1 GETTING YOUR PROJECT STARTED

INTRODUCTION AND LEARNING OBJECTIVES

In this book, you will learn about designing and equipping restaurants and other food facilities. The many types of foodservice and facilities differ greatly in their design and equipment needs, but many basic elements apply to all of them. No matter which type of facility you have in mind, you will soon realize the incredible amount of planning and the intensive thought that must go into good facility design as well as how the equipment you select contributes to a successful operation.

Our goal is to provide you with this basic knowledge. By reading the book, you will gain valuable insight into designing and equipping your facility.

After reading this chapter, you will be able to:

- **Define preliminary planning steps for foodservice businesses.**
- **Create a business plan and feasibility studies.**
- **Calculate prime cost estimates.**
- **Identify types of designers and consultants, and understand how to work with them.**
- **Determine the scope of work and fees for your project.**
- **Explain professional and ethical considerations.**

If you feel confident that you can design your kitchen and equip it properly, then you may be able to spare yourself the cost of hiring a design consultant. However, most people become frustrated with the design process because it is quite complex. You must provide a lot of information to an architect or contractor and be able to fully answer all the many questions that arise.

For a workable foodservice design project, it is also necessary that you understand the prevailing building codes, life safety codes, health code requirements—both for the building design and the equipment—and the Americans with Disabilities Act (ADA), and that you have at least a general working knowledge of building systems. Less experienced individuals will have difficulty fully understanding the process and the information required to execute a new or remodel foodservice project. The solution is to hire consultants to tell them what they don't know and guide them through the process. A good consultant makes it a priority to stay on top of code requirements, best practices, and technology—and brings to the attention of their clients issues they are unaware of or unfamiliar with. The goal of the consultant is to deliver the best possible outcome for the client—you—and the project.

1-1 INITIAL PLANNING AND PROJECT CONSIDERATIONS

Before you hire professionals of any kind, it makes sense to know exactly what you're hiring them for—and the better you can describe your wants, wishes, and requirements, the better they will be able to act on them. So, it's important to define your project as best you can before selecting your project team. If it's a restaurant, consider the components in (Illustration 1-1).

What else does this entail? First, you must create a basic business plan that describes your concept and explains the necessary enhancements to the new or remodeled space that will make the ***concept*** work effectively and efficiently. A preliminary menu is part of this plan, outlining the types of food and beverages you intend to serve to customers. A realistic projected budget—with a forecast of all start-up costs, operating income, and expenses—is another important part of the plan. This is sometimes called a ***financial feasibility study***.

Regardless of whether you are embarking on your own project or a project for a company, putting the concept and business plan on paper is necessary. These vital documents are critical in obtaining bank financing or the financial assistance of investors. If you are a franchisee, or employed by a company, much of this preliminary information may already be provided to you—but some of it will be uniquely yours.

Your business plan also serves as a basis for discussion with many of the individuals you will need on your team (see Illustration 1-2). It is not only a means for you to convey your thoughts on the project and the outcomes you desire but also a launching pad for dialogue with each person who reviews it. Professionals will each have their own questions to help them grasp your vision and help you fine-tune it. The answers will enable them to identify ways in which they can help direct you to successful completion.

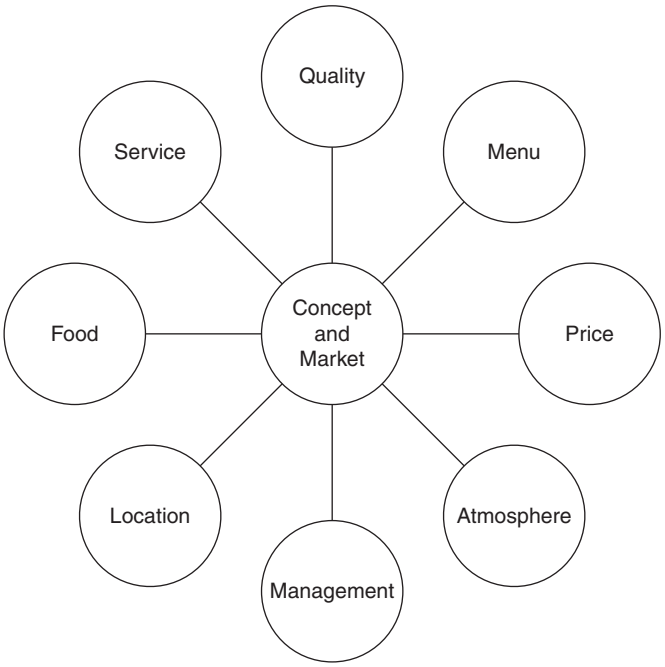

ILLUSTRATION 1-1 A restaurant begins with a concept and a potential market. All other components revolve around these two important considerations.

Source: John R. Walker, *The Restaurant: From Concept to Operation, 6th Edition.* This material is licensed by permission of John Wiley & Sons, Inc., 2011.

Having a written plan also helps you stay true to your vision in the face of the many twists and turns your project might take as it progresses. At the construction phase, things don't always go as scheduled—weather causes delays, inspectors don't show up when they are supposed to, a key item is out of stock just when it's needed, and so on.

