IHG CONCEPT
Integrated Hospitality Group
LOGISTICS DEVELOPMENT

"Integrity, Honesty, Growth"

Financial Assistance

Financial Assistance

In any new business venture good decision-making is vital. Opening a new restaurant requires so many decisions that it's not hard to make some mistakes along the way.

The key is not totally missing the mark on the really important issues that can make or break your chances for success. Capital needs is one of the more important common missteps new owners make in areas that play a big role in how well a new restaurant is likely to do.

1. Underestimating capital needs

There are many good new restaurants with excellent prospects for success that simply run out of money. It's common for first time owners in particular, to leave out or inadequately project all the startup costs involved in opening the restaurant. Some of the reasons include construction overruns, change orders, delays, and to be blindsided by additional costs mandated from local inspectors and building authorities.

Also, soft costs like permits, liquor licenses, insurance binders and pre-opening payroll are often missed completely or grossly under-budgeted. Unless you've done it before, it's usually advisable to seek some experienced, professional help in identifying and estimating, in detail, startup capital you'll need. Even then, many pros still add a 10% - 15% contingency for the host of things that can (and often do) happen to add more cost to the project than you plan on.

2. Believing you'll start making money on opening day

The odds are stacked against this happening. Even the best run chain restaurants, who open restaurants for a living, factor into their startup budgets, an allowance for funding operating deficits for up to 2 to 3 months after the restaurant opens.

It usually takes time to build sales volume to an adequate level. Even if your sales are strong from day 1, food and labor costs are usually sky high for the first several weeks as your managers and staff get acclimated, productive and have the time and energy to focus on anything other than just taking care of who's at the table. In time, most things can be fixed. Run out of money and you're done. Not factoring in an adequate reserve for initial operating deficits is another cause of undercapitalization.

Integrated Hospitality Group can help you plan for your financial needs for your project. We also provide financial solutions that can assist you in raising and or borrowing money for your new or existing business. Let us hit the street to try to find you funding for your specific needs. Speak to one of our professionals for more information.