

RESTAURANT



INSIDER

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NEWSLETTER...FALL '10

HOT PROPERTIES



BEST DEAL!

Ridin' The Storm Out

Your business has been through the toughest economic time since The Great Depression and so far, you've lived to talk about it. What happened up to this point certainly wasn't easy and it's not over yet. There was a lot of "belt tightening" and "doing without" required to endure, but reality is that the business climate is beginning to moderate. Make no mistake, we are a long way from where things were in 2007 and it will be a long time until things return; however, from an operator's perspective, we must look at current conditions as the new normal.

That means it's time to change gears and get your thought process out of survival mode. While the "doing whatever it takes" method of operating was needed to ensure your business legacy, that mindset comes with its own hazards, and they are significant. Doing what it takes for day-to-day survival is one thing, but operating your business in that mode as a long-term strategy is completely different, and needs to be avoided. You must get back to growing the business!

Continued inside

Mega Sports Bar, restaurant and nightclub with #6 license located in the Northwest Valley. No expense was spared in the design and construction of this ultimate sports-themed restaurant, bar and nightclub. High quality furniture, fixtures, equipment, sound and video. Every seat has a view of one of the 102 video screens. Lots of parking, great patios, a new POS system and a sparkling kitchen round out this showpiece. A steal at \$375,000 OBO. #1695



North Scottsdale Former Salty's Beach Bar at Northsight & Raintree is now available. This second-generation restaurant space has lots of FF&E already in place. Surrounded by residential, office, industrial and retail. Prime corner location, great parking, excellent visibility, spacious patio, indoor/outdoor bar and a full kitchen. \$115,000. #1715

#12 Sports Bar A fantastic North Scottsdale opportunity for an owner/operator. This property is well laid out with an efficient, well maintained kitchen, central bar, patio, private dining area and lots of parking. Currently hosting the leading OTB site in Phoenix. Lots of potential for the next owner to capitalize on the current base business and build it. Owner is retiring and motivated to sell. \$195,000. #1723



#12 Restaurant Great high profile real estate opportunity in Goodyear. Freestanding building less than 5 years old in perfect condition. Great visibility and situated near other high volume, national chain restaurants. No expense was spared in the design, construction and fixturing of this space. Easy conversion to a number of concepts. Separate bar and dining areas, inviting patio space, well equipped kitchen and plenty of parking. Priced for immediate sale due to bankruptcy. \$1.6M. #1719



Former KFC Fast food building with drive-thru and excellent remaining infrastructure in a high-traffic location that has outstanding daytime employment in the immediate area. This beautiful facility is ready for an economical conversion. No "key money" required; just sign the lease and go! \$17.75 PSF + NNN. #1694

#12 Mexican Restaurant in Cave Creek. Large kitchen with plenty of storage. Full bar, good size dining room and best of all, a huge patio area with a bar and cook stove. Great visibility, lots of parking and an unbelievable rent deal just looking for the right operator with a vision... Are you the one? Only \$175,000! #1716

ASU Great little spot not even a block off campus that is ideally situated to serve the over 50,000 college students and 20,000+ support staff in the immediate area. This fully equipped facility is currently operating as a quick-serve Mediterranean restaurant, but can easily be converted to any concept. \$79,000. #1726



Neighborhood Restaurant An inviting, open, friendly, fun-feeling place with colorful decor! This immaculate end-cap restaurant includes a bar, dining room and beautiful patio area. Great layout for "Casual California", Texas or Midwest menus. Accepting aggressive offers; looking for a tenant now! \$55,000. #1648



Buyer Beware! Be informed!

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Ridin' The Storm Out *Continued from front page*

Instead of lamenting current revenues because of their comparison to what was (the peak), consider this the new baseline and put plans in place to grow, not just survive.

Before you start down this path, remember to use what you've learned. Many of the austerity programs that were implemented to control costs during these tough times are beneficial and need to remain in place. Dollars saved in one area of the business are available to be invested in another. Use these precious resources wisely, but do use them, especially when it comes to marketing and promoting your business. Failing to aggressively promote your business and drive revenue growth for extended periods of time is devastating to the overall health of the enterprise. It is a proven fact that you cannot cut your way to success. The structure of the restaurant business will not allow it. Without sufficient revenue the applicable fixed costs eventually destroy the business no matter how proficient the operator is at trimming expenses.

