



JOHN R. WALKER

The
Restaurant

FROM CONCEPT TO OPERATION

Seventh Edition

WILEY

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To Donald Lundberg, PhD,
my mentor, colleague, and friend.
Don was admired and respected
in the halls of academia
as a scholar and pioneer
of hospitality and tourism education.

And to you, the professors, students,
and future restaurant owners, wishing
you success and happiness.

Photos were taken by the author unless otherwise noted.

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Preface

I recently spoke with a former student, now the owner of a new independent restaurant venture in a large city full of delectable dining spots. This restaurant, over time, had established itself as a pillar of the community. This particular restaurateur had been in business for just over two years; and from day one, his seats were filled with eager and optimistic guests who had either heard the hype or already experienced the wonder this establishment was known to offer.

I asked him how he managed to continuously garner so much business in an area known for being a dining “mecca.” Moreover, how had he managed to maintain relevance and peak interest in a city that both opens and closes more restaurants than anywhere else in the country? His response was simple, but it spoke wonders about what I have been trying to accomplish as a teacher and writer of restaurant books. He said: I went to school, I read your book, and I paid attention to the details.

Now in its *Seventh Edition*, *The Restaurant: From Concept to Operation* continues the success of previous editions, providing the skills and information needed to succeed in this highly competitive and rewarding industry.

The opportunity to be the leader of a highly efficient and enthusiastic team is appealing—the responsibility for the business rests on your shoulders. With *The Restaurant, Seventh Edition*, you will learn how to lead and empower a well-trained team to increase guest satisfaction, revenues, and return on investment. After all, isn’t profit the goal? In today’s competitive market, a well-thought-out concept and location are paramount to the success to the operation. Whether your concept is for a small town or large city, strip mall or free-standing operation, franchise or new concept, the basic rules outlined in *The Restaurant* will apply.

About This Book

FOR THE STUDENT

Opening a restaurant is a distinct challenge. It is also a thrill that gives one the opportunity for tremendous creative expression. Developing the menu, creating a new dish, designing the décor, attending to the level of service, and establishing an ambience—all of these factors contribute to exceeding guest expectations.

The Restaurant will help those who are interested in learning more about the restaurant industry. It will help students gain the knowledge they need to be successful in an easy-to-read style with several pedagogical features—such as sidebars, case studies, and profiles of successful restaurateurs—that impart the knowledge of experts for the benefit of students.

FOR THE INSTRUCTOR

The Restaurant is a comprehensive primer for restaurant management courses at the college and university level. It is used for a variety of restaurant courses and covers everything from the concept; types of ownership; types of restaurants; menus, planning,

and equipping the kitchen; purchasing; bar and beverages; operations, budgeting and control; food production and sanitation; restaurant leadership and management; organization and staffing; training and development; service and guest relations; technology; business and marketing plans; financing and leasing; and legal and tax matters.

The Restaurant assumes no specific knowledge other than a general familiarity with restaurants. It can be used at any course level in a restaurant, hospitality, or culinary arts program. It is also suitable for seminars and continuing education courses.

Helping to meet continuing restaurant challenges is the oncoming wave of students who have studied culinary arts and restaurant management, and those who view the restaurant business as a career of choice. A restaurant can be fun to operate, and the profit margins can be substantial. It is interesting to learn that at least one billionaire, Tom Monaghan, made his fortune in the pizza business, and that dozens of millionaires have acquired fortunes in restaurants. Some of their stories are told in this book.

New To This Edition

For *The Restaurant, Seventh Edition*, revisions include:

- **New reorganization of the chapters:** This edition is condensed to 15 chapters, now better fitting a traditional semester schedule and consolidated for a more coherent read.
- **A Case Study has been added to each chapter:** These new case studies will help improve students' critical thinking skills. A shorter version of the Case Study is included at the end of each chapter, while an extended version is available on the Wiley Book Companion website (www.wiley.com/college/walker) for this new edition.
- **Information on pop-ups, food trucks, gluten-free cooking, and menu items** is now included
- Examples and discussions of **new restaurant concepts** and their founders are now included.
- **New sections on successful strategies in healthy eating, veganism, and vegetarianism**, and how they all relate to the restaurant business, are now included.
- **A new section on food allergy safety precautions** and properly training staff to handle allergy attacks is now included.
- An updated discussion on how it's easy being "green": The **themes of sustainability** and **sustainable restaurant management** have been updated throughout this new edition.
- An increased **focus toward the independent restaurateur** has been continued for this new edition.
- **An updated and extended section on purchasing meat** has been added to Chapter 6: Food Purchasing.
- **New sections on wine** have been added to Chapter 7: Bar and Beverages.
- **Additional emphasis on restaurant business plans, restaurant management, training, and restaurant operations** is included in this new edition.

