

Small Business Guide:

Bars & Restaurants



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Contents

[Introduction](#)

[1. Management](#)

[2. Inventory](#)

[3. Staffing & Hiring](#)

[4. Menus & Kitchen](#)

[5. Marketing & Promotions](#)

[6. Point of Sale Software](#)

[7. Common Pitfalls to Avoid](#)

[8. Loan Advice](#)

Where Small Business Goes Big





Introduction

Whether you're just starting or have been running your own business for years, it can be a rollercoaster ride and there's a lot to get your head around. This small business guide aims to help you focus your attention on the things that matter most. Plan ahead, stay relevant and competitive, and avoid some of the common mistakes of restaurant or bar owners.

1. Management

Your bar or restaurant manager has overall responsibility for both your staff and the experience of your customers, for the logistics of running the bar or restaurant, and for marketing, promotion, and public relations. This is not a role for the faint-hearted! So, whether you're planning to take it on yourself and manage your own business or hire someone for this position, make sure your venture is in the hands of a manager who can keep calm under pressure, multi-task, make firm decisions, and maintain positive relationships with both staff and customers.

Here are a few tips for strong management protocol:

Communicate Clearly

Make sure that your staff knows exactly what is expected of them. This includes proper training when they first join the team, as well as ongoing training and "refreshers." You may also want to host a brief team meeting before each service to run through roles and responsibilities. This helps your team stay happy and motivated and can ensure that the establishment runs according to your standards.

Stay Relevant

In all areas of your branding, think about how to keep up with the times and stay relevant to your clientele. Take some time to get in tune with current conversations and developments in food, drinks, culture, and lifestyle so that you're ahead of the game. Sites like [Thrillist](#) and [Eater](#) can be really useful for this and might give you some ideas about how to stand out from the crowd and give your customers what they want. It's



important to keep your menu fresh and up to date, trying out new flavor combinations or popular ingredients that are currently “on trend”.

Staying relevant also applies to interior décor and menu design, as well as all of your marketing materials. Make the best use of the opportunities offered by social media for customer relations and marketing, at little to no cost. As well as giving you great exposure, this helps you connect with your customers on a more personal level, build a brand personality, and encouraging clients that you’re not outdated or bland.

Know Your Customers

Pay attention to the type of customers you usually welcome at your bar or restaurant and think about what you can offer them to keep them coming back. This might include events, live music, quiz nights, or tailored promotional opportunities. What will work best for your clientele? You should also be familiar with the competition in your area and think about whether there is anything new, original, or different you can offer.

Watch Your Cash Flow

Regular monitoring of how much you’re spending versus how much you’re making is essential to the success of your business, so don’t take your eye off the ball, even for a day! Staying on top of your cash flow means that you’re ready to respond quickly when changes need to be made. This might include, for example, altering your menu prices to reflect an increase in the cost of your ingredients so that fluctuations in pricing don’t eat into your profits.

Above all, while a good restaurant or bar manager will have a solid overview of every area of the business, they should also know how and when to delegate!



2. Inventory

Opportunities with Vendors

When partnering with vendors, the key things to look for are **quality, value for money, and reliability**. Take the time to explore and compare different vendor offerings, rather than just going for the cheapest or most convenient.

Building a good and lasting relationship with certain vendors can be positive for your business in the long run, giving you peace of mind that they are reliable and that the quality of your ingredients will be up to scratch.

Having said that, you should always be keeping an eye out for better rates or offers, and comparing the service you're currently receiving to the other possible options, as it's crucial to your competitive advantage that you're not paying above the odds to your suppliers.

Controlling Shrink

"Shrink" refers to unnecessary and avoidable loss of revenue, usually due to things like over-pouring alcohol, giving away free drinks, or simply unnecessary waste. It may be accidental or purely careless, especially during high-pressure, busy periods, but it could be stealing revenue from your business. Then there are, of course, the instances of deliberate theft or dishonesty that contribute to shrink. These might sound like small issues, but they may add up to a loss of many thousands of dollars over time.



- One way to combat this is with proper training. Bartenders who can accurately measure and pour spirits and understand how to make and charge for cocktails are much less likely to make mistakes. Equally, servers who can confidently carry multiple plates and glasses are less prone to costly breakages. Regular training and spot checks before shifts can help to iron out any carelessness.
- Inventory management and point of sale (POS) technologies are also a great asset when it comes to getting control over potential bar or restaurant shrink. These technologies allow you to manage your customer interactions as well as track inventory and compare sales, helping to keep everyone accountable.

Best Practices for Planning Orders

Knowing how often to place an order, and how much, can be especially tricky when you're just starting, but it does get easier over time. You want to avoid finding yourself in a situation where a customer is ready to pay for a food or drink item and you have to turn them away because you've sold out. On the other hand, you don't want to pay substantially more than you're going to sell.