If you have a clear view of the big picture—of where and what your food business will be in the future—it has a much better chance for survival. You know where you are going and have thoroughly researched the potential advantages and pitfalls.

In determining the potential success of your concept, you need to find out if it will:

- Work in the location you have chosen.
- Generate sufficient sales to realize a profit.
- Have a certain amount of staying power no matter what the economy does.

This is why we suggest doing additional research to include with your business plan. Potential investors will most definitely want to see the proof that you have thought through these items thoroughly and put them in writing. The written document is your ***feasibility study***, the research you have done to justify the implementation of your concept.

THE DINING EXPERIENCE

Concept Considerations

What are the variables in creating a concept? Here are the four big ones:

1. *Food.* What type of food will be offered? What is the style of preparation? How extensive will the menu be? If the food is to be sold to customers, what will the price range be?
2. *Service.* How will the food be made available to the customers: self-service? counter service? or full service, where the guest is seated and a waiter takes orders? In each of these situations, the overall aim is for all guests to feel reasonably well cared for by the employees who serve them.
3. *Design/Décor.* There are as many options here as there are food businesses. In general, however, the building's exterior should be inviting. Its interior should be comfortable and clean. The furnishings, lighting, and even the ambient noise level should reflect the style of eatery.
4. *Uniqueness.* In marketing, you'll hear the term *unique selling proposition*, or USP. A USP is like a signature. Everyone's is a little bit different, and the difference makes it special in some way.

In restaurants and employee cafeterias, for example, a good concept has USPs that enable it to attract and retain patrons. Eating establishments with the best USPs provide instantly noticeable differences that distinguish them from their competitors, the other places in the area where people could choose to dine.

There are two basic types of feasibility studies and, depending on the type of facility you are planning, you should do them both.

FINANCIAL FEASIBILITY STUDY

We've mentioned the financial feasibility study, which covers the money matters—income versus outgo—plus the costs of getting started.

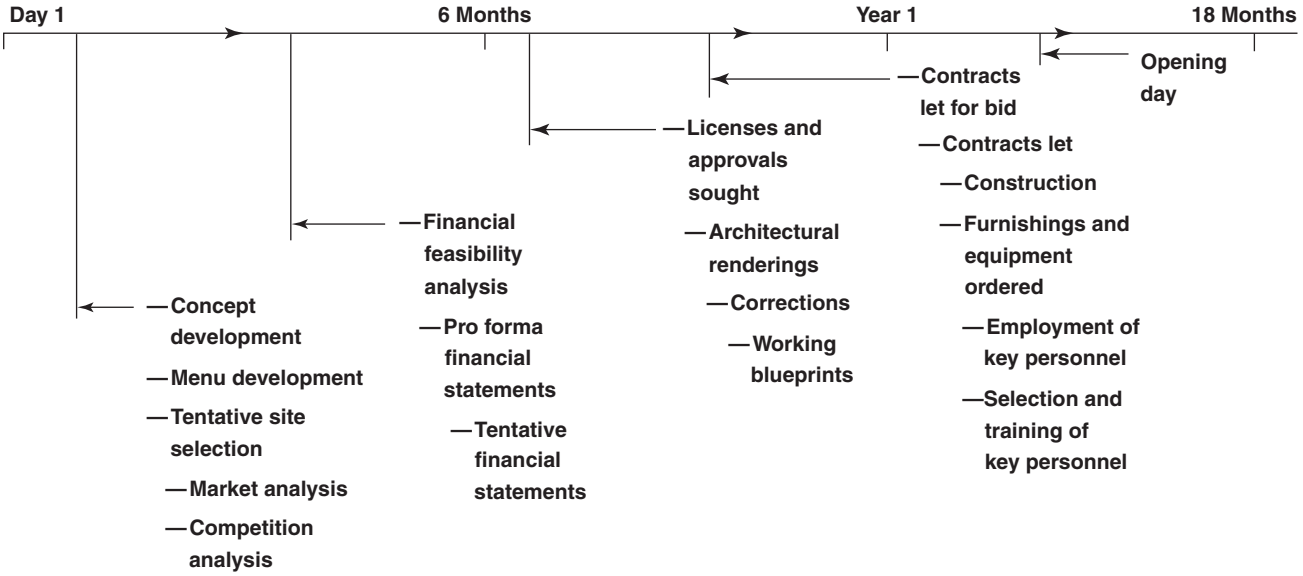

ILLUSTRATION 1-2 This timeline shows the major points in the foodservice planning process. It may be two years or more before the restaurant's doors open to the public.

Source: John R. Walker, *The Restaurant: From Concept to Operation, 5th Edition.* This material is licensed by permission of John Wiley & Sons, Inc., 2011.

