

THE SMART BUILDER'S GUIDE TO :



RESTAURANT CONSTRUCTION



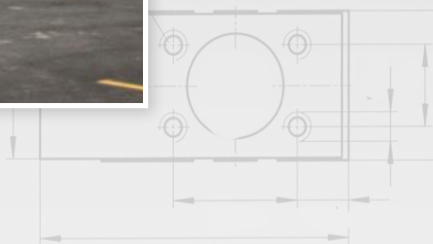
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▶ INTRODUCTION

We'll be honest — building and owning a restaurant is hard work. While, if done right, it will certainly be a profitable venture, one thing you'll quickly find out: it's a not a get rich quick scheme. Like most Alberta entrepreneurs, chances are you're an extremely hard worker, but given that about 60% of restaurants fail in their first year, restauranteurs take a special breed of business person.

To be successful, you must be willing to work more than 40 hours a week, you might struggle with the challenges of managing an ever-changing workforce, you may have to forgo paying yourself for certain periods, and you'll need to spend time, money, and effort creating a thorough, fool-proof business plan (which we can help you with!). The primary decisions you'll want to make from the outset are your restaurant service style, your business niche, your ideal location, and only then will you begin writing your business plan.



The most important thing we build is value.

▶ RESTAURANT SERVICE STYLES

There are three primary restaurant styles to choose from: **quick service, midscale, or upscale.** Another name for quick service is fast food and will be most often a franchise. However, this doesn't mean you have to do a franchise. You could create an independent fast food restaurant that's offering something unique and different, with a far superior product than the competition. A midscale restaurant is most often a family friendly restaurant with an affordable price point. Often, midscale restaurants offer limited service where customers order from a counter and are then served for the remainder of their stay. An upscale restaurant is high end or fine dining, an establishment with a higher price point and a focus on experience (high quality food, high end décor and ambiance).

**QUICK SERVICE STYLE
FAST FOOD**

**MIDSCALE SERVICE STYLE
FAMILY - FRIENDLY**

**UPSCALE SERVICE STYLE
HIGH END / FINE DINING**

“Popular concepts include steakhouses, seafood restaurants, family-style restaurants, casual-dining, ethnic restaurants, pizza joints, sandwich shops, coffee shops, and bakeries.”

Committed to building long-term relationships.



▶ INDEPENDANT OR FRANCHISE

Opening a franchise restaurant has many benefits: you don't need to worry about branding because you're already operating under a recognized brand and an established name; financing is simpler; training, procurement, and support are already created and therefore easy to follow; and the potential for success is significantly increased. In general, going the franchise route will lower your financial risk because **“95% of franchised businesses overall are still in business 5 years after they are started versus independently owned businesses that only experience a 5 percent survival rate after five years.”**

Because franchisees must run their businesses according to the system's operational guidelines, you don't need to create policies or procedures or marketing strategies – it's already in place, providing support, expertise, and experience.

However, disadvantages include high employee turnover (which is problematic for independents as well); narrow margins; the cost of food spoilage and theft; and franchise costs (royalty payments and marketing costs). For first time restaurant owners, a franchise is an excellent route, but if you have experience in the industry, carving your own independent niche may be desirable.

▶ CARVING YOUR NICHE

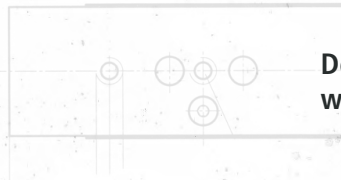
With a franchise, your food concept and target market are already laid out by the parent company, but if you've chosen to open an independent restaurant, carving your niche is integral to your restaurant's success. A market analysis is a great way to determine who your competitors are and how to differentiate yourself. Once you know what's out there, you'll be better equipped to see where you fit and who you want to target (i.e. millennials, Generation Xers, Baby Boomers, empty nesters, or seniors) and what kind of concept you want to go with. Popular concepts include steakhouses, seafood restaurants, family-style restaurants, casual-dining, ethnic restaurants, pizza joints, sandwich shops, coffee shops, and bakeries.

Within each concept, restaurateurs must niche themselves to attract loyal patrons. Niches can include interesting hours, a particular style of cuisine or philosophy, or a unique atmosphere (a room that stands out from other restaurants in the same concept category). Ultimately, you want to select one or two areas based on your interests to carve your niche in the industry, and you'll need to do it better than your competitors.

Together we are stronger.



HERE'S A FEW MORE TOPICS TO CONSIDER BEFORE EMBARKING ON YOUR ENDEAVOUR.



Delivering quality without compromise.



