

# RESTAURANT

"NEWS YOU CAN USE"



# INSIDER

NEWSLETTER...FIRST QUARTER '09

## Hot Properties

**AAA LOCATION W/#6 LICENSE** - Prime C-3 real estate in the heart of North Scottsdale surrounded by over 1,000 parking spaces. This building was completely remodeled in 1996. Downstairs features 12,000 SF of open space, DJ booth, bar, large bathrooms, kitchen, spacious office and storage; upstairs over 6,000 SF with two bars, a second dance floor and a spectacular rooftop patio. Offered at the lowest price per square foot in the neighborhood! \$3,500,000 #1617

**RESTAURANT/SPORTS BAR** - This establishment enjoys a strong lunch crowd, loyal happy hour clientele and a powerful sports presence. It has a friendly and knowledgeable staff of long-term employees in place. The facility is in excellent condition and all equipment well-maintained on a day-to-day basis. A large back room is great for sports viewing and group catering events. \$450,000 #1568

**#12 BAR & RESTAURANT** - Relaxed and upscale intimate lounge and restaurant with a spacious patio, located in the heart of Old Town Scottsdale near many other active restaurants and high-energy bars. This facility was recently remodeled with all new upholstery, tables and chairs and a large bar, open area seating and a VIP room with separate bar and the ability to open it all for busy nights. Prime location and poised for success for the right concept. Price reduced to only \$200,000 #1584

**CATERING FACILITY/COMMISSARY/BAKERY** - Fully equipped including 2 large walk-in refrigerator/freezer combos, 2 hoods, walk-in oven, 3 Hobart mixers, separate dishwasher area, numerous prep tables and space, lots of smallwares and transport containers. Located less than 1 mile from I-10 with easy access to other parts of the valley, this industrial park location provides a 1st class facility with very reasonable rent. Reduced to \$55,000 #1619

**ITALIAN RESTAURANT** - Very popular and busy Italian Restaurant located in Mesa near several upscale East Valley neighborhoods including Red Mountain Ranch and Las Sendas. The restaurant is immaculate throughout and frequently enjoyed by its loyal clientele. This is a real \$\$\$\$ maker for an owner/operator. \$275,000 #1609

**SUPER PREMIUM A+** Scottsdale/Camelback location perfectly suited for the high volume operator. High visibility with a traffic count of over 34,000 cars per day. Top of the line kitchen is less than 4 years old. Desirable north facing patio with seating for over 100. Plenty of parking in addition to valet service. Must be converted but current design is well suited for upscale Mexican/Southwestern cuisine. Over \$2 million dollars was spent to build this architectural marvel. Qualified operators will recognize the value in this high profile LOCATION, LOCATION, LOCATION. Unbelievably priced at only \$650,000! #1606



**BANK REPO!!** - Below market steal! Fully-equipped, freestanding restaurant with excellent visibility and plenty of parking available in Pinal County with a Series 6 liquor license included. This 4,800 SF building has a well-designed and efficient kitchen, ample storage, an outdoor bar and a beautiful patio. The lot size is over an acre (48,750 SF) with Superstition Mountain views for only \$695,000. All serious offers considered! #1621

## Something's better than nothing!



We all know times are tough... we're pretty much getting beaten over the head with the negatives of our current economic circumstances on a daily basis from the newspaper, television, in our own lives, or the lives of friends and family. The cold reality is that in tough times like these there are going to be some business failures; it's just part of the program. If you are in the unfortunate position of having to make difficult decisions regarding the future of your business due to these challenging economic times, you need to be acutely aware of the impact these choices will have on your future.

First and foremost, be proactive in *truthfully* assessing your situation. Being in denial of your circumstances can really limit your ability to achieve the best possible result. Secondly, don't procrastinate in drawing a conclusion from your analysis and taking the necessary steps to put a plan of action in motion. The more time you allow for executing your plan the better chance of succeeding you will have provided for yourself. This is especially critical if you have determined that the business is failing and you need to go in a different direction.