THE DINING EXPERIENCE

Figuring Average Attendance and Average Check

Chez Ralph has 140 seats. In most restaurants, each seat is occupied two times for lunch and one time for dinner. (We're going to keep this simple and assume that Chez Ralph is open daily for both lunch and dinner.) So, the daily customer count is:

Lunch 140 × 2 = 280
+ Dinner 140 × 1 = 140
Total guests per day = 420

- How many guests per week? Multiply 420 by 7 (days per week) for a total of 2940.
- How many guests per month? Multiply 420 by 30 (days per month) for a total of 12,600 guests.
- How many guests per year? Multiply 12,600 by 12 (months per year) for a total of 151,200.

Now let's look at how much money these people spend at Chez Ralph. This simple estimate is based on the price of the average entrée. Because you're probably not far enough along to have created and priced a menu of your own, you could average the prices of your direct competitors. In Chez Ralph's market feasibility study, the direct competitors' average check is $10 per person.

DAILY SALES:

Average check = $10
× Daily number of guests = 420
Sales per day = $4,200

WEEKLY SALES:

Average check = $10
× Weekly number of guests = 2940
Sales per week = $29,400

MONTHLY SALES:

Average check = $10
× Monthly number of guests = 12,600
Sales per month = $126,000

ANNUAL SALES:

Average check = $10
× Annual number of guests = 151,200
Sales per year = $1,512,000

Anyone who borrows money—or seeks to become a franchisee, for that matter—must possess two types of credibility: professional and financial. Professionally, the bank wants to see a résumé loaded with career highlights and pertinent experience. If you have had little professional experience in foodservice, be prepared to explain exactly how your previous jobs and other skills have prepared you for success in this venture. In terms of financial stability, you will be expected to submit two to three years of income tax returns and a full slate of current personal debts and savings. If there are blemishes on your credit report, be prepared to explain them.

The financial portion of your business plan must include several key calculations.

PROJECTED SALES

If you will be selling your food, the first requirement is to project sales levels for each day, each week, and the entire year. However, if you haven't even opened the doors yet, how in the world do you calculate *that*? You must first determine:

1. The number of guests you plan to serve each day
2. The average amount that each guest will spend (known as the ***average check*** or *check average*)

Just remember, you can't make accurate projections unless you have realistic numbers to start with. Also, in putting your final plan together, it is always smart to slightly underestimate sales. After all, every seat will probably not be filled for every meal, every day. Leave yourself a buffer.

PROJECTED EXPENSES

The three major (and often, for business owners, the most depressing) costs are food, beverage, and labor, which collectively are known as ***prime costs***.

The National Restaurant Association (NRA) conducts extensive annual studies to compile the expenses and percentages for many different types of restaurants. Because the organization uses national averages, the figures are only estimates. Taking a look at them, however, will be helpful in making your own calculations.

Let's say, after studying the most recent NRA Restaurant Industry Operations Report, you decided your food costs will total no more than 30% of your business's income and beverages will cost 10% to 12% of its income. (Decide how much food people buy versus how much beverage—let's estimate about 85% food and 15% beverage.) We'll add labor costs to that in a moment. But, first, using the numbers we have, let's calculate the daily food and beverage costs based on these figures. (See Calculating Food and Beverage Costs on p.6.)

Determining these major expenses may seem a bit overwhelming at first, but it is really a simple, logical process based on your own estimates of how many people will walk into your eatery and how much money they will spend there.

LABOR COSTS. Every food-related business has labor costs, even if it is not open to the general public—and you cannot decide how many people to hire or what to pay them until you have calculated labor costs. For restaurants, the NRA has survey data that can help; other types of businesses have similar resources. Remember that labor costs are always higher the first few months of business, as it takes extra time to train the staff and you may hire more people than you need at first.

Labor costs are approximately 33% of the total sales of a restaurant, depending on the type of operation. For example, McDonald's reports labor costs as 25% of sales, but other businesses report higher percentages based on the services they provide to their customers. Another factor is employee benefits, which can swing from as little as 2% to 4% on average. It is important to include these measures in your business plan. Have an accountant or other professional help you determine a reasonable estimate of both labor and benefits costs based on your location.

If a restaurant owner estimates its labor costs will be 33% of total sales, using the calculations we've already made for daily sales, the numbers look like this:

- Daily Labor Cost

  $3,360 (daily total sales) × 33% (0.33) = $1,108.80

- Monthly Labor Cost

  $1,108.80 (daily labor cost) × 30 (days per month) = $33,264

- Annual Labor Cost

  $33,264 (monthly labor cost) × 12 (months per year) = $399,168

THE DINING EXPERIENCE

Calculating Food and Beverage Costs

FOOD SALES:

$3,360 (daily total sales) × 85% (0.85) = $2,856

FOOD COSTS:

$2,856 (daily food sales) × 30% (0.30) = $856.80

BEVERAGE SALES:

$3,360 (daily total sales) × 15% (0.15) = $504

BEVERAGE COSTS:

$504 (daily beverage sales) × 12% (0.12) = $60.48

Multiply these totals by 7 to obtain your weekly cost estimates:

FOOD:

$856.80 (daily cost) × 7 (days per week) = $5,997.60

BEVERAGE:

$60.48 (daily cost) × 7 (days per week) = $423.36

Multiply these totals by 30 to obtain your monthly cost estimates:

FOOD:

$856.80 (daily cost) × 30 (days per month) = $25,704

BEVERAGE:

$60.48 (daily cost) × 30 (days per month) = $1,814.40

Multiply the monthly totals by 12 to obtain your annual estimates:

FOOD:

$25,704 (monthly cost) × 12 (months per year) = $308,448

BEVERAGE:

$1,814.40 (monthly cost) × 12 (months per year) = $21,772.80

MARKET FEASIBILITY STUDY

If yours will be a competitive business open to the public, such as a restaurant, a ***market feasibility study*** defines the target customer, analyzes the competition, and looks closely at the trade area around the restaurant.