As a starting point, it might be helpful to do some research into the industry standard for how much inventory to keep on hand. The most important thing is to track your inventory so that you know exactly how much you have in stock of every food or drink item on your menu. You can then compare this with sales and adjust your orders accordingly.



Seasonal Inventory

Just when you feel like you've got into a good rhythm with your orders, you will need to think about seasonal fluctuations, as well as certain holidays or festivals that might affect your sales. Consider particular menu items that might see a boost in popularity, but also take into account the peak times for customer numbers in general.

For example, you may find that you sell more hot and hearty meals in winter, and more salads and ice cream in summer. Customers may drink more cocktails and soft drinks in warmer weather, and more coffees and hot chocolates when it's cold. You may also make significant changes to your menu at particular points of the year, such as Christmas, which will need to be reflected in your orders and inventory.

Surplus Inventory

If you find yourself with surplus inventory, the first thing you can do is find out from your vendors whether any of it can be returned. Depending on your particular agreement, they may be willing to give you a partial reimbursement or credit for future orders.

Otherwise, the priority is to try and make back as much of the cost as possible. Think about creative ways to promote the particular drinks or foods that you need to shift, and don't be afraid to offer discounts and special offers to try and sell as much as possible. Anything that you make back is worthwhile, as the rest will just be sunk cost.



3. Staffing & Hiring

Finding Talent

Attract the Best Talent

Encourage the talent to come to you by being an attractive place to work, where staff are happy and feel valued. Many of your team members will likely know of others who are looking for work in hospitality, and word-of-mouth can go a long way! It may also be the case that some of your customers are looking for work, and if they see that your staff are relaxed and happy they will be more tempted to ask about opportunities.

Be Active on Social Media

Cultivate an online presence and personality so that potential employees can easily find you and see what you're all about. It's not just about posting opportunities on job boards anymore; you can use sites like Twitter and LinkedIn to let people know that you're recruiting and to source potential talent.

Think Local

It's worth advertising your positions in the local press and online community noticeboards, too, as you may be more likely to attract talent from the surrounding areas. This can also help create a community feel in your establishment if some staff and customers already know each other. Equally, if many of your customers are from out of town it can be helpful to have locals on staff who know the area.



Identify Talent

Finally, you need to know how to identify talent when you see it. It's not just about how much experience they have listed on a CV – especially in the hospitality industry. A large part of the role is about being social, and making people feel welcome and comfortable, so think about the kind of person you want on your staff team, representing your restaurant or bar to your customers. It's much easier to train people in the specific skills they need for hosting and serving customers, and preparing drinks than to try and change someone's attitude or personality!

Training Talent

All of your staff should be fully trained when they first join you, but it's also a good idea to run regular "refreshers" so that standards never slip.

Why is proper training so important?

- Your staff feel confident and know what is expected of them
- Your customers enjoy their time with you and have a consistent experience with every visit
- It helps to keep both your staff and your customers safe
- It reduces the risk of loss of revenue due to avoidable mistakes (shrink), such as breakages or waste



What should training cover?

- Knowledge of your menu
- The layout of your bar/ restaurant, and where to find what they need
- Specific bar skills (such as cocktail making)
- How to use your software and systems
- Additional responsibilities at the beginning/end of a shift (e.g. cleaning, or running a sales report)
- Protocol for different potential scenarios (e.g. if a customer complains about their food)
- An understanding of the particular culture you want to create

Keeping Your Team Motivated

Bars and restaurants often struggle to retain staff in the medium to long-term, which means more time is lost to recruitment and training. But there are certain things you can do to cultivate an environment that makes your talented and well-trained staff want to stick around:

1. **Pay fairly** – It sounds simple, but if you want to hold on to your best talent you need to pay them appropriately. If they can get a better salary doing the same job elsewhere, you're likely to lose them pretty quickly. Check industry rates and make sure that you match up.
2. **Set clear expectations** – Don't assume that your team members know what you expect from them. They can't meet your expectations if they don't know what they're aiming for. Being upfront about this from the beginning also makes it much easier to manage poor performance that falls short of the agreed standards.
3. **Give praise** – Give credit to your staff when they do a great job, or when a particular service is a success, and recognize individual achievements. We all perform better when we feel that our contribution is being valued and appreciated.
4. **Listen to feedback** – It pays to listen to feedback and suggestions from your staff as they are on the front lines, every day. They might be able to highlight issues that you weren't aware of or solutions to problems that you hadn't considered. Encouraging this level of collaboration also helps them to feel invested in the business and motivated to do their best, rather than the bare minimum.
5. **Offer development opportunities** – If you see potential in an employee, do what you can to foster it by offering opportunities for personal and professional development, and increased responsibility. In the long run, of course, this benefits your business as well as individual staff members.
6. **Lead by example** – When you have the opportunity to interact with your customers, demonstrate the attitude and culture that you want to cultivate in your staff. Equally, if a minor task needs doing and you have a spare moment, don't be too proud to muck in and do it yourself.



