

INVESTMENT GUIDE

Restaurants

3 SMART INVESTMENTS / TO GROW YOUR RESTAURANT BUSINESS



A publication of

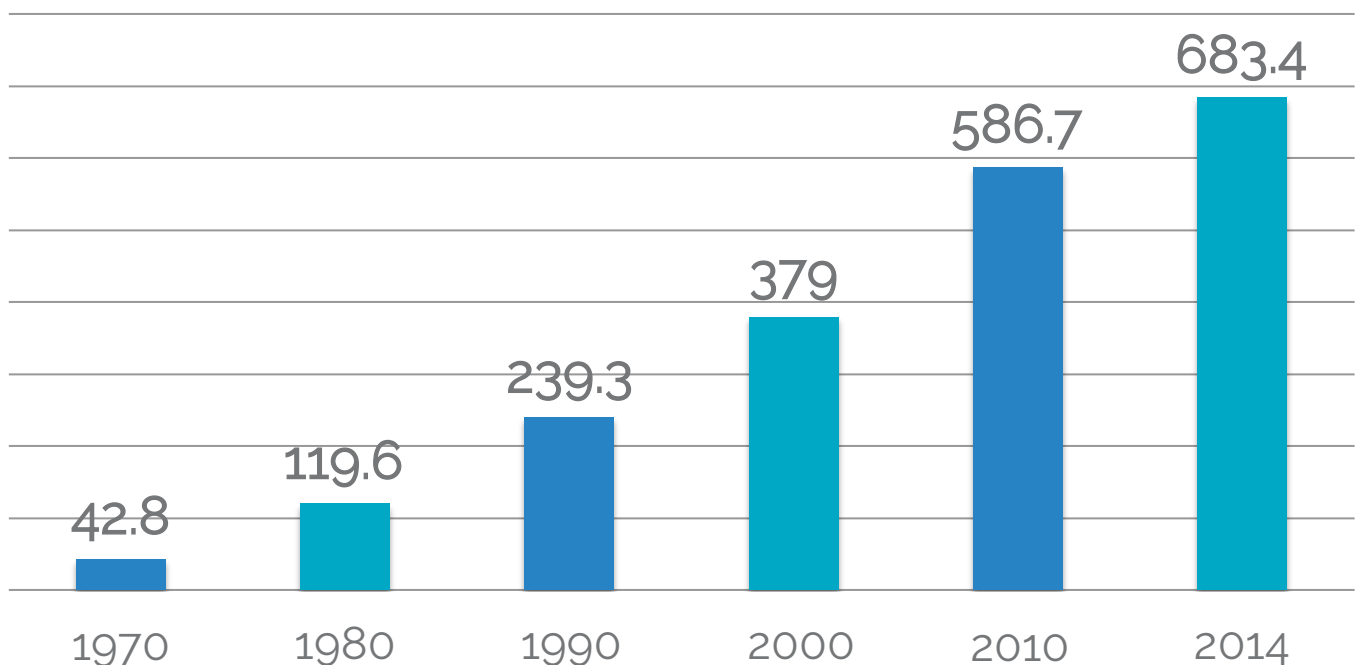


INTRODUCTION

Restaurant owners and their employees are in the business for the long haul. According to a National Restaurant Foundation [study](#), seven out of 10 restaurant employees say they will stay in the business until they retire. And considering 42 percent of restaurant owners started their businesses from scratch, they aren't likely to abandon their businesses anytime soon. Rather, they are more motivated than ever to see their restaurants succeed.

The good news is the industry has seen steady growth for more than 40 years and this trend will continue.

Restaurant Industry Sales
in billions of current dollars



Source: National Restaurant Association



As a restaurant owner it's important to take steps to match the industry growth and stay ahead in this exceptionally competitive industry. Since 2005, Quikstone Capital has worked with hundreds of restaurants throughout the United States to fund strategic investments and help businesses grow.

You've heard the adage, "You must spend money to make money." But in today's competitive environment restaurant owners need to spend money smarter. We've identified some of the smartest, most successful investments they we believe have the greatest potential to help restaurants grow, stay competitive and provide greater return on investment.

INVESTMENT ONE POINT OF SALE SYSTEM





A [point of sale](#) (POS) system is a computerized system that processes credit cards, tracks sales and inventory, and simplifies bookkeeping. This not only gives your customers the convenience of alternative payment options, it streamlines day-to-day operations so you can focus on what you do best, serve great food.