How you go about this research depends on whether you have a site in mind already, or whether you have a concept and are searching for the best place to locate it. Site-specific research focuses on data for the immediate and nearby neighborhoods; research to pick a location probably includes data for an entire city, to be narrowed down as your site choices narrow.

CUSTOMER RESEARCH. If you have decided on your concept, this is the time to define it so well that you can convince investors it is worth financing. The study's goal is to pinpoint the average, most frequent guest at your business. To do this, you need ***demographics*** on these folks: their age,

gender, income per household, level of education, number of kids, ethnic group, religious affiliation, and so on. Categorize them by lifestyle and see how much you can find out about them.

Also consider the life cycle of the potential population. Singles marry and have children, or not. Traditional families may end up as two single-parent households after divorce. Empty-nesters eventually retire and become affluent, middle-, or low-income senior citizens, active or inactive. Gauging these life-cycle trends can help you fine-tune a concept that won't lose its appeal because its primary group of customers is dwindling.

This type of research can be time- and labor-intensive, and it may be easier to purchase data on some topics, so build in a modest budget for it. Most investors understand market research is an investment that will not pay off for many months. However, they also understand it is absolutely necessary.

Where do you find demographic information? Think about which government agencies in your city or county would want to know these same things, and ask if they'll share their statistics with you. You will find information not only about the customers themselves but also the area in which you want to locate.

The public library is another promising place to start. If nothing else, look for a reference book there called *The Insider's Guide to Demographic Know-How*, which lists more than 600 sources of demographic information and tells you how to analyze the data when you get it. Nielsen Site Reports is one place to purchase market reports by city, ZIP code, and more, further broken down by consumer spending, traffic volume, senior/generational information, and many other categories. The U.S. Census Department tracks statistics in about 20,000 categories and says marketers and researchers request only about 10% of them. You can find plenty of numbers to crunch.

SITE RESEARCH. Research into the trade area and location begins after site selection is well underway. Can the location support your concept? Here you evaluate the strength (or weakness) of the local economy. How much industrial, office, or retail development is going on? In what shape are nearby houses and apartments, and what is the vacancy rate? How much is property worth? What's the crime rate? How often do businesses and homes change hands? In short, learn about the overall stability of the area.

This part of the study should also include details about a specific site: its visibility from the street, public accessibility to the driveway or parking lot, availability of parking, city parking ordinances or restrictions, and proximity to bus or subway lines.

Don't forget to add details about proximity to a museum, park, hotel, sports facility, college, military base—anything that would serve as a regular crowd generator for you. With the potential location of your business as the center, the 5-mile radius around the site is your prime market for customers. You'll want to get to know this area almost as well as you know your own home.

Site selection information specific to the foodservice industry is available through the National Restaurant Association, including calculations known as the Restaurant Activity Index (RAI) and Restaurant Growth Index (RGI). The RAI is an indication of a population's willingness to spend money eating out. The RGI is a statistical prediction of cities in which a new restaurant has the best chance of succeeding—as-yet-undiscovered or underutilized markets. In both surveys, the number 100 is the benchmark; scores above 100 indicate better-than-average prospects, while scores below 100 indicate poorer prospects.

You might be dining out a lot to do the research for this section. Within this 5-mile radius you must find out, in great detail, what other types of businesses are your direct competitors. If you're planning to open a restaurant, zero in on any others that have concepts even remotely similar to yours. Take notes as you observe their seating capacity, menu offerings, prices, hours of operation, service style, uniforms, table sizes, décor—even the brand of dishes they use is valuable information. Will your concept stand up to their challenge? In your market feasibility study, you might classify the competition in one of two ways:

1. The existing direct competitors seem to have more business than they can handle, so there's room for you.
2. Even though they are direct competitors, they have distinct weaknesses (outdated décor, overpriced menu, limited parking) that give you viable reasons to enter the market. If their concept is poorly executed, test your own skills by figuring out why.

IN THE KITCHEN

How Much Space Is Necessary?

In most foodservice projects, the most expensive square footage is the kitchen and food-related spaces. The primary reason is that many mechanical, electrical, and plumbing connections are required. If you have been in commercial kitchens, stop and think about all the lights, equipment, and exhaust systems you have seen. Consider all the items that must be plugged in or wired to an electrical circuit, plumbed to a drain, connected to refrigeration condensers, supplied with hot and cold water, and/or located to ventilate the cooking equipment under the exhaust hoods.

