



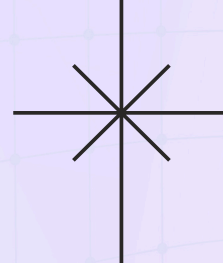
**Restaurant
Association**

How to Easily Write A Restaurant Business Plan

- Learn how to write a restaurant business plan with market research, financial projections, menu pricing, staffing, and operations planning.



Table of: --- **CONTENTS**



- 1** Introduction

- 2** What a Restaurant Business Plan Actually Does

- 3** The 9 Sections of a Restaurant Business Plan
 - Section 1: Executive Summary
 - Section 2: Restaurant Concept and Overview
 - Section 3: Market Analysis
 - Section 4: Menu and Pricing Strategy
 - Section 5: Location, Facility, and Build-Out Plan
 - Section 6: Operations Plan
 - Section 7: Management Team and Staffing Plan
 - Section 8: Marketing and Customer Acquisition Plan
 - Section 9: Financial Plan

- 4** Funding Sources

- 5** The Most Expensive Mistakes Restaurant Owners Make in Their Business Plans

- 6** Restaurant Business Plan Checklist

- 7** Conclusion



BUSINESS

P L A N

CHAPTER - 1

Introduction


Most first-time restaurant owners start their business plan the wrong way. They spend hours obsessing over the menu, then paste in a financial template they found online and figure that's good enough.

It isn't. Not even close.

Here's the thing most people miss: a restaurant business plan isn't really about satisfying a lender or impressing investors. It's about forcing yourself to think through every decision before you've signed a lease and dropped \$200k on equipment you may not actually need.

Restaurants fail at a brutal rate. The National Restaurant Association puts first-year failures around 17%, with about half of all restaurants gone by year five. And usually, it's not because the food was bad. It's weak planning, running out of cash, and operators who never truly understood their numbers until it was too late.

This guide is for people who want to avoid that. Whether you're opening a tiny cafe, a food truck, or a full-service spot, the planning process works the same way. The numbers just look different.



What a Restaurant Business Plan Actually Does

On paper, a business plan is a document describing your concept, market, operations, team, and financial projections. But that description doesn't capture what it's really for.

A good restaurant business plan does three things:

It makes you confront the holes in your thinking before you start spending money. It gives lenders and investors something concrete to evaluate. And once you open it, it acts as an operational reference that keeps everyone on the same page.

Restaurants that skip this process tend to hit a wall somewhere around months three to six. The novelty wears off, the bills pile up, and there's no plan in place to deal with it because there never was one.

Writing a plan doesn't guarantee success. But it asks questions that genuinely improve your odds.



CHAPTER - 3

The 9 Sections of a Restaurant Business Plan

These sections should appear in this order. Each one builds on the last. Don't skip any of them, even if they feel redundant at the time.



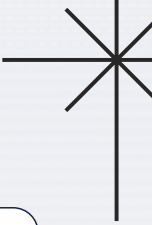
SECTION 1

Executive Summary

Write this last. Almost everyone writes it first, which is why most executive summaries are vague and forgettable.

The executive summary is a condensed version of your entire plan—one to two pages that can stand on its own. Someone should be able to read just this section and walk away knowing what you're building, why it'll work, and what you need.

| What to include:



CONCEPT SUMMARY:

One or two specific sentences. Not "a unique dining experience." Something like: A counter-service taco shop in Austin focused on birria-style proteins and zero-waste prep. That's a concept summary.

MISSION STATEMENT:

Why does this restaurant exist beyond making money?

OWNERSHIP AND TEAM:

Who's behind this? Keep it brief.

LOCATION:

Address or target trade area.

SERVICE MODEL:

Full service, counter service, fast casual, food truck, ghost kitchen.

FINANCIAL SNAPSHOT:

Projected annual revenue, startup capital needed, expected break-even timeline.

THE ASK:

If you're going to a lender or investor, say exactly what you want and how you'll use it.

Investors and loan officers read a lot of plans. If your summary sounds generic, they'll stop reading. Be specific. Be honest about the risks. Show that you actually understand your market.





SECTION 2

Restaurant Concept and Overview

This section addresses the very first, and most basic, question within your plan: what are you building and why will anyone care?

A strong restaurant concept is distinct and clear, different from competitors and aligned with an actual need. Conversely, weak restaurant concepts are vague, focus on trends, and serve the owner's personal tastes rather than demonstrable market demands.

