

# RESTAURANT INSIDER

"NEWS YOU CAN USE"



NEWSLETTER...THIRD QUARTER '09

## HOT PROPERTIES



**60 & Alma School** An invitingly open, friendly, fun-feeling place with colorful decor! A rare opportunity to purchase a quick service format that is superbly maintained. This immaculate end-cap restaurant includes a bar, dining room and beautiful patio area. Original cost to build out and equipment was over \$400,000. Great layout for "California Casual," Texas or Midwest menus. This is an asset and improvement sale only. \$55,000. #1648

**#6 Nightclub** AAA location at Scottsdale and Shea with a Series 6 liquor license already in place. This is prime C-3 real estate surrounded by over 1,000 parking spaces creating lots of possibilities. The building was completely remodeled with new plumbing, electrical and structural in 1996. Downstairs features 12,000 square feet of open space, DJ booth, bar, large bathrooms, kitchen, spacious office and storage. Upstairs features over 6,000 square feet with two bars, a second dance floor and an unbelievable rooftop patio with a view of Camelback. Additional land available to build a patio. \$1,950,000 or purchase the assets and license for \$175,000 with a lease of \$12,500 + NNN a month. #1617

**Downtown Gilbert** Freestanding building with a misted patio, separate bar area with gorgeous wood flooring, 16 flat screen TVs and handcrafted bar cabinetry. Well appointed dining room enhanced by a water feature, mahogany accents, two fireplaces and ample booth seating, private dining areas and a well-equipped dual kitchen line to service catering and banquet opportunities. Fantastic location surrounded by other high-volume local restaurants and 1,200 weekly community theatre patrons. 6,270 SF available for sale \$1,600,000 or lease for \$20 PSF + NNN. #1675. **SUBMIT ALL OFFERS!!**

**Fast Food** This freestanding building with a drive-thru has excellent visibility, great signage, easy access and plenty of parking in an outstanding location near Banner Hospital and right across the street from Mesa Community College at Southern & Dobson. This former restaurant has plumbing, electrical, a hood system, walk-ins and a grease trap already in place. A new 5-year lease with a 5-year option is available to qualified tenants. #1677

## Long Live The King



We just passed the official one year anniversary of the financial meltdown, but those of us that own and operate businesses know that it's already been more than two years of hell. Funny, we didn't need anyone to tell us there was a recession; kind of interesting that it takes the government so long to figure it out? Just goes to show that they really are out of touch with reality.

In looking back at the way things were in 2007, we can all agree that many things have changed, most for the worse, but there is one thing in particular that has changed for the better, and that is the value of a good tenant to a landlord. When things were booming the fact that you owned and operated a solid, stable, long-term viable business didn't mean much. There always seemed to be someone in line waiting to pay an even more exorbitant rent than the one you were barely, if at all, able to afford. In most instances the landlords were more than willing to oblige them, and even if they didn't, their existence certainly came up in the conversation quickly if there was ever an occasion where a discussion on your lease terms was required.

Well, to say that things have changed dramatically would be a rather significant understatement. The balance of power in the landlord/tenant relationship has shifted. In today's world having a quality tenant is critically important to the viability of a real estate project and generally there is far greater inclination to work with tenants in an effort to try to keep them in place than was the case previously.

*Continued inside*

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# RESTAURANT INSIDER



## The King Continued from front page

With vacancy rates being what they are and the likelihood of a space remaining vacant for a considerable length of time if a tenant leaves or is forced out, virtually all avenues are pursued before a space is left to go dark. For the most part, this change in the relationship has been a good thing and has manifested itself in a better understanding by both parties of what it takes for the other guy to be successful.

Don't get us wrong, the landlords are not in the position to be Santa Claus. They are under tremendous pressure as well. A lot of real estate changed hands at the top of the market and your landlord could very well be in a position where the economics of their real estate investment places severe limitations on what they can and cannot do, in terms of trying to accommodate a tenant that has financial hardship; however, that said, they appear to be doing whatever they can to try to work with their tenants within those limitations in quite a few instances.

This means that as a business owner you should be communicating with your landlord to see if there is there is a possible modification of the lease

terms that might be available in your scenario. Before you do, a word of caution... be *prepared*. You need to have all of your financial data and backup information available in an organized, easy to understand package and you must be able to clearly articulate exactly what you are requesting, why you are requesting it, and what the outcome is projected to be if your request is granted. Taking the position of "there's nothing to lose by asking" is not the way to approach this matter. Modifying the lease terms only makes sense if rent is the thing standing between profits and losses for your business. Do a thorough analysis of your business to make sure you understand the numbers completely and can explain them. If a rent reduction would make the difference, then by all means go to your landlord with a proposal. What should my rent be? How much of a reduction should I ask for? Start with market rates. Look at what that space would rent for if it were on the market today as a baseline. That is a reasonable approach as in reality it will be what the landlord receives if he is forced to re-lease the space. Don't be greedy and unreasonable in your expectations; remember, the landlord has a business to run as well!

If you need help finding or understanding market rates, give us a call. ~The Restaurant Brokers

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**JOKES OF THE DAY** 😊

Every day Paddy O'Riley comes into the same bar and orders 3 beers: 1 for himself and 2 he drinks in honor of his brothers who are back in Ireland. After doing this for many months, Paddy comes in and only orders 2 beers. The bartender, assuming the worst has happened offers his condolences on the loss of a brother. Paddy said, "No, my brothers are fine; I just gave up drinking for Lent."

Two pretzels walk into a bar and one is assaulted.

Knock, Knock. Who's there? Barbie. Barbie who? Barbie Q!