Getting back on track regarding revenue growth requires strategic planning. The last thing you can allow to happen is for your hard-earned dollars to be wasted. In difficult times it is more important than ever to be effective in allocating these resources. The key is to maximize the value received in relation to the expense incurred. For most restaurateurs, this means taking a new approach to promoting their businesses. The usual radio or newspaper ads with the same old food or drink specials just won't cut it anymore, and since you probably don't have a budget for those very expensive items in any event, let's look elsewhere.

As is always the case when it comes to the most cost effective programs, "four-walls" and "grassroots" marketing top the list. And beyond that, in today's technology savvy environment, websites and social media make the shortlist as well. Possessing the aptitude to utilize these tools and promotional strategies effectively will create the ability to drive additional revenue to your business. Combine that revenue generation with the costs savings learned in recent tough times and the result will be what every business craves, true competitive advantage and a profitable business positioned to succeed for the long-term.

~ The Restaurant Brokers

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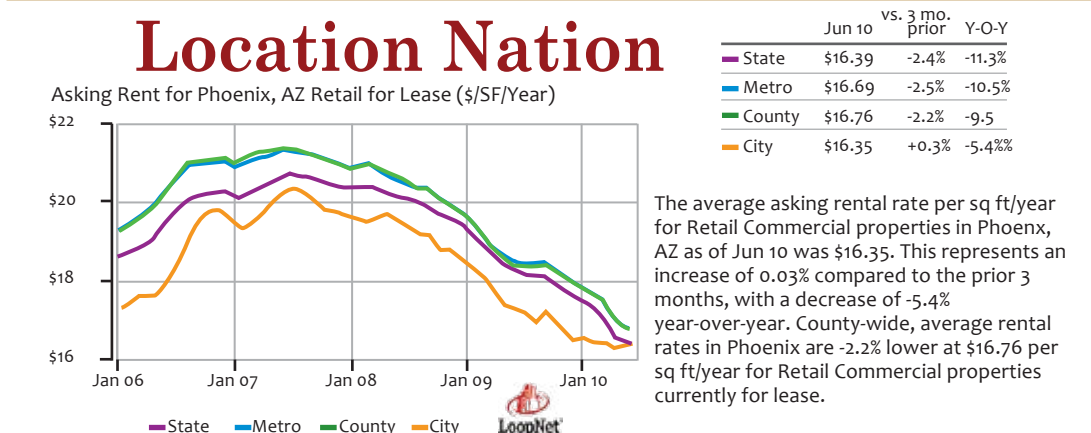
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Industry Specials for Bars & Restaurants

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Well, we're now three years into the recession and depending on who you listen to, the outlook for the future is debatable; however, what is not debatable is the past, specifically, real estate trends. The chart above details leasing rates by square foot, for the Phoenix metro area up through the State of Arizona markets.

As noted, the market peaked in 2007 and has been trending steadily downward ever since with commercial lease rates showing a double-digit decline in the past year.

If you are about to renew or extend your lease, did you take these factors into consideration? Call us for additional insight into your specific situation. ~ The Restaurant Brokers

Favorite casual and family restaurant chains

TOP 10

1. The Cheesecake Factory
2. Texas Roadhouse
3. Red Robin Gourmet Burgers
4. Olive Garden
5. Ruby Tuesday
6. Red Lobster
7. P.F. Chang's China Bistro
8. Longhorn Steakhouse
9. Outback Steakhouse
10. Cracker Barrel

Source: Market Force Information survey based on 5,000 mystery shoppers, May-June 2010

Industry Trends

THE DRIVING THEME WILL BE: HOW MUCH MONEY CAN I MAKE?

The restaurant industry has seen the steepest drop in traffic in the last 28 years, and the last several years have been hard on operators across the board. Tired of working hard for marginal returns and fueled by profit hungry shareholders and underperforming franchisees, the industry will go through a resurgence of what we believe will be a concentrated focus on profitability. Just remember that it's not what you make, it's what you keep that matters.

