

Instruction 3: *Financing*

“Demonstrate confidence—like you have done this many times before. Be prepared to answer questions about every aspect of your plan with accuracy and intelligence.”

— FRANK STOCCO, FOODSERVICE CONSULTANT

There are many ways to fund your restaurant project, and some forms of financing are more difficult than others. First-time restaurateurs often find it much more difficult to secure a loan than someone who has previously owned a restaurant or a business. Lending institutions and investors have one thing in common—they don’t want bad debts on their record.

Whether you secure a loan or not will depend on your ability to convince lenders and investors that your project is low risk with high profits. How do you convince them? Have a great Business Plan. Make sure it is evident that in a worst case scenario, you have a great deal to lose personally. They want to know, for example, that you are investing some of your own cash. That, along with your personal professionalism, is key. That’s the reason such a big emphasis was put on Instructions 1 and 2. The people who analyze your Business Plan are highly astute at scrutinizing business models—if there are any holes in your plan, they will recognize them and you will not get funded. Dress appropriately when going to an interview or a meeting. Be professional. Demonstrate confidence. Act like you have done this many times before. Be prepared to answer questions about every aspect of your plan with accuracy and intelligence.

You will see from the list on the following page that there are many ways to fund a restaurant. If there is real estate involved, there may be more than one loan in the package. Most lending institutions and investors like to separate the real estate from the business in order to protect the assets.