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A Recipe for Success in the Restaurant Business

A Special Presentation by ABA/RFR to the IE Singapore Delegation

The numbers speak for themselves:

- Annual sales in restaurants in the United States exceed \$558 billion per year.
- There are 945,000 restaurants currently operating in the U.S.
- Thirteen (13) million people are employed in jobs associated with the restaurant industry. That’s one out of every 10 jobs in the United States, and even more astonishingly, one of every five new jobs that is created.
- For every \$1 spent on food in an American household, 50 cents is spent for food outside of the home.



These are just a few of the facts and figures presented to a group of leading restaurateurs from Singapore recently hosted by ABA/RFR Business Advisory Services and Anchin, Block & Anchin, LLP via a seminar entitled A Recipe for Success: Strategy and Execution for Successful Restaurants in the US.



The restaurateurs, who visited Las Vegas and New York, were part of a fact-finding mission organized by International Enterprise (IE) Singapore, an agency of the Ministry of Trade and Industry that works to promote the overseas growth of Singapore-based enterprises.

Their New York visit was hosted by Jeremiah Schnee, President of ABA/RFR, a business advisory and consulting practice to the food and beverage industry – along with a team of top Anchin and other industry professionals. It was Schnee who introduced the guests to the strength of the restaurant industry in the United States and some of the current trends and challenges facing the industry.



Trends that he noted included slower growth due to the current economic downturn; higher wholesale food prices -- resulting in lower margins – and lower disposable income among American families; incorporation of the “green” movement into the restaurant facility and menu; increased internet marketing and branding; and the move to alternative locations, such as office complexes and college campuses.



Of particular interest to the Singapore restaurateurs was the growing trend in America toward bold flavors. “Ethnic is now mainstream,” Schnee noted.

Joining Schnee at the presentation was Anchin partner Ira Yohalem, accountant and consultant to the industry and co-chairs of Anchin’s Business Management Services Group; attorney Jack Hackett, Harvey and Hackett, who discussed highlights of relevant legal and leasing processes; and banker Doug McNulty, Senior Vice President of First Republic Bank, who discussed the financial and banking aspects of restaurant endeavors.

Highlights from the speakers included:

- The importance of a market study of the city and neighborhood before launching. “Poor planning,” said Yohalem, “is the #1 cause of restaurant failure.”
- The elements required in a sound business plan and formulas on which to base rent (Yohalem).
- The unique role that outsourced Anchin accountants can play, including the administration of the build-out, budget and projection developments, and wise structuring of cross-border tax issues.
- The key elements of the lease, described by Hackett “as the most important document” of the business launch.
- Challenges and opportunities of restaurant financing in today’s economic environment (McNulty).



Following the presentation of the consultants, the restaurateurs heard from leading food and non-food suppliers to the industry, including:

- Alan Buxbaum, CEO, A Stein Meats, a third generation family business which is the largest broadline meat distributor in Brooklyn;
- Sheldon Nathel, Co-President, Nathel & Nathel Produce, also a third generation family business which is the second largest produce company in the Hunts Point Produce Market, the largest produce market in the world;
- Jon White, CEO, White Coffee, yet another third generation coffee importer, roaster, distributor, and private label producer; and
- William H. Needham, COO, Imperial Bag and Paper Company, the New Jersey- based largest vendor of paper and packaging products in the tri-state area.



These vendors were hand-selected for this event because each serves some or many of the leading restaurants, retailers and institutions in Greater New York.



“The goal of the program,” said Schnee, “was to take this group through the process of education, assessment, and implementation. It is our hope that by the end of the afternoon, they had a much clearer picture of how to



assess, launch and/or expand their restaurant operations in the dynamic but highly competitive New York market.”