PROFIT WILL BE POSSIBLE, BUT ELUSIVE

Most of the belt tightening has been done and operators are now interested in ownership, or at least leadership, of their market niche whenever possible. For those that innovate, keep a close eye on capital expenditures, and upgrade their marketing efforts, 2010 could end up as a profitable year for them. For others, we encourage you to seek professional assistance in maximizing the efficiency of your restaurant. This does not mean shortchanging guests in any way. It means that you fully utilize every resource available to you in the most efficient way possible eliminating wasted time, money or effort and placing an emphasis upon delivering value.

BUY LOCALLY - FOR YOUR GUESTS, IT'S MORE IMPORTANT THAN ORGANIC

The organic movement has been steadily growing for years now, but we believe that local sources of everything from produce to proteins will be more important to most guests than organic products. This is not meant to downplay organics, but the growing focus on local sourcing has shown itself to be more than just a passing fancy. In 2008, we accurately predicted that for independent operators, local sourcing (which frequently includes organics as well) would be one of your greatest advantages in competing against the chains. In short, if you buy local, and you should, be sure to promote it - you'll quickly see the competitive and cost advantages of doing so!

WE PREDICT THE DEATH OF THE GENERIC RESTAURANT

In a recent poll, three out of four adults said that they were trying to eat healthier than they did two years ago. However, research continues to show that menu items that are identified as being healthy are some of the least popular items. How interesting! Fact of the matter is that people can eat anywhere they want to, and the compelling reason to go to a particular restaurant is to enjoy something that they can't make at home or get anywhere else. What this means to you as a restaurant owner is that you simply must have a few highly profitable, "Niche Signature Dishes" that identify with your brand, and set you apart. Restaurants that have a generic menu that does not identify them as being something special will go by the wayside.

PROFIT BY UNDERSTANDING THE NEW GUEST PROFILE

Today's consumer has new habits and needs. As we all know, 2008 and 2009 proved to be financially difficult for all of us. As a result, we've changed our habits and have resorted to living within our means. Our spending habits have changed as well. Consumers are now seeking value propositions in every aspect of their life. The new mentality is: "Give me more but don't charge me for it." Understanding that your guests have new needs and desires are the keys to profiting from this new guest profile. Offering a wide variety of options makes a lot of financial sense for you as the owner/operator and for your guests as well.

MAKE MORE MONEY BY TAKING CARE OF THE KIDS

In 2006, we said that forward looking operators should address the generally poor quality of offerings for kids. It's taken the recession for many restaurants to understand that families are a good source of revenues. We've seen improvements by many operators and if you've not upgraded your offerings for children, now is the time to do it. Bottom line is that by offering higher quality food items for kids, it makes the parents happier; resulting in more frequent visits. ~ National Restaurant Consultants



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JOKES OF THE DAY

What is a vampire's favorite soup? **Scream of tomato!**

What do vampire football players have at half-time?
Blood oranges.

How do you join a Vampire Fan Club? **Send your name, address and blood type.**

Why does Dracula have no friends? **Because he's a pain in the neck.**

Why did Dracula miss lunch? **Because he didn't fancy the stake.**

What's it called when a vampire kisses you good night? **Necking.**



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By the numbers



Celebrating 30 years



155

The numbers of liters of beer consumed per capita in Ireland, the most in the world (US 8th at 85 liters)

~ Nation Master

1937

The year the Cobb Salad was born at the Brown Derby in Hollywood California

~The Food Maven

3,500

The number of calories required to make a pound of fat

~ Fun Food Facts

80,000

The current dollar value of a Series 6 Maricopa County Liquor License, down significantly from a high of \$135,000 in 2007

~AZDLLC

2

The number of grams of sugar in lemons; twice as much as in strawberries

~Wiki Answers

13.2

Miles in the 1/2 marathon that our own Cheryl Spears is power-walking in PF Chang's Rock 'n' Roll Marathon on 1/16/11 for Chances for Children AZ. Donations welcomed!

www.chancesforchildrenaz.com/Keeper13/donate

~The Restaurant Brokers

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How's Your Restaurant Performing?

In today's economic environment it is absolutely critical that your business maximize performance to deliver the optimal return on investment. To help make that happen Restaurant Recovery Group brings together a consortium of experienced hospitality industry professionals with the skills to take your business to the next level.



The scope of services offered can be completely customized to the specific requirements of your business. From a complete redo of your entire restaurant or bar to the minor tweaks needed to breathe new life into a dated food and/or beverage concept and everything in between, RRG can design a program to meet your needs.

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Restaurant Recovery

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