If you have come to that conclusion there are pretty much two alternatives available to the business owner: 1) sell the business, or 2) eviction/foreclosure/repossession. In terms of the better choice, in virtually every situation, selling the business is the far better choice. The reasons for that could be considered obvious, but we will review them here, in any case. If you sell the business you will receive a payment from the buyer.

# RESTAURANT INSIDER



**Bravo Pizzeria** at 21050 N. Tatum Blvd. #110 in Phoenix was purchased by Humble Pie Tatum, LLC and converted into the second location for Humble Pie.

**Mamacitas** at 216 E. University Dr. in Tempe was purchased by Barney's Boathouse, LLC and converted into Barney's Boathouse.

## Recent Sales

**Katz's Deli** at 5144 N. Central Ave. in Phoenix was purchased by KC & LW, LLC and is being converted into Postino's Central.

**Southbank Grill** at 3202 S. 40th St. in Phoenix was purchased by American Polish Cuisine, LLC and operated by Premo, Maria & Krytian Wnek. No changes are planned at this time.

**Dragon Fly** at 10135 E. Via Linda #C 120 in Scottsdale was purchased by Fork, LLC and operated by Jean Schafall. No changes are planned at this time.

**Cheap Seats** at 1316 E. Longmore #101 in Mesa was leased by Blakitatia, LLC and will be operated by Lionel Manuel and is being converted into L-Trains Cheap Seats Sports Grill.

**Island Roots** at 1285 W. Elliot Road in Tempe was purchased by Cracker's & Co. Café #3, LLC and converted into the third location for Crackers & Co. Café.

**Pasta Pomodoro** at 3395 W. Chandler in Chandler was purchased by Nouveau Bistro, LLC and converted into Nouveau Bistro and will be operated by Charles Seo.

**Fanatics Sports Grill** at 3202 E. Greenway Rd. in Phoenix was purchased by Mark Erickson. No changes are planned at this time.

**Series 7 Liquor License** was sold for Salt River Pima-Maricopa Indian Community for the former golf course that was closed for redevelopment.

**Kasha's Bakery & BBQ** at 1475 W. Elliot Rd. in Tempe was purchased by a well-known local restaurateur and will be converted into a yet to be disclosed restaurant concept.

**The Lunch Bag** at 8989 E. Via Linda Ste. 116 in Scottsdale was purchased by Colista's Enterprise, LLC. No changes are planned at this time.

**Pasta Pomodoro** at 4669 E. Cactus Rd. in Phoenix was purchased by Rick Freedman and converted into Picazzo's Gourmet Pizza & Salads sixth Arizona location.

**Kelly's Grille** at 1721 W. Rose Garden Lane #12 in Phoenix was purchased by Hopkins Enterprise, LLC and converted in Caps Sports Grill.

**Pasta Pomodoro** at 16255 N. Scottsdale Rd. #C-1 in Scottsdale was purchased by Daniel and Elizabeth Roth and converted into Pasta Primo Italian Bistro.

**Rigatony's** at 223 E. Brown Rd. in Mesa was purchased by Culinary Acquisitions, LLC and converted into Mardenely's and will be operated by Dennis Bihum. The Rigatony's in Chandler will remain under original ownership.

## Something's better than nothing!

*Continued from front page*

While the purchase price offered for a failing business is not typically what the business owner (seller) would like to receive for the sale of their business, and in many cases no where near what they have invested into it, the alternative is far worse.

In a situation where the business is halted by force (eviction/foreclosure/repossession) the business owner not only receives nothing for the investment they've made, which means they have no funds available to pay any outstanding obligations from operations up to the time the business ended (virtually all businesses have these expenses, especially if they were struggling prior to shutdown), but also the *contingent liability* factor is huge. Most times, this issue is related to the lease. For example, if you signed a five-year lease which has two years remaining, you would continue to be responsible for the rent until such time as the space is re-leased. With all of the legal fees and other costs associated with the landlord repossessing the space, this can end up being a very large number!