What a strong restaurant concept section includes:

Cuisine and menu style: What are you serving? In what style will it be prepared? What is your price point?

Service model: How will guests interact with your restaurant (e.g., seated service, order-at-counter, delivery-only, or hybrid)?



Restaurant format: Where will your restaurant physically exist (e.g., dining room, food truck, kiosk, ghost kitchen)?

Ambiance and guest experience: How does it feel like to visit your restaurant? What emotions will guests feel?

Brand identity: What is your restaurant called? What is its visual style? What's the story behind it?

Hours of operation: When will your restaurant be open? Will you serve breakfast, lunch, and dinner? Weekends only? 24 hours?



SECTION 3

Market Analysis

This is where most restaurant business plans fall apart. Operators either skip this section entirely or fill it with generic industry statistics that say nothing useful about their specific situation. Quoting the size of the global restaurant market has zero relevance to whether your taco shop on Fifth Street will make money.

Real market analysis is local. It's about a three-mile radius around your location. It's about who lives there, where they're eating now, and whether there's a gap your concept can fill.

Local demographics: Population within one, three, and five miles. Income levels, household sizes, and age ranges. Census.gov and your local city planning office are free starting points.

Daytime population: Are there office buildings, hospitals, or universities nearby? If you're planning a lunch-heavy concept, this matters a lot.

Foot traffic and vehicle counts: Ask your commercial broker. High traffic doesn't automatically mean high sales, but it's part of the picture.



Competition mapping: Look at the five to ten closest competitors. What do they serve? What are their price points? Where are they strong, and where are they weak?

Market gaps: Based on what exists and what the demographic data tells you, where is there actual unmet demand?



COMPETITOR	CUISINE	STRENGTHS	WEAKNESSES
Rosario's Pizza	Pizza (NY style)	Strong brand, loyal repeat customers	No online ordering, closed Mondays
Slice House	Pizza (fast casual)	Fast service, good location	Generic quality, high staff turnover
The Local Table	American casual	Strong brunch following	Limited lunch hours, small menu
Your Concept Here	Detroit-style pizza	Differentiated product, in-house dough	New brand, unproven

Specifically, who is your ideal customer? Not "people who like food" but something like: Urban, 28 to 42 years old, married, dual income householders with an annual income of \$80-130K per year.

They dine out 3-4 nights per week, follow the food channels, and are willing to pay a premium for something that they find unique and interesting. This group does not eat at a chain.

The more defined that individual, the more likely all of your other decisions will flow: the menu, price point, location, marketing, and decor.





SECTION 4

Menu and Pricing Strategy

Your menu is your product. It's also your primary cost driver, your brand expression, and your main competitive differentiator. The business plan doesn't need your full menu, but it needs to show that you've thought through the business logic behind it.

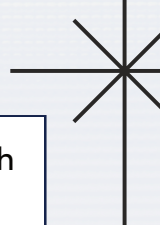
Menu Scope

Describe the categories, the general number of items per category, and the price range. Include a representative sample of dishes enough for a reader to understand the style, the positioning, and the price point.



For a fast casual pizza concept, this might look like:

CATEGORY	# OF ITEMS	PRICE RANGE	WEAKNESSES
Whole pies (personal, 10")	6	\$12 - \$16	Core menu: rotating seasonal
Whole pies (large, 14")	6	\$20 - \$26	Core menu: same recipes scaled



Specialty slices (lunch)	4-6	\$5 - \$7	Grab-and-go during lunch service
Salads	3	\$9 - \$13	Fresh, complement pizza
Beverages	8 - 10	\$3 - \$6	Craft sodas, local beer, and wine
Whole pies (large, 14")	2 - 3	\$4 - \$6	Simple; high-margin

Menu Pricing and Food Cost

Every item on your menu should be priced using food cost math, not gut feel. The standard formula is:

Menu price = Ingredient cost ÷ Target food cost percentage.

Example: If the ingredient cost of a pizza is \$6.50 and your target food cost is 28%, the minimum menu price should be: $\$6.50 \div 0.28 = \23.21

Industry benchmarks place restaurant food costs between 28% and 35% of revenue. Fine dining often sits in the lower end of that range because higher menu prices offset ingredient costs. Fast casual and QSR concepts typically target 28% to 32%.

Your business plan should document your target food cost percentage and show that your pricing supports it. This gives investors and lenders confidence that you understand basic unit economics.

