sure the premises are kept clean and properly equipped. Food must be handled safely, and staff must observe good personal hygiene practices. Staff must be properly supervised, instructed and/or trained in food hygiene matters.

A detailed list of all required compliance and relevant legislation is available from the Environmental Health Office in the Health Service Executive.

Food Safety Authority of Ireland Act, 1998

The principal function of the Authority (www.fsai.ie) is to take all reasonable measures to ensure that food produced (whether or not distributed or marketed) in the State meets the highest standards of food safety and hygiene. Enforcement of legislation is carried out by authorised offices appointed by the FSAI or its official agents. Inspections of premises will take place without advance notice.

Other legislation that impacts on food safety includes the following :

Law of Negligence (e.g. incidents of food poisoning)

Law of Contract (implied warranties that food being sold is fit for human consumption)

You should read N.S.A.I. 340 /341 / 342 which outline all the procedures you must comply with. These are available from the National Standards Association Ireland.

Legal Structure of Your Business

You have two options when setting up your own food /restaurant business. You can trade as a Sole Trader or you can set up a limited company. Trading as a Sole Trader is very straight-forward, you automatically become a sole trader by starting a business on your own. If you set up a limited company, it is a separate and distinct legal entity and separates you from the company. See www.westmeath-enterprise.ie for the advantages and disadvantages of setting up as a company. The Enterprise Board can advise you on the most appropriate option for you. If you are considering setting up a limited company, it is advisable that you seek professional advice from an accountant or solicitor.

Take note if you establish a limited liability company, you are now required by law to disclose certain information on your letterheads and order forms. The information includes the name and legal form of the company, its trading name, information on directors of the company, the company's place of registration and registration number, the address of the company's registered office. For a complete list of all requirements log onto www.odce.ie (Office of the Director of Corporate Enforcement) Please note that you are also required to display your name in legible characters on all other company documents including invoices, cheques, money orders and receipts.

Registering for Income Tax and VAT

Once you have decided on your legal structure, you can register for Income Tax with the Revenue Commissioners by completing a TR1 Form if you are a Sole Trader or a TR2 if you have established a company. These forms ask you for your personal details (name, address, telephone numbers etc), the nature of your new business, when you commenced in business and where you will operate the business from. You can also use this form to register for VAT and if you are taking on employees, to register as an employer. If you need assistance completing the form please contact the Enterprise Board.

It is more than likely that you will also need to register for VAT. VAT is a consumer tax. It is collected by VAT registered traders on their supplies of taxable goods and services. Each trader pays VAT on goods and services bought by the business and charges VAT on goods and services sold by the business. You can voluntarily register for VAT at any stage but you must register for VAT if your turnover exceeds €35,000 if you are supplying a service and €70,000 if you are supplying goods. The VAT rates you charge and collect vary depending on the type of business you are operating. A full listing of VAT rates is available from the Revenue Commissioners. You can register for VAT when completing a TR1 / TR2. The Revenue Commissioners will then issue you with a VAT number and it is your responsibility to keep proper VAT returns. Remember if you purchase equipment in a six month period prior to registering for VAT, you will be able to claim back the VAT paid on your purchases.

You will need to learn how to complete a VAT return. The Enterprise Board run a $\frac{1}{2}$ day practical course in doing VAT returns which will show you all you need to know and will help you run your business more efficiently.

The local tax office for businesses in Westmeath is in Athlone and can be contacted at 09064-92681 or visit the Revenue Commissioners at www.revenue.ie

Registration of Business Name

Your business name is important and you should take time to choose it carefully. The right name will be :

- Unique
- Easy to remember, pronounce and spell
- Informative
- Create the right image
- Easily accessible from Telephone Directory Enquiries

Remember to check that the domain name is available, and see how your name works in ads and tag lines.

If you decide to call the business a name, other than your own name, it is advisable to register your Business Name with the Companies Registration Office (even if you are a sole trader) as you may need it to open up a

Business Bank Account or apply for a Restaurant Licence to sell beer /wine.

