



# ***Rodney's Take***

July 27, 2020

## **Time To Open a Restaurant! ...Really**

It seems like everyone has dreamed of owning a bar or restaurant. How cool would it be to have your own place, where you have great food, regular customers, and fabulous social gatherings? Then again, many of us spent at least a part of our working youth either slinging food in the “front of the house” or washing dishes in the “back of the house.” Some of us were lucky enough to do both and have seen the dysfunction and chaos that comes with food prep.

And then there are strategic concerns. A whopping 60% of restaurants fail within the first year, and 80% don't make it to their fifth anniversary, mostly due to poor location, insufficient working capital, or staff issues.

The COVID-19 pandemic hasn't helped. Yelp! shows almost 12,000 restaurants permanently closed during the pandemic so far, but that's the opportunity.

Americans are sort of stuck at home. Yes, most of us can go out, but we wear masks and restaurant seating is limited. Which leaves many of us sitting at home, not going on vacation, and not going to our local haunts.

Even if eating establishments could operate at 100%, how comfortable would people be sitting less than three feet from loud talkers who might be spreading the virus?

At the same time, most of us have remained employed, especially those with more income, which has driven the U.S. savings rate from around 8% before the pandemic to a high of 32% in April and 23% in May.

The pandemic will end. When it does, Americans will want to go out and eat, anywhere but home, and we'll have lots of cash to spend. Unfortunately, thousands of restaurants won't be there to serve us, having failed to hang on during the pandemic shutdown and partial reopening. This will leave millions of hungry Americans, desperate for something other than their own cooking, waiting in line for any restaurant that can still serve food.

So, if you're nearing retirement and looking for something new to do or if you happen to be a budding or experienced restaurateur between gigs, now is a fabulous time to lay the groundwork for a new eatery. Chances are you can find a really good deal on a place closing down, which will have all the equipment installed and ready to go.

For those not quite feeling the need to operate a restaurant, you can always approach local joints to see if they need some capital to stay afloat until they can fully open their doors. That would give you an easier path into the business than trying to create a restaurant from scratch.

Either way, make sure you've got enough working capital to stay afloat until the pandemic scare is over. Entering the business with "just enough

money” is a really bad idea and could leave you closing up shop before you ever have a chance to really open.

Rodney

*Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).*