High-Margin Item Strategy

Not every item needs to carry an equal margin. Beverages, particularly alcohol, craft sodas, and coffee, typically carry 60% to 80% margins and can significantly offset the thinner margins on food items. Your plan should note how beverage and high-margin items factor into your overall profitability model.





SECTION 5

Location, Facility, and Build-Out Plan

Location will have more impact on your restaurant's outcome than almost anything else you decide. A strong concept in the wrong spot will struggle. A fairly ordinary concept with great foot traffic and good visibility can survive for years.

Evaluating a Location

Visibility and accessibility: Can people see you from the street? Are there parking facilities available? Can customers reach your restaurant by walking, by car, and by transit?

Surrounding businesses: Are there any surrounding businesses nearby, such as gyms, grocery stores, offices, or theaters that generate consistent traffic that help your business?

Size and layout: Does the square footage actually match your restaurant's needs? What's the ratio of front-of-house to back-of-house?

Prior use: A second-generation restaurant space, one that's been a restaurant before, can save you \$50,000 to \$150,000 in build-out costs. Existing ventilation, grease traps, gas lines, and plumbing are worth a lot.

Lease terms: All these are essentials: Base rent, CAM charges, lease length, and rent escalation clauses. Read all of it carefully.

Rent as a Percentage of Sales

Occupancy costs, rent plus CAM, should ideally fall between 5% and 10% of gross sales. This is one of the most important ratios to understand before signing anything.

Example:

If you project \$80,000 in monthly revenue and your rent is \$9,000, your occupancy cost is 11.25% above the recommended range. Either revenue needs to go up, or rent needs to come down.

Signing a lease at a rental rate that requires unrealistic sales volume to justify is one of the fastest ways to get into trouble before you even open.



SECTION 6

Operations Plan

The operations section is where your plan transitions from vision to execution. This is consistently the weakest section in first-time restaurant plans because operators focus intensely on what they will serve and give almost no thought to how they will run the business day to day.

Experienced lenders and investors read this section carefully. It tells them whether you actually understand what operating a restaurant requires.

What to cover:

- **Hours of operation:**

Days and hours of service, including any variation by daypart or day of week.

- **Service model:**

Describe the guest journey from the moment they walk in to the moment they leave. How does ordering work? How is food delivered? How are checks handled?

- **Kitchen operations:**

How will the kitchen be organized? What are your prep schedules? How will you handle peak service volume?

- **Technology and POS:**

What point-of-sale system will you use? How will you manage online ordering, delivery platform integrations, and reservations?

- **Supplier relationships:**

Who are your primary food and beverage suppliers? Do you have backup suppliers identified for key ingredients?



- **Inventory management:**

How will you track food inventory? How frequently will you order? Who is responsible for it?

- **Licensing and permits:**

What licenses are required, and what is your realistic timeline to obtain them?

Licensing and Permits

This trips up more operators than almost anything else. Getting the right permits takes longer than people expect, and a missing one can delay your opening by weeks.

Required permits vary by location, but generally include:

- ✓ Business license from your city or county
- ✓ Food service establishment permit from your health department
- ✓ Certificate of occupancy from the building department
- ✓ Fire safety inspection and occupancy certificate
- ✓ Seller's permit for sales tax
- ✓ Liquor license (if applicable this alone can take 60 to 120 days in many states)
- ✓ Sign permits
- ✓ Food handler certifications for kitchen staff

On the liquor license specifically: start the application immediately if you plan to serve alcohol. In many states, it takes 90 to 180 days from application to approval. Operators who start late often open without a working bar program during the exact months they most need the revenue.



SECTION 7

Management Team and Staffing Plan

Restaurants fail less often because of bad food and more often because of weak management. Investors know this. If your management team doesn't have direct restaurant experience, that's a significant risk factor you need to address directly.



Leadership Team

Describe each key member of your team, including:

- ✓ Name and role
- ✓ Relevant restaurant or business experience
- ✓ What they are personally responsible for in the operation

If you have gaps, acknowledge them and describe how you plan to fill them, whether through hiring an experienced GM, partnering with a culinary consultant, or bringing on an operating partner.