4. Menus & Kitchen

Menu Design

Gone are the days when design could be an afterthought. The look and style of your menus should tie into a strong brand identity that is consistent across your physical, print, and online presence. This is how your customers connect with the “personality” of your bar or restaurant.

Think about what kind of image you want to convey – sleek and professional, luxurious and indulgent, quirky, vintage or trendy – and make sure that this is reflected in the layout, typography, and even the tone of voice of your menus. If finances allow, it’s worth working with a professional graphic designer to get this right for you.

Keep it Fresh

When it comes to your menu items, stay relevant, and don’t be afraid to try new things. The best place to start is to get out and about in your local area and see what’s out there. Try new flavors, explore different cultural influences, and maybe even add a unique twist to some of your classics.



Finding the Right Balance

When planning your menu, be careful not to go overboard with the number of options available. It's good to offer a variety of drinks and dishes, to suit different tastes, but too many options can over-complicate matters for both your customers and your staff:

- Customers are overwhelmed by the choice
- Staff can't remember details about every dish
- More potential for mistakes when placing orders
- More pressure on chefs to cook a vast range of dishes every service
- Too many options give the impression that you're a jack of all trades but a master of none

Kitchen Layout

Whether you are taking over an existing kitchen, renovating, or designing from scratch, it's essential that you maximize the space you have and organize your kitchen to be as practical and functional as possible.

Make sure to include your chef(s), or those with experience working in a restaurant kitchen, in the design process so that you understand the practical requirements and the tweaks that can be made to ensure a smooth, safe and efficient operation.



5. Marketing & Promotions

Cost-Effective Marketing

In many ways, marketing has never been so easy and accessible – especially when it comes to social hubs like bars and restaurants. Social media and digital marketing offer opportunities to connect with both regular and potential customers in a more personal and social way than ever before:

- **Active Online Presence** – Simply being active on networks like Twitter, Facebook and Instagram is a great way to show people who you are, get them interested in what you have to offer, and begin to grow a following – and this is something you can start doing before you even open your doors!
- **Online Promos** – Active accounts then become an excellent way to promote special offers, run competitions, share new menu items, or spread the word about upcoming events, directly to your target audience. Best of all, it's completely free! There are certainly paid opportunities for advertising and promotions as well, including targeted Facebook ads.
- **Start a Conversation** – Your social media accounts are also an ideal way to gather feedback and suggestions from your customers so that you can be sure that your bar or restaurant is giving them what they want. They might suggest a particular event or themed night, a new menu item, or ways in which you could improve your customer experience.
- **Professional Website** – You should also have a professional and responsive website that reflects who you are and what you do, and lets customers know where to find you. This can be as simple as a one-page site, just make sure that it looks great on any device. You should also include an e-mail subscription option so that you can start to build up a database of customers to e-mail with news, offers, and promotions.



Other tips for simple yet effective marketing and promotions include:

- **Special Offers** – Limited-time, special offers are useful for attracting new customers, boosting your numbers during quieter periods, and shifting excess inventory. Whether it's a discount on certain menu items, a 2-for-1 deal, or an Early Bird dinner special, you can promote your offers in-house, to a list of e-mail subscribers, and through your social media accounts.
- **Loyalty Cards** – Requiring minimal cost and effort on your part, a loyalty card system is a tried and tested method of securing return customers. The idea is that they will keep coming back until they have earned their free drink or meal, by which point they have fallen in love with the place!
- **Holidays, Peak Days & Seasonal Promotions** – Make the most of seasonal fluctuations that you can predict! For example, an extended Happy Hour on national holidays, themed drinks at Halloween, and festive menus and special deals at Thanksgiving and Christmas.
- **Kids Eat Free** – This is something you can offer at certain times of day, or certain days of the week, to attract parents who want to go out for a family meal that doesn't break the bank. It's a good way to set yourself apart from local competition, as well as make up the numbers during quieter periods.



6. Point of Sale Software

There is a great choice of POS software systems out there that are designed to make it as easy as possible for you to track every sale and monitor inventory and cash flow. This is a smart way of streamlining everything from taking orders to managing stock, while avoiding shrink, keeping staff accountable, tracking the sale of particular menu items, noticing trends, and informing business decisions.