▶ CHOOSING A LOCATION

Selecting the right location for your restaurant can make or break it (and the bank). You'll want to consider how the location will affect your sales volume, how accessible it is to customers, whether you'll purchase or lease the property and what the costs are, if there are any restrictive ordinances in the area, what the traffic density is (pedestrian and vehicle traffic), how much parking is available for customers, who your neighbouring businesses are and how they'll impact you, the site's history (were there restaurants there before? Why are they gone?), and what future developments are planned for the area. You can buy or lease an existing building (which can give you a good location but bring maintenance, permitting, and bylaw headaches) or you can construct your own building.

▶ BUILDING MATERIALS

If you choose to construct your own building for your restaurant, we can design-build it for you. Building materials vary depending on the building type you choose: modular, pre-engineered steel, or custom built. We recommend pre-engineered steel for restaurants in Alberta because they offer creative architectural elements, they are strong and flexible (and stand up to Alberta weather), they are quick to build, offer easy expansion, and they are completely fireproof. In the restaurant industry, fire causes \$172 million in property loss, 75 injuries, and several deaths annually – mitigating this risk is important in ensuring your restaurant's success.

▶ WRITING A BUSINESS PLAN

Once you've determined your service style, chosen to go independent or franchise, carved your niche, selected a location, and decided on a building style, we'll begin working on your business plan. A business plan is your restaurant's road map; it will guide you in planning and determining whether your goal is feasible. The best business plans are well researched and incredibly detailed. You'll need to determine financials (start up costs, benchmarks, sales projections); obtain a development permit and business license as well as complete applications for other entities (e.g. Alberta Gaming and Liquor Commission, Edmonton Fire Rescue, and Alberta Health Services); decide on the point of sale/reservation/ordering system you'll use as well as software for inventory, accounting, and payroll; develop your work culture, menu, and marketing strategy; secure your advisors (mentor, accountant, bookkeeper, lawyer); outline your staffing and training requirements (back of house: chefs, cooks, dishwashers; front of house: managers, servers, support staff); and detail your equipment and supply needs (ovens, refrigeration, storage, tables, chairs, food sources).

"A business plan is your restaurant's road map; it will guide you in planning and determining whether your goal is feasible."

FIVE FRANCHISE BUILDS



TIM HORTONS

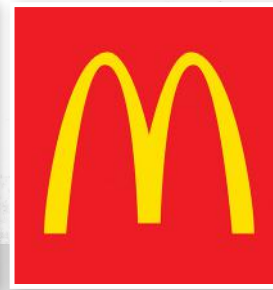
A 2,700 square foot building, this location is slightly larger than the Tim Hortons buildings we typically build for TDL Group, which is usually 2,500 square feet. Located in Creston, BC this project was a slab on grade, wood frame building with a full restaurant and drive-thru capability.

RICKY'S ALL DAY GRILL

A 4,000 square foot, free-standing commercial restaurant, this project also included a cozy, open-air outdoor patio. The exterior package décor is the flagship for future outlets in this restaurant chain to portray the bold colours, unique design, and marked labeling over the awnings that outline the services offered.

FAS GAS TIM HORTONS

This Dawson Creek project was a design-build service station: a convenience store base building, a petroleum system installation, a canopy, and tenant improvements (interior renovations) on a Tim Hortons restaurant complete with a drive-thru.



MCDONALD'S

A 1,945 square foot building, this McDonald's location in Slave Lake is a single storey, wood frame structure with a masonry and vinyl siding exterior finish. The interior has a typical McDonald's kitchen and family oriented casual style seating area. Site work included landscaping and an asphalt paved parking lot and drive thru.

BOSTON PIZZA

This classic eatery is a 5,850 square foot base building comprised of grade beam pile foundations, an exterior insulation finish system with brick trim and aluminum storefront glazing. In typical Boston Pizza style, we also constructed an exterior patio with steel columns, brick trim, tempered glazing, and glued laminated timber beams. The asphalt paved parking lot with sidewalks, curbs, and site lighting were an integral part of this project.



Together we are stronger.

A SHORT WORD ON CORMODE & DICKSON

In 1962, Cam Cormode and Don Dickson created the foundations for the company by building long term relationships with our clients, vendors, employees, and business associates. Today, we are a full service general contractor using innovation and expertise to serve our clients in Alberta. We are experts in new commercial and industrial construction including design-build projects, petroleum related facilities, pre-engineered metal buildings, modular construction, extensive renovation projects, and upstream oil and gas services. As your Alberta construction expert, we offer the resources and commitment to guide you from your project's inception to construction to completion. Collaborative, flexible, and innovative, we work with our clients to exceed their expectations and achieve their goals. Guided by our core values of passion, integrity, respect, accountability, teamwork, and excellence, we measure our success through client satisfaction. Your success is our success.

Do you have a restaurant construction project that you want to get off the ground, but you don't know what the next steps are? Cormode & Dickson specializes in taking your project, whether it's modular or conventional, independent or franchise, and bringing it from conception to completion!

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