Staffing Plan

Your staffing plan should outline the positions you'll need, the number of full-time versus part-time roles, and your estimated payroll cost. Here's a sample staffing structure for a mid-size fast casual restaurant with projected monthly revenue of \$90,000:

POSITION	# OF STAFF	AVG. HOURLY RATE	EST. MONTHLY LABOR COST
General Manager	1	\$55,000/yr salary	\$4,583
Kitchen Manager / Lead Cook	1	\$22 - \$26/hr	\$3,500 - \$4,200
Line Cooks	3-4	\$17 - \$21/hr	\$6,000 - \$8,500
Prep Cooks	2	\$15 - \$18/hr	\$2,400 - \$2,900
Counter / FOH Staff	4-5	\$13 - \$16/hr + tips	\$3,200 - \$4,200
Dishwashers / Support	2	\$14 - \$16/hr	\$2,200 - \$2,700
Total Estimated Labor			\$21,883 - \$27,083

At \$90,000 monthly revenue, total labor in this range represents approximately 24% to 30% of gross sales within the target range of 25% to 35% commonly cited by industry benchmarks, including the National Restaurant Association's annual operations data.

Labor is your second-highest operational cost after food. Budget it carefully and build scheduling flexibility into your staffing model so you're not overpaying for slow periods.





SECTION 8

Marketing and Customer Acquisition Plan

The average restaurant marketing plan outlines tactics but does not explain strategy. The list includes "social media, email marketing, local events," and more. This isn't a plan, it's a list.

A true restaurant marketing plan answers 3 things: Who are you targeting? How are you reaching them? What's the price to acquire and maintain a customer?

Pre-Opening Marketing


The 60 to 90 days before opening is to "build awareness" before you have the demand. Some common tactics:

Set up your Google Business Profile: Claim your listing immediately and update your location, hours, and category. This is the highest-leverage, free marketing activity you will do for a local restaurant.

Social media teaser content: You are "pre-selling" your restaurant. Behind-the-scenes shots, kitchen builds, staff training, and food tests build genuine local engagement.

Soft opening approach: You might be tempted to let your best customers do the soft opening, or rather, let friends and family test things out so you can work on it.





Local press outreach: You can get valuable media coverage from food reporters at local newspapers, alt-weeklies, and food bloggers will be all over new openings. A targeted press release, or even just a personalized letter, can easily get you publicity worth more than an expensive ad campaign.

Email list growth: Start an email list on day one. 500 local people who willingly signed up because they're passionate about your concept will be infinitely more valuable than 5,000 social media followers randomly accumulated.

Ongoing Marketing Channels

Local press outreach: DoorDash, Uber Eats, and Grubhub will drive customers to your business, but these services take a 20-30% cut. Understand your unit economics, including this, before you begin depending on them too heavily.

Points-based loyalty program: Simple loyalty programs that give a point for each dollar spent and provide a reward after x points increase visit frequency from existing customers. Most modern POS systems will have this feature.

Google Ads (local): Local search terms are high-intent, so local search Google Ads (e.g., 'pizza near me', 'best tacos in [city]') can drive good traffic with relatively low ad spend (\$500-1500/mo likely appropriate for a small local business).

Instagram/TikTok: Visual content performs well for restaurants. Consistent posting of food, kitchen process, and team content builds local brand recognition over time.



Marketing Budget

Budget 1% to 3% of projected gross revenue, especially in year one. For a restaurant projecting \$900,000 annually, that's \$9,000 to \$27,000 for the year—roughly \$750 to \$2,250 per month.



SECTION 9

Financial Plan

This is the section that determines whether you get funded. It's also where most operators either oversimplify or make things unnecessarily complicated. The goal is accuracy and realism. Not optimism.

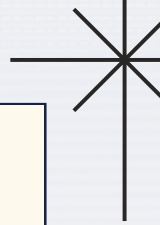
Your financial section should include four documents: a startup cost estimate, a monthly revenue projection (months 1 through 12), a monthly expense projection, and a break-even analysis.

Part A

Startup Cost Estimate

Before you can project revenue, you need to know what it costs to open. Here's a sample estimate for a mid-size fast casual concept in a second-generation space:

COST CATEGORY	LOW ESTIMATE	HIGH ESTIMATE	NOTES
Leasehold improvements / build-out	\$80,000	\$200,000	Second-gen space with existing kitchen infrastructure
Kitchen equipment	\$35,000	\$80,000	New or refurbished commercial equipment
Furniture, fixtures, signage	\$15,000	\$40,000	Depends heavily on the concept and design level
POS system and technology	\$3,000	\$10,000	Hardware + software; varies by system
Initial inventory (food and supplies)	\$8,000	\$15,000	First 2-3 weeks of operation
Licenses and permits	\$2,000	\$8,000	Health dept, business license, fire, etc.
Legal and accounting fees	\$3,000	\$8,000	Entity formation, lease review, and accountant setup
Marketing and pre-opening	\$5,000	\$15,000	Signage, social media, soft launch costs
Working capital reserve	\$40,000	\$80,000	3-6 months of operating expenses