Compare the scenario described above to one where the owner receives at least some money to payoff vendors, pay any rent in arrears, make the final payroll and gets someone to take over the lease, and you can see why this is a far better solution. As obvious as this would seem, we have observed clients that will not sell at the reduced price that may be offered in certain situations because they feel that the buyer is getting a deal that is "too good." In such situations we highly recommend that the business owner stay focused on the big picture and do everything they can to make a deal so that they can live to fight another day. Business failure is just part of the learning process. Many of the best businesspeople had multiple failures before their great successes. Don't make the process so difficult that you can't come back from it. Remember, [receiving] something truly is better than nothing! ~ *The Restaurant Brokers*

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Frequently Asked QUESTIONS at TRB

**Q:** How long will it take to sell my restaurant?

**A:** As we all know, the economy took a pretty dramatic downturn in 2008 and this has significantly changed market conditions. When it typically took an average of about 3-4 months from the time the business was put on the market until the sale was completed, in the current climate a restaurant owner can now expect that time to be more along the line of six months and they need to plan accordingly.

**Q:** Should I consider offering seller financing to sell my restaurant?

**A:** The basic answer to this question is yes, if you are in position to do so. Another outcome of the downturn in the national economy is that financing for a business purchase is much more difficult to acquire; therefore, anything that you, as the seller, can do to make it available to your buyer(s) will provide a competitive advantage in marketing your business for sale.

**Q:** Do I make the landlord aware that my business is for sale?

**A:** That would depend greatly on your individual situation. If you are in good standing with your landlord, it's not necessary to tell him the business is for sale until you have a suitable buyer to be submitted for approval; however, you should certainly have a thorough understanding of the lease parameters: How much time is left? Is it assumable? Is there an assignment fee? If you are not in good standing with the landlord, it is critical to have reached an agreement with them as to how a sale of your business would work and thereby provide the best solution for all involved.

New Year Resolutions

"Ways to Build Sales"

1. Hire people who are friendly. Friendly people make the guest happy and they buy more.
2. Sample before every shift with your sales team. Appeal to all the senses.
3. Learn faster and train better.
4. Improve service.
5. Market repeat visits to every customer through every transaction.
6. Seek out, select, and retain servers, greeters and bartenders who are natural sales people.
7. First teach servers WHY we must sell before you teach them what to sell or how to sell it.
8. Training builds confidence.
9. Schedule smartly and staff properly so that servers have time to sell and time to connect with customers. Giving servers an 8-table section to save labor dollars may be "penny-wise" but it's certainly "pound-foolish."
10. Train your hosts better. Don't overlook teaching them how to recommend drinks, desserts and specials while seating guests.
11. Set specific sales goals for each shift.
12. Make teams knows the difference between suggestive selling and upselling.
13. NEVER PRACTICE ON THE CUSTOMER.
14. Sell two beverages to every guest; perhaps an iced tea, soda, beer or cocktail to start and then a coffee or espresso after the meal.
15. Institute fun and fair shift sales contests for servers and don't forget to include the kitchen team too.
16. Sell more Gift Cards year round.
17. Frequent diner program. Drive business on slower days or day-parts by offering extra points.
18. Connect to the community.
19. Managers should do 100% table visits.



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"The difference between a cook and a chef is the size of the mess"

# \*By the numbers

**1673**

The year *The White Horse Tavern* in Rhode Island opened; it's the oldest operating tavern in the United States.

~ Learn Something New Today

**5.8**

The number of occasions the typical adult averages in restaurant visits per week.

~ National Restaurant Association

**48%**

The share of every dollar spent on food that the restaurant industry receives; almost double the 25% received in 1955.

~ National Restaurant Association

**1/2**

The number of adults that worked in the restaurant industry at some point in their lives; 32% got their first job experience in a restaurant.

~ Bureau of Labor Statistics

**\$1.5 Trillion**

The overall economic impact of the restaurant industry is expected to have exceeded in 2008.

~ National Restaurant Association

**180**

The average number of days a restaurant will need to be on the market before it sells in 2009.

~The Restaurant Brokers

Layout & design courtesy of The Menu Designer. ([www.TheMenuDesigner.com](http://www.TheMenuDesigner.com))



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