PROCESSING CREDIT CARDS

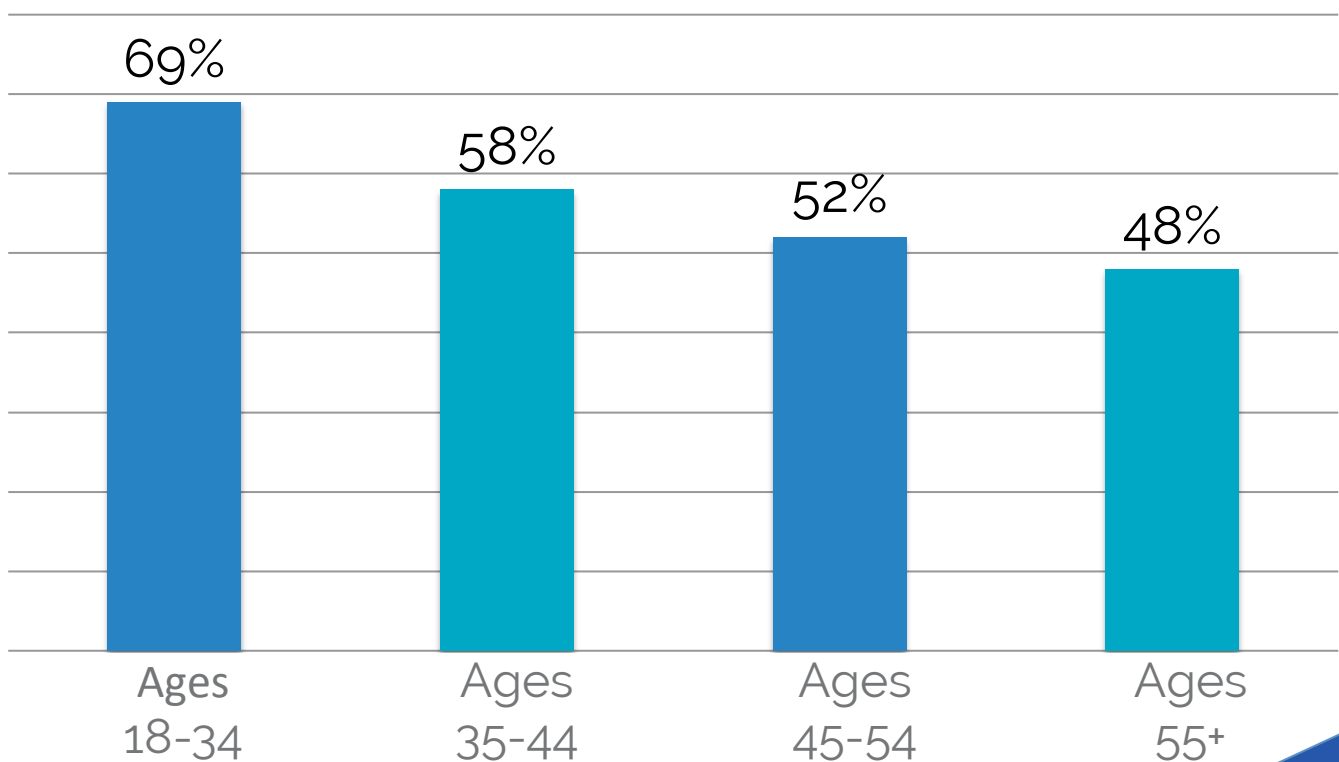
When customers use credit cards, they are likely to spend more. A Dunn & Bradstreet study found that customers spend between 12-18 percent more when using credit cards than when using cash. Even after paying processing fees, which range from 1-3 percent, a single credit card transaction can yield as much as 9 percent more than a cash transaction.

Credit card payments improve cash flows and consequently a restaurant's credit worthiness. Healthy cash flows can also wipe out uncertainty about whether or not to hire or expand your business. Whether a restaurant owner is ready to expand, has an investment opportunity or needs cash in a pinch, you'll have healthy cash flows to leverage to get the [funding](#) your business needs.



Customers expect restaurants to accept alternative forms of payment to cash. Studies on consumer payment preferences reveal that most consumers want options and some will not visit an establishment that does not offer such payment alternatives. In a [WePay](#) survey, 69 percent of respondents ages 18-34 said they would not shop at businesses that accept only one form of payment.

Consumers that will *only* shop at businesses that take multiple forms of payment



INCREASED EFFICIENCY

POS systems save restaurant owners time and money while increasing the efficiency and effectiveness of their operations. POS systems offer more accurate sales reporting and shorter transaction times.

According to [Lorri Mealy](#), restaurant expert, they also improve communication with kitchen staff. Orders are sent directly from the POS to the kitchen while tracking food usage and the most popular menu items. Other efficiency benefits include tracking staff time and inventory, which saves time in daily operations preparing payroll, bookkeeping and ordering.

POS systems help restaurant owners make smarter decisions. Daily, weekly and monthly sales and inventory reports keep owners informed to make timely operational decisions so nothing comes as a surprise. In fact, owners can proactively manage their business by adjusting to seasonal trends that are based on real data.