Miscellaneous / contingency (10%)	\$19,100	\$45,600	Budget for the unexpected
TOTAL ESTIMATED STARTUP COST	\$210,100	\$501,600	

Working capital, the cash reserve you hold to cover operating losses in the early months before you reach profitability, is chronically underfunded by first-time operators. Most industry guidance recommends having three to six months of operating expenses in reserve before you open. If your monthly operating cost is \$60,000, that means \$180,000 to \$360,000 set aside before you collect a dollar of revenue.

Working capital is chronically underfunded by first-time operators. Most guidance recommends three to six months of operating expenses in reserve before you open. If your monthly operating cost is \$60,000, that means \$180,000 to \$360,000 sitting in reserve before you take in a single dollar of revenue.

Part B

Monthly Revenue Projection

Build revenue projections from the bottom up, not by picking a number you like and working backwards.

Monthly Revenue Formula:

$$\text{Seats} \times \text{Average table turns per service} \times \text{Average check per guest} \times \text{Days open per month} = \text{Monthly Revenue}$$

Example:

$$50 \text{ seats} \times 2.5 \text{ turns} \times \$22 \text{ average check} \times 26 \text{ days open} = \$71,500/\text{month}$$

Build this for each daypart you operate: lunch, dinner, weekend brunch, and add them together. It forces you to make explicit assumptions about table turns and average check, both of which you can benchmark against similar concepts.

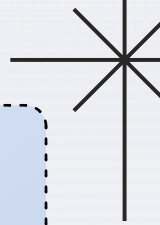
A realistic first-year projection usually looks like this: months one through three at 40% to 60% of capacity, months four through six at 60% to 75%, months seven through twelve at 75% to 90%. If you're projecting near-full capacity from month one, any experienced reader will flag it immediately.

Part C

Monthly Operating Expense Projection

Here's a sample monthly operating budget for a fast casual restaurant projecting \$85,000 in monthly revenue at stabilization (roughly month six or seven):

EXPENSE CATEGORY	MONTHLY AMOUNT	PERCENTAGE OF REVENUE	INDUSTRY BENCHMARK
Food and beverage cost (COGS)	\$25,500	30%	28% - 35%
Total labor (wages, taxes, benefits)	\$24,500	28.8%	25% - 35%
Rent and occupancy (base + CAM)	\$7,200	8.5%	5% - 10%
Utilities (gas, electric, water)	\$3,200	3.8%	3% - 5%
Supplies (non-food)	\$1,700	2.0%	1% - 3%
Marketing and advertising	\$1,500	1.8%	1% - 3%
Technology (POS, software, delivery fees)	\$1,800	2.1%	1% - 3%
Insurance	\$900	1.1%	0.5% - 1%
Repairs and maintenance	\$800	0.9%	0.5% - 1%
Credit card processing fees	\$1,200	1.4%	1.5% - 2.5%
Administrative and miscellaneous	\$1,000	1.2%	0.5% - 1%
Total Operating Expenses	\$69,300	81.5%	
Net Operating Profit	\$15,700	18.5%	3% - 9% is a typical net margin



Note:

The 18.5% net margin in this example is above the industry average. It reflects tight cost control and a stabilized operation. In months 1 through 4, expect losses or near-breakeven as you ramp up volume. That's why the working capital reserve is critical.

Part D

Break-Even Analysis

Your break-even point is the monthly revenue at which you're covering all costs, no profit, no loss. You need to know this number before you sign anything.



Break-Even Formula:

$$\text{Fixed Monthly Costs} \div (1 - \text{Variable Cost Ratio}) = \text{Break-Even Revenue}$$

Example:

Fixed monthly costs (rent, insurance, salaried staff): \$16,500.

Variable costs as % of revenue: 65%.

$$\$16,500 \div (1 - 0.65) = \$16,500 \div 0.35 = \$47,143/\text{month}$$

Overlay this against your monthly revenue ramp-up projection. It shows readers exactly when you expect to stop losing money. If that timeline stretches past 18 months, you likely have a capitalization problem more than a revenue problem.