Therefore, it is not unusual for the kitchen space to represent a total construction and equipment cost of $450 per square foot or more. By comparison, other common building uses—offices, mailrooms, break rooms, and so on—cost about $125–$150 per square foot.

As a result of the high cost of this space, it is vitally important that the kitchen be neither too big nor too small for the tasks that will take place there. This requires careful thought about the operation, its operational style, menus, and production requirements, as well as the number of meals to be served. The "correct" size for each department should be dictated by a good understanding of the processes that will occur in each area. In Chapters 2 and 3, you will learn more about the space requirements for particular areas.

Architects have a general idea of how much space a typical foodservice operation may require—but unless they specialize in foodservice facilities, their estimates are generally based on industry averages or past experience.

A qualified designer/consultant can help determine if your specific facility can function properly in the space available and can point out areas where special consideration for certain functions has not been addressed.

If you need assistance with any of these steps—developing a concept, doing market research, or preparing a business plan specifically for foodservice—you may wish to employ a professional Management Advisory Service (MAS) consultant early in the process. You will learn more about MAS consultants in this chapter.

1-2 FINDING A QUALIFIED DESIGNER OR CONSULTANT

When you have a plan and sufficient background information to share with a team, it's time to recruit the team! Like a good sports team, it will comprise a number of skilled individuals with different but complementary areas of expertise.

An architect may be necessary if you want a building designed and built from the ground up, or if demolition and reconstruction are among your options.

You will almost surely need an engineering team, which might be composed of civil, structural, mechanical, and electrical engineers. In some cases, even more specialized engineering may be required; an architect or engineer can explain those specific disciplines if necessary.

You may need an interior designer to bring your ***theme*** and atmosphere to life in the space. Many architectural firms have interior designers on staff—however, it is important to be sure they have the experience necessary for your type of project. Designers familiar with the needs of the hospitality industry will understand the importance of details like surfaces that are easy to sanitize and overall durability in a demanding environment. They also are aware of specialized needs for front-of-the-house and back-of-the-house design (many of which are detailed in Chapters 2 and 3).

Table 1-1 lists many skills and specialties provided by design and management consultants. As you can see, there is truly a wealth of knowledge to be tapped, depending on your needs and your budget.

The professional team contributes creativity, expertise, knowledge of industry trends, and experienced workers who are familiar with construction, utilities, and other considerations.

TABLE 1–1

Design and Management Consultant Services

Accounting and finance	Architectural design
Beverage system design	Business strategy
Capital budgeting	Code compliance
Compliance certification	Concept development
Contract management	Culinary development
Dietary and nutrition	Distribution and procurement
Due diligence	Energy and environment
Equipment surveys	Executive coaching
Facility assessments	Feasibility studies
Finance raising	Food production systems design
Food safety and hygiene	Franchising
Human resources	Imagineering
Interior design	IT systems, sourcing, and management
Kitchen design	Laundry design
LEED planning and design	Legal advice and litigation support
Management recruitment and development	Marketing and promotion
Master planning	Menu development and engineering
Operating procedures and systems	Operations review and reengineering
Operator RFP selection and monitoring	Quality management
Revenue generation	Space planning
Strategic financial analysis	Sustainability
Training	Waste management design
Workshops and education	Workstation ergonomics and design

These companies can save time and often get better deals on equipment, furnishings, fabrics, and other items from suppliers. However, the team's most important contribution may be objectivity. Don't be surprised if a consultant discourages you about some aspect of design or equipment you think you truly want—but that, in the consultant's experience, did not work well in other situations. After all, the consultant's job is to apply experience and expertise to look out for you and your best interests.

Because most projects are intensive and very much a team effort, your selection of a designer/consultant should be carefully thought out. The Internet is a good place to begin your search for professionals in your area who possess the qualifications you seek. The Foodservice Consultants Society International (www.fcsi.org) has a search engine to help you find consultants all over the world.

It is prudent to interview several candidates to find the one you feel has the best knowledge to handle your project. Here's a list of typical questions you might ask during an initial interview:

- What is your foodservice operational and design background?
- Have you worked in or had exposure to a foodservice facility of this type?
- Describe your approach to a new project.
- How do you ensure you'll be reasonably accurate in providing what is needed?
- How will you make my facility function according to my needs?
- How will you select and size the equipment?
- Explain some ways you try to reduce labor and operational costs in the design process or with equipment selection.
- How do you charge for your services? Is anything specifically not included in your fees? Anything that requires additional fees?

- Do you (personally or as a company) carry liability insurance for the projects you work on? What other types of insurance do you have that might be pertinent to this project?
- What are the payment terms for your services?
- What value do you deliver that your competitors may not?

The goal of this interview is to gain a comfort level. Do you feel at ease with the designer? Do you believe you can trust this individual or team with your project? Ask to see examples of their work and, of course, be sure to check their professional references.

Once you have selected a short list of designers, you can then start dialogue that will go into the finer aspects of your project. Negotiate fees as necessary.

1-3 TYPES OF DESIGNERS AND CONSULTANTS

The terms *designer, consultant,* and *design consultant* are used almost interchangeably. All refer to the professionals hired to help clients plan the layout and equipment necessary for a foodservice operation.