Additionally, each chapter has been revised, updated, and enhanced with numerous industry examples, sidebars offering advice, charts, tables, and photographs. All these additions and changes enhance the contents, look, and usefulness of the book.

ORGANIZATION

The Restaurant, Seventh Edition is carefully structured for teaching and learning. Now consolidated into 15 chapters, *The Restaurant* is organized into five parts that take the reader step-by-step through the process of creating, opening, operating, and managing a restaurant:

Part One: Restaurants, Owners, Locations, and Concepts

- Chapter 1. Introduction
- Chapter 2. Restaurants and Their Owners
- Chapter 3. Concept, Location, and Design

Part Two: Menus, Kitchens, and Purchasing

- Chapter 4. The Menu
- Chapter 5. Planning and Equipping the Kitchen
- Chapter 6. Food Purchasing

Part Three: Restaurant Operations

- Chapter 7. Bar and Beverages
- Chapter 8. Operations, Budgeting, and Control
- Chapter 9. Food Production and Sanitation

Part Four: Restaurant Management

- Chapter 10. Restaurant Leadership and Management
- Chapter 11. Organization, Recruiting, and Staffing
- Chapter 12. Training, and Service
- Chapter 13. Technology in the Restaurant Industry

Part Five: Business Plans, Financing, and Legal Matters

- Chapter 14. Restaurant Business and Marketing Plans
- Chapter 15. Financing and Leasing

LEARNING FEATURES

The writing in *The Restaurant, Seventh Edition*, is clear, engaging, and written in a conversational style using numerous industry examples for ease of understanding.

Following are pedagogical features found within each chapter:

- Clearly stated **Learning Objectives** help students and faculty monitor learning progress.
- Numerous **Industry Examples** are interspersed throughout to help students understand the topics and concepts being discussed.

- Interesting **Sidebars** engage students with highlighted facets of the restaurant industry.
- New **Photos** enliven the text, while updated **diagrams, flowcharts, and sample materials** provide examples and focal points for discussion.
- **Restaurant Profiles** are featured at the beginning of each of the five parts of the book. These profiles highlight a particular restaurant and detail all components of its organization.
- **Summary** sections are found at the end of each chapter, recapitulating the overall major points for students and instructors to reference.
- **Key Terms and Concepts** are highlighted in the text and described in the glossary. A list of these key terms is also provided at the end of every chapter.
- **Review Questions** help hone the students' skills and offer critical-thinking opportunities.
- A new **Case Study** feature with critical thinking questions has been added to each chapter.
- **Internet Exercises** provide opportunities to go beyond the book in search of information relating to each of the chapters. These exercises are available online on the Wiley Book Companion website (www.wiley.com/college/walker) for this edition.

Additional Resources

To aid students in retaining and mastering restaurant management concepts, there is a *Student Study Guide* (ISBN: 978-1-118-62960-4) that includes chapter objectives, chapter outlines, and practice quizzes with key term and concept review. Additionally, a comprehensive online *Instructor's Manual* with *Test Bank* accompanies this book and is available to instructors to help them effectively manage their time and to enhance student learning opportunities.

The *Test Bank* has been specifically formatted for *Respondus*, an easy-to-use software program for creating and managing exams that can be printed to paper or published directly to Blackboard, WebCT, Desire2Learn, eCollege, ANGEL, and other eLearning systems. Instructors who adopt this book can download the *Test Bank* for free.

A password-protected Wiley Instructor Book Companion website devoted entirely to this book (www.wiley.com/college/walker) provides access to the online *Instructor's Manual* and the text-specific teaching resources. The *Respondus Test Bank* and the *Lecture PowerPoints* are also available on the website for download.