You can register your Business Name by completing a RBN1 available to download at www.cro.ie. It costs €20.00 if you complete the form on line and €40.00 if you complete the application by post.

You will then be issued with a Certificate of Business Name, which must be displayed in your business. This does not protect anyone else from using your name, nor does it imply that you are entitled to use of the name. Business Name registration simply involves an individual disclosing that you are carrying on a business under a name which does not consist of your own individual name. It is just a trading name and does not have any limited liability.

Intoxicating Liquor Regulations

Before you can sell, supply or consume intoxicating liquor, the law requires you to have an Intoxicating Liquor Licence. Restaurants have a choice of three licences that they can apply for including :

Special Restaurant Licence requires an application to the Circuit Court. Prior to the application, the premises must satisfy the requirements of Health Authorities and must be registered under the relevant Food / Hygiene regulations. Under this licence the serving of liquor must form part of the meal service and permitted hours of trading are defined in legislation.

Restaurant Certificate is distinct from a Special Restaurant Licence and is granted by the District Court. The benefit of this licence is that a restaurant is able to serve intoxicating liquor with meals at certain times after normal licencing hours and can apply for special exemption orders.

Limited Restaurant Certificate permits the holder to serve intoxicating liquor with meals in a specially nominated part of the premises, set aside for the provision of meals, as if the area were a restaurant.

Step 5 Marketing

At this stage of your development, you need to have a marketing plan in place. What is your marketing budget? How will customers hear about you? What image do you want to present of your business?

Take time to get the overall image of your business right. Here are things you need to consider:

Interior	Packaging	Telephone Answering
Name	Quality	Presentation
Business Stationary	Advertising	Promotion
Pricing	Correspondence	Selling
Brochures	Service	Employees
Website		

These are all areas you need to have considered before you open your business.

Following on from your market research you should have a good idea of your customers and you will need to work out the most effective way of promoting your business. Advertising may not be enough, remember there is more to promoting your business than advertising. Other forms include :

- Direct Mail
- Personal Selling - how well you and your staff interact with customers.
- Public Relations
- Publicity - official openings, sponsorships,
- Free Taster Plates to local businesses and offices
- Internet - website, make sure your website is optimised. Westmeath LEO offer a Web Optimisation Course which will assist you on a one to one basis with your website. Website Development Grants are available from Westmeath LEO - details at www.westmeath-enterprise.ie

Do not assume just because you open a business that people will automatically know you are there. However, once you have customers, remember it is cheaper to keep your existing customers than to find new ones. Loyal customers will spend more money with you than other

customers, bring in new customers (through word-of-mouth recommendations) and loyal customers cost less than acquiring new customers.

Research shows that businesses that provide **top class customer service** experience:

- Improvements in staff morale (reducing staff costs)
- Lower staff turnover (reducing recruitment costs)
- Longer customer retention (up to 50% longer)
- More repeat business (20-40% lower selling costs)
- More referrals (20-40% lower promotional costs)
- Higher prices (7-12% higher)
- Increased margins (7-17% more profit)

Website

More and more websites are becoming an important marketing tool, and it is now an essential pre-requisite for all businesses. When you are designing a website for the first time, make sure and do your research. Will you be able to update it yourself? What annual charges are you going to pay? How often will you need to change images? When you selecting a web designer, look at work they have done and don't be afraid to ask for references. Westmeath LEO also offer Web Clinics where you can get impartial advice from an internet consultant.

Technology and Your Business

Information Technology plays an important part in nearly every business and you should be using it to make your business more efficient and effective. When you are starting out, investment in information technology will depend on your needs and budget. I.T. may assist you with managing your accounts, rosters, payroll, stock control and ordering, cash intake, compiling menus, online banking and marketing. If you need assistance with assessing your technology needs or advice on investing in I.T., you can apply to Westmeath LEO for a **Tech-Check Audit**. You will be provided with an advisor who will visit you on-site and assist you with developing IT systems that enhance your business.