It is not our intention to sway your opinions about the type of designer or design firm you should partner with for your facility. Rather, our aim is to make you aware of some of the differences in how these designers typically operate, and how each approach may or may not work for you. Your own knowledge, experience, and opinions about how a good operation is designed will dictate the types of research you must do to select a qualified consultant.

In our experience, most of these individuals or firms fall into several basic categories. A brief description of each follows.

DESIGN CONSULTANTS

More people than ever before refer to themselves as "consultants" as they offer their services to the foodservice industry. The primary reason is that, as the industry matured, many former operations people opted to start or work for consulting practices. The term *consultant* has a professional ring to it. Today, there are companies that focus on design, others that focus on operational specialties, and some that offer a blend of both. You will save time up front by interviewing only those consultants that offer the specific services you need. However, it also helps to learn about the additional services they can provide that you might not have considered but that just might benefit you.

FCSI-AFFILIATED DESIGNERS

There is only one professional organization that represents true, fee-based consultants and designers in this facet of the design industry. The Foodservice Consultants Society International (FCSI) is a trade group with approximately 1400 members at various membership levels. Those members who have demonstrated sufficiently high-caliber work and background carry a "professional" consultant status within the society and are required to earn yearly education credits, just as engineers and architects are, to retain their professional status. The society also has a strict code of ethics to which its members adhere, which includes keeping the client's best interest first. Professional members are the only ones who can place the "FCSI" designation behind their name on business cards, documents, and the like. (Other members can state they are members but can't use the initials.) Among FSCI members worldwide are approximately 450 with professional status.

OTHER FEE-BASED DESIGNERS

Other fee-based consultants and designers do not belong to FCSI. They run private practices and elect not to affiliate with the organization. These consultants may do excellent work, but you must qualify them as part of your evaluation process. Anyone can call themselves a consultant—the proof is in the work product and the satisfaction of their clients. You will want to ask questions of any potential consultant until you feel comfortable with their knowledge base and view their previous work to see how they address certain elements of design. You may also want to ask them questions about new trends in design or equipment. That should help you determine whether they'll be able to deliver the "latest and greatest" outcomes you're looking for.

EQUIPMENT DEALER-DESIGNERS

Many foodservice equipment dealers offer design services at greatly reduced fees, as long as you purchase your heavy equipment from their dealership. This can be a disadvantage if the designer is selecting equipment based on the company's profit margin derived from sales of a particular brand rather than on the needs of your facility. The designer's overall experience and knowledge should also be factored into the equation, and you should ask the same questions of the dealer-designer that you would a fee-based consultant. Often, a dealer-designer is not able to attend as many industry seminars and training sessions as a fee-based consultant and therefore may have limited knowledge of new trends.

Caution is also warranted because you are generally required to purchase equipment as part of your agreement. It's smart to ask what the fee will be if for any reason you decide not to buy your equipment, or to buy only some of it, from this dealer. The designer's credentials should be carefully examined for past experience. An equipment dealer-designer may show examples of projects the dealership installed but that someone else designed.

INTERIOR DESIGNERS

An interior designer may be employed, either directly by you or as part of your architectural team. These professionals offer design ideas that may include furniture and accessories, finish selections, draperies, and so on. Some interior designers call themselves restaurant designers, although they may not offer kitchen design services or may work in partnership with a kitchen designer. In short, it is important to qualify the services each designer can offer and then select those that fit your needs.

If an interior designer is part of the project team, it is especially important to schedule regular coordination meetings that include all team members—interior designer, food facilities designer, management advisory consultant (a job title to be explained momentarily), and architect—so everyone is clear about what is expected for the look, feel, and theme or concept of the entire facility.

MANAGEMENT ADVISORY SERVICES (MAS) CONSULTANTS

MAS consultants, whether individuals or firms, offer design services plus a wider range of other services. For example, one MAS consultant may offer ***concept development*** services for restaurants; another may be more qualified to help with such financial matters as raising capital or operational profitability.

MAS consultants have the same ethical standards and commitment to continued education as FCSI's professional design members, and can be located on the FCSI website.

Again, the incredible variety of services you'll have to choose from makes it critical to identify exactly what you need and then ask the questions to determine whether a consultant can provide that type of expertise for you. A targeted approach on your part is essential to getting the results you desire.

1-4 WHO IS THE CONSULTANT'S CUSTOMER?

Once you have selected your MAS and/or design consultant(s), you must determine whether they will answer directly to you or to someone else, such as the architect or general contractor for the project. In many cases, the design consultant answers first to the architect and only then to the owner. This isn't necessarily bad, except you as the owner are paying the bills—and the architect can dictate specific parameters that affect the project cost and then hold the consultant to those parameters. A good architect serves as the conduit between consultant and owner.

However, you may want the design consultant answering directly to you because of the complexities of your operation. If that is the case, the coordination of consultant and architect then becomes your responsibility. If you add the services of an MAS consultant, you may wish to control the activities of both consultants so that all aspects of the project are coordinated by you, and you then share the information with the architect.