INVESTMENT TWO EXPAND OR REFRESH





Can your business run without you? This is one of five questions that [Entrepreneur](#) says restaurant owners need to ask themselves before expanding a restaurant with a second location.

If the restaurant is not quite ready to open another location, expanding the existing location might be a better option. Additional seating or even a new patio can invigorate your business by creating buzz around a renovation.

For a restaurant with an average check under \$50, volume is the game. With an average check of \$50 and turning tables every 1.5 hours, a restaurant can increase annual revenue by as much as \$730,000 by adding just 10 tables. Adding a patio with a bar can boost revenue even more.

[Vucurevich Simons Advisory Group \(VSAG\)](#) conducted a business analysis and demonstrated up to a 65 percent return on investment for their customer who considered adding outdoor seating.

In another example, [a restaurateur](#) in Paradise Valley, AZ, said that adding outdoor seating was the best decision he's ever made. "People come to enjoy the weather and the views," he said. "We actually have a harder time seating guests in our lovely dining rooms."

Once you have your outdoor seating area, keep it updated just as you would your indoor space. The [National Restaurant Association](#) recommends updating your patio or deck every five to seven years to keep up with design trends and customer expectations.

HOW DOES AMBIANCE AFFECT CONSUMER EXPERIENCE?

- 91 percent of casual dining restaurant patrons say that an appealing ambiance influences their decision to visit a particular concept.
- Across all restaurant segments measured, Gen Zs and Millennials strongly prioritize music and decor. 52 percent of these generations say that a concept's music selection is an important factor in their decision to visit a casual-dining restaurant, compared to 43 percent of older consumers.
- 98 percent of consumers who rated a restaurant's atmosphere and ambiance as "very good" also rated their overall visit favorably (excellent or good).

Source: Technomic 

Expanding your restaurant's with outdoor seating and keeping your décor fresh is proven to gain customers and keep them coming back.

INVESTMENT THREE REPLACE TIRED KITCHEN EQUIPMENT PROACTIVELY





Replacing equipment proactively helps reduce kitchen downtime and can increase energy efficiency and kitchen productivity. Depending on type, commercial kitchen equipment should last approx. 10 years. But, you don't want to wait until the equipment fails to replace it.

If your nearly decade-old equipment has been repaired numerous times and repair costs are becoming increasingly more expensive, it's time to look at replacing before it costs you more in downtime. Additionally, pay attention to repair costs vs. purchasing new or used equipment. If you encounter a \$500 repair and new or used equipment costs \$1,000, it's worth replacing when you factor in the cost of future repairs.

As equipment goes out, be sure to replace them with energy efficient products. Energy-efficient equipment can save a restaurant thousands over the life of the equipment, making it a smart investment. You've likely seen the ENERGY STAR® label on your home appliances but look for the label on commercial equipment too. ENERGY STAR® is a joint program of the Environmental Protection Agency and the Department of Energy. Its goal is to help consumers, businesses, and industry save money and protect the environment through the adoption of energy efficient products and practices. The ENERGY STAR® label identifies top performing, cost-effective products.

Since inception, ENERGY STAR has shown impressive results. In 2010 Americans saved enough energy to avoid greenhouse gas emissions equivalent to those from 33 million cars, while saving nearly [\\$18 billion on utility bills](#).

Some states even offer tax credits and rebates for replacing equipment with more energy efficient products, which can offset the replacement costs. Visit www.dsireusa.org to find out what your state offers.



New equipment often brings with it new features. When it's time to replace, you can look for equipment that will better suit your kitchen's needs as your restaurant grows. A commercial range with a double oven could increase productivity in your kitchen, making the purchase a no-brainer. Some new commercial kitchen equipment combines two functions into one, such as a combination oven. This will open much needed space in your kitchen and create room for more equipment or more staff.

If your equipment is displaying signs of failure, don't wait to replace it. It could mean running your restaurant at half capacity or even worse, not at all. The up side is worth it considering you can increase productivity of your staff, reduce downtime while waiting for repairs and save money with more energy efficient equipment.



In an industry expected to grow, it's more important than ever to take steps to stay ahead of the competition, and increase revenue and profits. Invest in a POS system to improve business efficiency and effectiveness, refresh or expand your business décor and seating to bring in and keep more customers, and replace equipment before it fails.

Quikstone Capital Solutions has helped hundreds of restaurants like yours to make these strategic investments. A merchant cash advance from Quikstone Capital Solutions is a business loan alternative to provide fast, flexible funding within just a few days.

WE'RE YOUR FUNDING PARTNER.

Learn more about how Quikstone Capital Solutions can provide the cash needed to make these smart investments and help your restaurant grow.

Speak with Quikstone Capital today.

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