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# RESTAURANT INSIDER

## PEARLS OF WISDOM

~Sullivision.com

### Let's Get Fiscal The Other Side of Profitability

There's an old joke that's sad, but true, about our industry:

**Q:** How do you make a small fortune in the restaurant business? **A:** Start with a large one.

The hospitality industry is the only business I can think of where there are more ways to lose money than make money.

Let's start with the basics. Lesson Number 1:

All money is not created equal. For instance, \$100 in sales is \$100, less expenses and taxes. A \$100 saved is \$100. So while "making more money" is important, it's sometimes just as critical to lose less, too! Here are a few practical and creative cost control training tips for those of us who need to watch our "waste."

Teach everyone on your team Profitability 101. Why would a server or cook understand the importance of suggestive selling or following recipes without first understanding the basics of gross versus net in our business? What's the point of teaching service skills, selling skills or cost control if there's no perspective to the big picture?

Show them the money. Most of your team members think that restaurant owners are making a fortune. Post your monthly invoices for electricity, water, heat, gas, food, beverage, insurance, and rent on bulletin boards so employees can review the so-called "invisible" costs of doing business and compare it to their own expenses at home.

Sell and market "waste watching" to your team with posters in your work areas, prep areas and break areas. Take digital photos of the commonly tossed, damaged or over-portioned items with their cost per unit displayed in large type, like the cost of glassware, sugar packets, napkins, silverware, ketchup packets, or an extra ounce of meat on a sandwich or alcohol in a drink, etc.

Raffles. Every month post each employee's name on a sheet of paper. Choose the raffle goals based on the behavior you want to reinforce for the next 30 days: attendance, promptness, sales, working safely, cost control.

Keep knives and blades sharp. Believe it or not a sharp knife actually minimizes the likelihood of cut fingers.

Follow your recipes. A driving force behind high food costs in the kitchen or behind the bar result from cooks or bartenders that choose to follow their own recipes or measure "by eye" instead of using the prescribed spoons, cups, scales or jiggers.

Sell more of what you have. The fact is that a restaurant doesn't make money buying, you make money selling. So focusing your customer-facing employees on skills related to menu merchandising and soft-selling may be your best cost-cutting strategy of all. Selling doesn't cost, it pays.

### Frequently Asked QUESTIONS at TRB

**Q:** I want to own a restaurant. How do I work with The Restaurant Brokers?

**A:** We are your "one stop shop" for acquiring a restaurant. Whatever you need, we'll do the work: develop criteria, find locations, compile data and assist you in the decision process. The Restaurant Brokers Team combines over fifty years of experience in every facet of the restaurant industry. This includes not only real estate acquisition, landlords and leasing space, but equipment, food and beverage operations and marketing/promotions as well. If we don't know the answer, we have the resources and local industry affiliations to provide it. Best of all, these services are provided free of charge to our buyers. Use it to your benefit!

**Q:** I noticed a restaurant that I might be interested in, but it isn't one of your listings. Can you still help me?

**A:** Absolutely! Let us know what you are interested in and we will go out and get the information for you. We work with everyone - other brokers, landlords, banks and investors on a vast array of transactions and we are more than happy to investigate any possible business opportunities for our clients. This is just another part of the comprehensive services The Restaurant Brokers offer. It's why we are the best available resource for buying, selling or leasing a restaurant, bar, nightclub or associated business in the Phoenix metro market, period!



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Failure is only postponed success as long as courage "coaches" ambition. The habit of persistence is the habit of victory. ~Herbert Kaufman



# Business Valuation Services



480.491.0123  
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- ▶ Are you attempting to refinance your business?
- ▶ Going through a partnership split or divorce?
- ▶ Have possible exposure in pending litigation?
- ▶ Doing the estate planning you've been putting off?

Obtaining a qualified Opinion of Value in these critical situations is an important step to preserving the investment made into your business. The Restaurant Brokers offer professionally prepared Business Valuation Reports with twenty-nine years of local market and industry specific experience behind them. Call us today for more information on services available and associated fees.

## By the numbers



**40**

The number of days it takes for most Americans to earn enough money to pay for their food supply for the entire year, compared to the 129 days it takes to earn the money to pay taxes for the year.  
~Where Does It Go

**9,000**

The number of people China's Beijing Duck Restaurant can seat at one time.  
~Fun Food Facts

**.01%**

The sugar that remains after the fermentation process has been completed in order to have a Dry Wine.  
~Wine Digest

**100**

The number of acres of pizza Americans eat each day, equaling 350 slices per second.  
~Fun Food Facts

**1,218**

The number of peanuts in a single 28 ounce jar of peanut butter.  
~Fun Food Facts

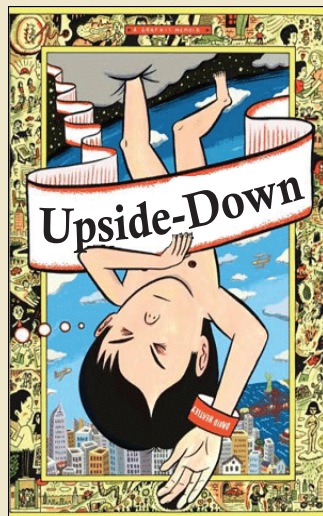
**8,796**

The number of clients in The Restaurant Brokers database. We've made a lot of friends after 29 years in business!  
~The Restaurant Brokers

## Lease Renegotiation Services



If you signed a huge lease at the peak of the real estate boom, the high cost of rent may be the only thing standing between you and a profitable business. We can help. For more information call 480.491.0123



## GETTING DESPERATE?

Are debts piling up with no end in sight? Do you owe more than you can possibly sell your business for? There is a solution! You can sell the business quickly at a reduced rate and still settle your outstanding debts so that you can walk away clean. Call us for a consultation on this amazing strategy. The Restaurant Brokers 480.491.0123