Here's one reason this clear chain of command is important: Much of the pre-design programming of the foodservice facility should take place before the architect blocks out the square footage. In many cases, this does not happen, and the consultant must then justify the need for more or less square footage. This can add costs if the entire process is not well orchestrated before the more detailed design work begins. If you are dealing with a new concept that requires additional square footage beyond the norms, the architect needs to know the concept is not typical and should therefore not be based on industry averages or previous experience. If you think about restaurants such as those of the Rainforest Café chain, you will see that certain design elements require additional space within the facility. A careful evaluation of how the concept might affect total project cost is important in advance of the design process.

By clearly determining who answers to whom, and doing so very early in the process, you will help head off problems during design and construction. All team members should know the protocols you have established and who makes the final call regarding specific elements in the design process.

1-5 ESTABLISHING A SCOPE OF WORK AND FAIR FEES

Once you have selected the consultants you would like to work with, it is time to obtain a fee proposal for their work. Your *request for proposal (RFP)* must concisely spell out what the consultant will provide as a work product, with a basic timeline and due date. Typically, projects are due in stages, and these intervals and multiple deadlines must be spelled out.

To protect yourself from cost overruns, it also is necessary to spell out, in great detail, the services you want the consultant(s) to provide. This part of the RFP is called the ***Scope of Work***. Its goal is to keep your project moving on an acceptable timeline and get you what you need from the consultant(s). Be explicit about the number of meetings, number of site visits, specific documents, and work product the consultant must plan for and deliver in his/her proposal. Consultants base their fees on the information and specifics contained in the Scope of Work. Everything you discussed or thought about in previous meetings or discussions must be reduced to writing in this document and included with the RFP.

BUILDING AND GROUNDS

A Sample Scope of Work

A TYPICAL SCOPE OF WORK FOR A PROJECT MIGHT READ LIKE THIS:

Consultant shall prepare a preliminary program of the space and provide it to the owner on or before 1/10/14. Immediately following approval of the program from the owner, the consultant shall begin schematic design along with other members of the design team until such a time that a final design is agreed upon by all parties (no later than XX date).

Upon approval of the final design, the consultant shall provide all design drawings, MEP (mechanical, electrical, plumbing) schedules, equipment cut sheets, specifications, and other required documentation to the architects/engineers and owner as well as the final contract documents that will be used for bidding the project.

Upon substantial completion of construction, the consultant shall visit the facility and provide a final inspection of the facility and equipment and submit a punch list for any missing or unsettled issues to the owner. The consultant shall plan for, in their fee proposal, XX number of face-to-face meetings and XX number of site visits during the planning, design, and construction of the facility.

You can ask consultants, architects, engineers, and others to provide you with sample Scope of Work documents for their services, which you can then modify to meet your needs. The objective is for you to get all the services you want for fair and competitive fees.

The Scope of Work also protects the consultants by clearly outlining their responsibilities and deadlines. Here it is wise to acknowledge a phenomenon commonly known as ***scope creep***. As the name suggests, scope creep is what happens when an owner expects more for his money than what was identified in the Scope of Work, even though all parties used this document to determine their fees. If you happen to have missed a small detail or item that should have been part of the Scope of Work, it likely won't be a problem. However, if you push for or insist on more work than the fee was based on, your consultant may demand a higher fee for this additional and heretofore unknown work. Typically, this will fall under a clause for Additional Services that may be referenced in the vendor's proposal, with an hourly rate to be applied for the extra work.

No one wants to leave your project hanging, but everyone wants and deserves to be paid for the services they provide. With this in mind, you must carefully plan and consider every element of your needs when defining the Scope of Work to avoid the added costs and unnecessary stress of scope creep once your project is underway.

When you have all of your fee proposals in hand, add them up to determine your costs. These are called ***soft costs***, and other items such as permits and licenses will be added to them as you go through the process. ***Hard costs*** are the actual costs of construction, materials, labor, and equipment to build the project. You must address both hard and soft costs in your project's financial planning.

As you peruse these proposals, how do you know if a fee is fair and reasonable? The bids for certain facets of the work may be close to one another on cost, or there may be a significant spread between high and low cost. Generally speaking, a major difference between high and low bids is a signal that the Scope of Work was misunderstood or is not complete enough to provide the bidders with sufficient information. On the other hand, if the bid amounts are fairly close, the Scope of Work was most likely conveyed in a manner that allowed all bidders to understand the specific requirements of the project. There are other possibilities, of course, but those are good starting points for comparison.

THE DINING EXPERIENCE

Keys to a Great Consultant–Client Relationship

In the interest of keeping relationships flowing smoothly in both directions, here are indispensable traits consultants and their clients must each provide the other on the way to mutual success:

THE CONSULTANT MUST:

- Bring commitment.
- Be willing to share information.
- Inspire confidence.
- Go the extra yard and give more than expected.
- Meet deadlines and respond quickly.
- Be sure not to promise what he or she may not be able to deliver.
- Respect the client's knowledge and experience.