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And, finally, to the numerous restaurant operators who have graciously given their time and ideas, photographs, and menus, my sincere appreciation.

PART ONE

Restaurants, Owners, Locations, and Concepts

The Concept of B. Café

B. Café is a Belgian-themed bistro offering a wide variety of beer and a cuisine that is a Belgian and American fusion. B. Café has three owners, Skel Islamaj, John P. Rees, and Omer Ipek. Islamaj and Ipek are from Belgium, and Rees is American. The owners felt that there was a niche in New York for a restaurant with a Belgian theme. Out of all the restaurants in New York, only one or two offered this type of concept, and they were doing well. Since two of the owners grew up in Belgium, they were familiar and comfortable with both Belgian food and beer. Today B. Café offers over 25 Belgian brand beers, and the list is growing.



Courtesy of B. Café

LOCATION

B. Café is located on 75th Street in New York City. The owners looked for a location for two years before

finding the right place. They came across the location after checking the area and finding a brand-new

restaurant whose owner offered to sell. According to owner Islamaj, going with a building that held

occupancy as a restaurant was “a good way to control cost.” They did some renovations and adapted what already existed.

MENU

B. Café’s third partner, John P. Rees (who is also the culinary director and executive chef) created the menu. The men wanted a menu that was a fusion of Belgian and American, but did not want to compromise their ethnic backgrounds. They created a menu with many options that was not too ethnic as to alienate people. By doing this they hoped to target the mainstream.

PERMITS AND LICENSES

The building where B. Café is located today was previously a restaurant. This made the obtaining of permits and licenses a bit easier than it would have been had the building not been a restaurant before. Some of the licenses were transferred over. The owners hired lawyers to obtain other permits and licenses needed to gain occupancy. B. Café is a limited liability corporation (LLC) with three owners. The owners of B. Café strongly recommend going with a preestablished site when opening a new restaurant.

MARKETING

The owners of B. Café were lucky to be well known in the food critic

and journalism community. Their preopening marketing consisted of contacting old connections, which landed them an article in a newspaper. They recommend that anyone who is considering opening a restaurant should send out a one-time press release.

CHALLENGES

The first main challenge for the owners of B. Café was finding the right staff. They also found organizing vendors and purchasing products (such as their beer) in quantity to be challenging because when you first open, “you have to buy, buy, and buy” to be sure that you have enough, but you don’t know what quantities you will need. You should also expect to go over budget. At minimum, you should take what your expected budget is and then add on 20 percent.

FINANCIAL INFORMATION

Annual sales at B. Café are expected to reach \$1 million in the first year. They have about 540 guest covers a week. Guest checks average \$38 per person. A breakdown of sales percentages follows.

- Percentage of sales that goes to rent: approximately 9 percent
- Percentage of food sales: 85 percent
- Percentage of beverage sales: 15 percent

- They cannot estimate their percentage of profit (it is 0 percent so far), as the Café opened three weeks prior to this interview.

WHAT TURNED OUT DIFFERENT FROM EXPECTED?

The sales the first week were as expected. Sales in the second week went down due to the holidays. This was not anticipated. Other than this, all went as planned.

MOST EMBARRASSING MOMENT

When I asked Skel Islamaj what his most embarrassing moment during opening was, he responded that on the day of opening, a customer ordered coffee. That is when “we realized that we forgot to order coffee!” There was none! All was okay though; a server went to a coffee-house and purchased some to get them through.

ADVICE TO PROSPECTIVE ENTREPRENEURS FROM THE OWNERS OF B. CAFÉ

1. Understand the business before you get into it.
2. Location, location, location!
3. Believe in your business, never give up, and be persistent.

CHAPTER

1

Introduction

LEARNING OBJECTIVES

After reading and studying this chapter, you should be able to:

- Discuss reasons why some people open restaurants.
- List some challenges of restaurant operation.
- Outline the history of restaurants.
- Compare the advantages and disadvantages of buying, building, and franchising restaurants.

