

Ingredients *for* Success



5TH ANNUAL
Business
Start-Up
CONFERENCE

OPENING A RESTAURANT



April 13, 2007



Restaurant Start-Up Conference Impresses Participants

By Rosemary Barnes

Seventy-six aspiring restaurateurs recently took part in the fifth annual industry-specific, daylong conference hosted by the City of Austin Small Business Development Program (SBDP).

“Ingredients for Success: Opening a Restaurant,” held April 13, 2007 at the Palmer Events Center, drew a record number of participants to the annual event with an impressive lineup of speakers that featured some of Austin’s best-known culinary experts, including food critic Dr. Rob Balon, Ken Schiller co-owner of Rudy’s Country Store & Bar-B-Q restaurants, Nilda de la Llata co-owner of El Sol y La Luna and Chef Hoover Alexander of Hoover’s Cooking.

Other speakers included Susan Arenella, business attorney, Arenella Firm, PLLC; Matt Hood, restaurant consultant and co-chair of the National Restaurant Association’s Marketing Executive Group; Mark Parsons, supervisor of consumer health, Austin/Travis County Health and Human Services Department; Lt. Robert Saenz, Austin District Supervisor, Texas Alcoholic Beverage Commission; Dana Minney, business coach, DanaLynn Media; Chef Mike Erickson, chef instructor, Texas Culinary Academy.

The group was greeted with an enthusiastic welcome by SBDP Administrator Rosy Jalifi, who noted that small businesses, including most of Austin’s chef-owned restaurants, drive the local economy. More than 90 percent of the capitol city’s businesses qualify as small businesses with 50 or fewer employees. Helping them succeed and grow is SBDP’s mission.

“Small businesses are big business in Austin,” Jalifi said. “There is always great interest in opening restaurants in Austin, as shown by your attendance here today. We’re here today to help you make an informed decision. At the end of the day, your head will be full of the best information available from the best this industry has to offer.”

The conference’s strong attendance reflects the popularity of restaurants as a top business choice among aspiring entrepreneurs. The local restaurant scene, which numbers about 4,000 eateries, has boomed in recent years, making Austin one of the nation’s top gastronomic hot spots. Opening a restaurant can be an exciting, highly satisfying venture, but it’s also a road fraught with challenges and disappointments. Speakers gave insight to such make or break issues as how to structure a restaurant business, planning and pricing a menu, inventory management and customer service.

Prominent restaurant reviewer Balon, of Fox-7 TV, KLBJ-AM and www.diningoutwithrobbalon.com fame, gave a sobering view of Austin’s restaurant landscape, emphasizing that for all of the well-publicized successes, there are a multitude of failed eateries each year. But he concluded his remarks on an upbeat note.

“The biggest reason restaurants fail is that the owners overestimate that first year’s cash flow. They think pie in the sky, but you’re going to lose money that first year,” Balon said. “You may have great food, but if you can’t deliver customer value on a consistent basis, you’ll quickly fail. Customers may come back a second time, but not a third time.”

Some highpoints of Balon’s comments included:

- Less than 10 percent of Austin’s population can afford to eat at high-end restaurants.
- Austin’s high-end restaurants have 85-90 percent mortality rate in their first year of operation.
- Interest in family dining has increased 28 percent over the last five years.
- 32 percent of Austin diners stick with their favorite restaurants and have not tried a new restaurant in the past year.
- Since the 9/11 tragedy, diners have shown an increased craving for comfort foods.

Regardless of the dynamic nature of the industry, Balon encouraged the participants to press on with their dream restaurants.

Hood advised the group that today’s consumers are looking for a higher quality restaurant experience that includes better food, service and value.

“Those who can recruit and retain the most talented people in the right positions will be the winners,” Hood said. “Consumers are continually looking for the best overall experience. If you can’t give it to them, they will find it elsewhere.”

De la Llata, the majority owner of the popular El Sol y La Luna, emphasized that opening and sustaining a successful restaurant requires the utmost personal dedication.

“Owning a restaurant has a lot to do with who you are as a person,” she said. “You need to establish a good relationship with everyone around you, including your staff, vendors and clientele. This has to be your number one priority everyday when you wake up.”

At the conclusion of the conference, participants gave the event top scores in written evaluations.

Asked if “the information provided will help me make an informed decision about starting a business in the restaurant industry,” an overwhelming majority of participants, or 85.2 percent, responded with the two highest scores of “strongly agree” and “agree.”

“Very well run day. I am so impressed,” one participant commented. “It was the best use of my time in ages!”

Another person wrote: “Every presentation was very well done, meaningful and beneficial. This was an outstanding program, start to finish.”

Conference notebooks and DVDs are available for sale through the Small Business Development Program. For more information, please contact Stacey Mason at 512.974.7721 or at Stacey.mason@ci.austin.tx.us.

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