THE CLIENT MUST:

- Work hard to meld the consultant into the team.
- Be totally honest and open about the operation and its problems.
- Respond quickly and fully.
- Respect the consultant's requirements and experience.
- Pay on time.

Source: Adapted from *The Consultant,* publication of Foodservice Consultants Society International, Louisville, Kentucky (Third Quarter 2004).

A true comparison of consulting fees must be correlated to the quality and experience of the bidder. A seasoned consultant or firm may demand higher fees than one less experienced or knowledgeable. As long as you can understand the possible differences in outcomes, you can move in the direction with which you will be most comfortable. For example, let's say the high bidder is a knowledgeable and experienced consultant who really brings a lot to the table. Is it worth paying the higher fee because you believe you'll have a better overall comfort level with this person? If the less experienced designer is selected, can you get by with a little less help or lower quality? In many cases, your choice will depend on the size of the project. A small to midsize project will almost surely not require the same degree of experience as a large, complicated project.

There is no single rule for determining a fair consulting cost—except that, as your consultant's client, you want the best for the lowest cost. If you are spending $1.5 million to build a restaurant, would it seem proper to spend only $5,000 for the kitchen design—which is, in fact, the heart of the operation? Would a $30,000 fee at 2% of the construction cost be reasonable if you knew the outcome would substantially enhance the total operation? The objective is to keep your soft costs in control while building a team capable of delivering the outcomes necessary for a well-designed and properly equipped food facility.

Most consultants provide a fee rationale for your review, and they can help you more fully realize their value if you question the amount of their fee. If you have your heart set on a particular consultant over the others you have shortlisted, then by all means discuss your concerns about the fee with him or her prior to making a final decision. You may find he was confused about the Scope of Work, or she incorporated items that were discussed previously but omitted from the Scope of Work. Most often, consultants consider your best interests and want to be fair just as much as you do. They will base their fees on the services they feel you need.

1-6 BUSINESS PROFESSIONALISM AND ETHICS

One consideration during the entire process of building your project team is the ethical and professional attributes of each person or firm. You want people who are going to play by the rules and treat you with fairness and respect throughout the process—even when, as often happens, situations get tense mid-project. If you get the nagging feeling that an individual is somehow questionable, seems difficult to get along with, or doesn't present himself professionally, it is generally best to bypass him. You want and need people you can trust with your money and your reputation. No one wants to suffer monetary or operational losses due to unethical or unprofessional acts or behavior.

Your consultant(s) and designer(s) can provide you with invaluable information on how to lay out and equip your operation. Their experience and knowledge can save you a lot of money over the life of your restaurant or other foodservice facility. It is your job to help them understand what you perceive as important and what your budget will allow. It is their job to give you the best and most for your money. Together you can achieve great outcomes, within budget, and ensure yourself the greatest chance for business success.

The relationship between you and your consultant shouldn't stop once the work is done and the doors are open for business. Use this valuable professional relationship to fine-tune your operation once you have had the chance to work in your new facility.

Reach out to the consultant with issues that still need attention. You may find that refinements and redefining of space may be beneficial, especially if you are presented with outcomes different than those you planned for. A high-quality consultant/designer can identify the problems and determine appropriate fixes. After all, she is still on your team—and if you've built a solid relationship based on trust, fairness, and mutual respect, she has every reason to want you to succeed.

SUMMARY

If you're reading this, you've made it through Chapter 1—and now surely realize what a complex undertaking it is to start or revitalize a foodservice business. The chapter begins early in the process with the steps required to put a preliminary concept and budget on paper, both to attract financing and to explain what you want prospective designers and consultants to do to make your vision a reality.

Steps are detailed for creating a concept and a business plan. Basic calculations are provided for a financial feasibility study, as are research tips and techniques for a market feasibility study. The latter should include customer and competitor research as well as site research.

In terms of financial data, you have now learned how to estimate customer counts (average attendance), how much customers spend on a meal (average check), and, based on those figures and some industry percentages, how to calculate food, beverage, and labor costs.

You are now also aware of the various categories of designers and consultants who work in the restaurant industry and the types of skills they can provide for foodservice projects. Sample questions are included for the initial interviews with these professionals.

The chapter contains brief summaries of what is contained in a Request for Proposal and a Scope of Work, two written documents necessary for getting bids for consulting work, as well as a discussion of "who's the boss of whom?" You may want everyone on your team to report to you, or you might be more comfortable having team members report to a general contractor or the architect. The importance of a clear chain of command cannot be emphasized strongly enough.

A discussion of fees offers guidelines for determining what's fair in terms of consulting costs. The chapter ends with basic tenets of ethics and professional behavior to smooth the way for a positive and productive consultant–client relationship.

STUDY QUESTIONS

1. Select an existing foodservice business in your area and describe what the site research would include for a *market feasibility study*.
2. Do online research to locate three design consultants or consulting firms. From the information you find, pick the one you think would be the best fit for a foodservice project. Explain your reasoning.
3. Add two more questions to the list on pages 9–10 that you would ask prospective designers and consultants before hiring them.
4. What is the most common cause of scope creep?
5. Do you think your attorney should be part of the project team? Why or why not?