A good POS system is a step towards going paperless, with iPads frequently being used for taking orders, processing payments, and managing reports. This is not only great news for the environment, but it also saves you money in the long run and is far more efficient and less vulnerable to human error.

Finding the Best Option

Most importantly, your system should be reliable and easy to use, while including all the features you need. You don't want to have to spend hours training each recruit to use complex software, and the more intuitive it is to use the less chance of mistakes being made.



Here are just some examples of what you can expect from your POS software:

- Simple, drag-and-drop tools
- Easily customize your menu items and set up categories
- Allow customers to set up a tab or split a bill
- Keep a record of which employee was responsible for each transaction
- Track sales and inventory in real-time, with e-mail alerts when an item is low in stock
- Use the dashboard to view sales and inventory reports
- Includes e-mail marketing software
- Connects to other apps that you use for accounting
- Specifically tailored to restaurants and bars
- Affordable, straightforward, and easy to learn
- Staff can take orders using an iPad, sending them directly to the kitchen to speed up service
- Set up automatic prompts to remind staff of additional options, up-sells, or special offers
- Customer display allows customers to check and confirm their order, to minimize mistakes
- Quickly check reports at any time, even when offline
- Access real-time data from any device, even when away from the restaurant

Some POS systems offer the basic software for free, or at a highly affordable price, with the more advanced tracking and reporting tools available for an additional monthly fee. Explore the various packages and various companies that are out there and think about what you need for your business.



7. Common Pitfalls to Avoid

Here is a quick checklist of some of the common pitfalls of bars and restaurants, and how to avoid them:

- ⊗ **Health Code Violations** – Make sure that you fully understand the state and local regulations for food handling and preparation, and put a plan in place for keeping your restaurant clean and compliant. Communicate this plan to all staff so that everyone knows the correct protocol for personal hygiene, food handling, storage, and preparation. The last thing you want is to fail a health inspection due to carelessness, or the bad press of causing illness in one or more of your customers.
- ⊗ **Too Many Menu Options** – Offer choice without overwhelming your customers, and stick to what you do best.
- ⊗ **Pictures on the Menu** – Even food that looks delicious on the plate usually ends up looking unappetizing in photos. It's unnecessary and it undermines your menu – don't do it!
- ⊗ **Out-dated Menu** – Keep your menu fresh and interesting, and make sure that the printed menu reflects the dishes that you currently serve.



- ⊗ **Idle Social Media Accounts** – Keep your accounts active so that your customers can engage with you and get the sense that your bar or restaurant is the place to be.
- ⊗ **Insufficient Parking** – If customers struggle to park, it puts them off coming back. Try to have enough designated parking to meet your needs on a normal day.
- ⊗ **Inappropriate Lighting** – Think about the atmosphere you want to create, whether it's buzzing and vibrant or quiet and intimate, and make sure that your lighting reflects that.
- ⊗ **No Coherent Theme** – Your theme and branding should be reflected in your marketing materials, the design of your menus, the food and drinks you offer, your interior décor, and the atmosphere you create. It should all tie together and make sense.



8. Funding Information

Finally, your bar or restaurant venture is likely to need some working capital in the early stages, and as you seek to grow into a thriving business. The question is, what type of funding is right for your business?

Small Business Loans

- Working capital loan – Gives you some breathing room to expand your revenue streams, while keeping your existing operations running. This might include marketing campaigns, location expansion, or additional inventory, for example.
- Equipment loan – Purchase the equipment you need for running your business, such as kitchen appliances, bar equipment, and iPads.

Merchant Cash Advance

Merchant Cash Advances are paid daily as a percentage of your credit card sales. The benefit of this is that your payments can be more affordable and manageable than a traditional loan.

A Merchant Cash Advance can be used for things like:

- Inventory
- Equipment
- Marketing
- Short-term capital needs

Line of Credit

When something unexpected happens, or you experience a period of limited revenue for any reason, it's important that you can access funds fast. A Business Line of Credit gives you approval for a large sum of capital, to be used as you need it, but you only pay fees on the funds you draw.

Talk to Funding Companies

There is a lot to consider when it comes to choosing the right financing solutions for your business, and the various terms and payment options can become overwhelming. Getting locked into the wrong type of financing can be crippling for your business, which is why it's so important to seek advice and support before you commit to obtaining financing for your business.

At Rapid Finance, we specialize in supporting small businesses with simple and flexible financing solutions that work for them. Every business is different, so we take the time to understand how yours works, and your particular business needs, and tailor a solution to your business.

Above are just some of our working capital services that might be best suited to your business, but you can get in touch with us to discuss the options in more detail and find out what we can do to help boost your business.

Call now (800) 664-0173 or visit our [website](#) to find out more.

Our [blog](#) is also a helpful resource, for more expert advice and information:





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