Step 6 Staffing and Employment Legislation

One of your biggest expenses in your business is likely to be staff costs. There are many issues to consider when taking on staff, if you have never been an employer before it can be daunting so it is worthwhile reading some useful guides, such as :

'Starting Your Own Business' (by Ron Immink & Brian O' Kane) available from Westmeath LEO - it gives good information on recruiting the right staff, finding the right applicant, interviewing and delegating tasks, managing and maintaining staff.

As an employer, you will need to familiarise yourself with current employment legislation. '**A Guide to Employment Legislation**' is available from Westmeath LEO and regular training courses are also available on Employment Law. These courses will provide you with templates of employment policies and contracts. Listed below are some of the most important aspects of taking on employees :

- Employees are entitled to a written employment contract **or** terms and conditions within two months of commencing work.
- Minimum Wage (€8.65 per hour as of January 2008)
- Protection against discrimination
- Holidays and rest periods
- Maternity, Adoptive and Parental Leave
- Trade Union Membership
- Minimum notice on termination of employment
- Protection against unfair dismissal
- Protection against redundancy, and minimum payments if it should occur.

Of course, you must ensure that you are paying appropriate tax (PAYE) and PRSI contributions for all staff members. These amounts will vary

depending on the level of pay for each staff member and their own personal entitlements. Information on current rates are available from the Revenue Commissioners on their **Employers Helpline 1890 254 565**.

Detailed employment legislation is available on www.employmentrights.ie

Employing non-nationals

A work permit is not required by a national of an EEA state which includes all EU countries (incl. Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia, Slovakia, Cyprus, Malta) and Norway, Iceland and Liechtenstein. If you wish to employ someone from outside the EU and the additional countries listed, you will need to apply for a work permit on behalf of your employee. Prior to applying for a work permit, employers must co-operate with FAS to try and fill any vacancy through domestic or EEA labour market. If the vacancy is not filled by an Irish /EEA candidate, the employer must phone the local FAS office and request the next stage documentation to proceed with employing a non-national. Westmeath LEO can provide you with employment contracts and safety statements in a number of European languages.

Pensions

You are not compelled as an employer to provide employees with an occupational pension scheme but the Pensions Act 1990 does set regulations in regard to Occupational Schemes. In addition, since 2002, employers who do not provide an occupational pension scheme are obliged to provide access for their employees to Personal Retirement Savings Accounts. Further details are available in the 'Guide to Employment Legislation' produced by Westmeath LEO, available free of charge from our offices or available to download on our website, www.westmeath-enterprise.ie

Health & Safety Regulations

Health and Safety Regulations place specific duties on both employers and employees. The general duties of employers, with regard to health and safety at work are :

- To provide and maintain a place of work which is safe and without risk to health.
- To provide safe means of access and egress at each place of work.

- To provide and maintain plant and equipment which is safe and without risk to safety and health.
- To provide information, instruction, training and supervision necessary for safe and healthy working.
- Where hazards cannot otherwise be controlled, to provide and maintain suitable protective clothing or equipment.
- To prepare adequate emergency plans
- To prevent risks to health and safety in relation to the use or articles or substances
- To provide welfare facilities such as a supply of drinking water, first aid etc.
- To acquire where necessary the services of competent persons, to ensure the safety and health at work of employees.

A Safety Statement must be prepared by the employer and this must be brought to the attention of people affected by its terms which will include employees and contractors. There are clear guidelines set out in legislation requiring that an employer specify the safety, health and welfare arrangements, resources in place, co-operation required of employees and names and job titles of persons responsible for the tasks set out in the safety statement.

Westmeath LEO provide courses that explain Safety Statements and will assist you with writing your own safety statement.

Employment Policies

Many employers now provide employees with a list of employment policies, outlining company policies on grievance, leave, termination, code of practise, dress codes, and other issues such as mobile phone use etc. 'A Guide to Defining Your Employment Policies' is available from Westmeath LEO.

It is also useful to have procedures in place to deal with complaints and any issues that arise within your restaurant. If staff are trained in this area and know how to deal with any issue that arises, it will lead to good customer relations in the long-term.