Funding Sources

Document where your startup capital is actually coming from:

- **Personal savings:**

Most common source. Lenders typically want to see the owner putting in at least 20% to 30% of total startup costs.

- **SBA 7(a) loans:**

The most widely used program for restaurant startups. Loan amounts up to \$5 million, terms up to 10 years for working capital.

- **SBA 504 loans:**

Primarily for fixed assets like commercial kitchen equipment or real estate. Requires a Certified Development Company to administer.

- **Conventional bank loans:**

Higher credit requirements, but potentially faster. Most banks want two to three years of business tax returns; first-time operators usually need SBA backing.

- **Friends and family:**

Common for early-stage concepts. Whatever the relationship, document everything formally, a promissory note or equity agreement at minimum.

- **Restaurant-specific investors:**

Hospitality-focused private investors who understand the industry. Often found through local restaurant associations, culinary accelerator programs, and industry events.



The Most Expensive Mistakes Restaurant Owners Make in Their Business Plans

After going through plans with independent operators, fast casual startups, and multi-unit groups, the same errors keep showing up. These are the ones that cause real financial damage.

1 Projecting Unrealistic Revenue from Day One

New restaurants almost never hit full capacity in the first three months. If your cash flow model assumes 80% to 90% capacity out of the gate, it's going to miss badly. Conservative projections protect your reserves. That's not pessimism, it's just how this works.

2 Underestimating Total Startup Costs

The number most operators start with is usually 30% to 50% below what they actually spend. Construction runs over. Equipment gets delayed. Permits take longer than expected. Always add a 10% to 15% contingency on top of your itemized estimate.

3 Confusing Revenue with Profitability

A restaurant doing \$1.5 million a year sounds great. But if food and labor eat 68% of that, and occupancy takes another 10%, there isn't much left. Build your plan around margins and net profit, not just top-line numbers.

4 Writing Vague Competitive Analysis

"We have no direct competition" is a statement that will immediately undermine your credibility with any experienced reader. You always have competition: direct competitors, indirect substitutes, and the option to just cook at home. Show that you understand the landscape.

5 Glossing Over Staffing Costs

Labor costs have risen sharply in most U.S. markets over the past several years. Multiple states have raised minimum wages significantly. Use current local wage rates in your projections, not national averages. Include payroll taxes, benefits, and turnover costs because turnover in this industry is real and expensive.

6 No Contingency Capital

Running out of cash is the proximate cause of most restaurant failures. It's rarely the only cause, but it's always the final one. If your plan shows you opening with exactly enough money to cover build-out and two weeks of inventory, you're planning to fail. Budget a real cash reserve and protect it.



Restaurant Business Plan Checklist

Use this to verify your plan covers the essentials before you submit it to a lender, show it to an investor, or finalize it for your own use:

SECTION	KEY ELEMENTS	INCLUDED?
Executive Summary	Concept, team, location, financial snapshot, the ask	<input type="checkbox"/>
Concept Overview	Cuisine, service model, format, brand, hours, experience	<input type="checkbox"/>
Market Analysis	Local demographics, competition map, customer definition	<input type="checkbox"/>
Menu and Pricing	Item categories, price ranges, food cost math, high-margin items	<input type="checkbox"/>
Location and Facility	Site analysis, rent/sales ratio, build-out budget	<input type="checkbox"/>
Operations Plan	Service model, staffing structure, licensing timeline, tech	<input type="checkbox"/>
Management Team	Key roles, relevant experience, hiring plan for gaps	<input type="checkbox"/>
Marketing Plan	Pre-opening strategy, channels, customer acquisition, and budget	<input type="checkbox"/>
Financial Plan	Startup costs, revenue projections, expense budget, break-even, and funding sources	<input type="checkbox"/>

Conclusion

The plan you write before you open will look pretty different from what your business actually becomes at month six. That's not a failure of planning; that's just how restaurants work.

What matters is that you built the plan carefully enough to actually understand your unit economics, your cash position, and the assumptions behind your numbers. When those assumptions change, and they will, you'll know exactly what to adjust.

The operators who treat their business plan as a working tool rather than a document they filed away after funding are the ones who make it past year one and actually build something. The ones who treat it as a box to check on the way to opening day rarely do.

Build the plan. Know your numbers. Go in with your eyes open.



[Explore Restaurant Resources](#)