Courtesy of the Cohn Restaurant Group



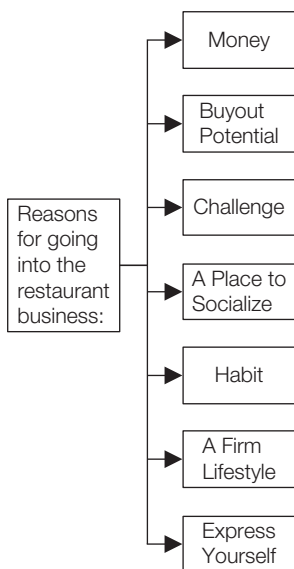


FIGURE 1.1 Reasons for going into the restaurant business.

Restaurants play a significant role in our lifestyles, and dining out is a popular social activity. Everyone needs to eat—so, to enjoy good food and perhaps wine in the company of friends and in pleasant surroundings is one of life’s pleasures. Eating out has become a way of life for families. Today, more meals than ever are being eaten away from home.

The successful restaurant offers a reasonable return on investment. One restaurant, then two, then perhaps a small chain. Retire wealthy. To be a winner in today’s economy requires considerable experience, planning, financial support, and energy. Luck also plays a part. This book takes you from day one—that time when you dream of a restaurant—through the opening and into operation. The kind of *restaurant concept* you select determines, to a large extent, the kind of talents required. Talent and temperament correlate with restaurant style. Managing a quick-service restaurant is quite different from being the proprietor of a luxury restaurant. Each choice makes its own demands and offers its own rewards to the operator.

This book shows the logical progression from dream to reality, from concept to finding a market gap to operating a restaurant. Along the way, it gives a comprehensive picture of the restaurant business.

Going into the restaurant business is not for the faint of heart. People contemplating opening a restaurant come from diverse backgrounds and bring with them a wealth of experience. However, there is no substitute for experience in the restaurant business—especially in the segment in which you are planning to operate.

So why go into the restaurant business? Here are some reasons others have done so, along with some of the liabilities involved. Figure 1.1 shows reasons for going into the restaurant business.

- **Money:** The restaurant is a potential money factory. According to the *National Restaurant Association (NRA)* the restaurant industry totals \$632 billion in sales. Successful restaurants can be highly profitable.¹ Even in a struggling economy the NRA predicts the restaurant industry employs 12.9 million in 970,000 locations.² A restaurant with a million-dollar sales volume per year can generate \$150,000 to \$200,000 per year in profit before taxes. But a failing restaurant, one with a large investment and a large payroll, can lose thousands of dollars a month. Most restaurants are neither big winners nor big losers.
- **The potential for a buyout:** The successful restaurant owner is likely to be courted by a buyer. A number of large corporations have bought restaurants, especially small restaurant chains. The operator is often bought out for several million dollars, sometimes with the option of staying on as president of his or her own chain. The older independent owner can choose to sell out and retire.
- **A place to socialize:** The restaurant is a social exchange, satisfying the needs of people with a high need for socialization. Interaction is constant and varied. Personal relationships are a perpetual challenge. For many people there is too much social interplay, which can prove exhausting. On a typical day in America, more than 130 million individuals will be food service patrons.³
- **Love of a changing work environment:** A number of people go into the restaurant business simply because the work environment is always upbeat and

constantly changing. A workday or shift is never the same as the last. One day you're a manager and the next day you could be bartending, hosting, or serving. Are you bored of sitting behind a desk day after day? Then come and join us in the constantly evolving restaurant world!

- *Challenge:* Few businesses offer more challenge to the competitive person. There is always a new way to serve, new decor, a new dish, someone new to train, and new ways of marketing, promoting, and merchandising.
- *Habit:* Once someone has learned a particular skill or way of life, habit takes over. Habit, the great conditioner of life, tends to lock the person into a lifestyle. The young person learns to cook, feels comfortable doing so, enjoys the restaurant experience, and remains in the restaurant business without seriously considering other options.
- *A fun lifestyle:* People who are especially fond of food and drink may feel that the restaurant is “where it is,” free for the taking, or at least available at reduced cost. Some are thrilled with food, its preparation, and its service and it can also be fun to be a continuous part of it.
- *Too much time on your hands:* A lot of people retire and decide to go into the business because they have too much time on their hands. Why a restaurant? Restaurants provide them with flexibility, social interaction, and fun!
- *Opportunity to express yourself:* Restaurant owners can be likened to theatrical producers. They write the script, cast the characters, devise the settings, and star in their own show. The show is acclaimed or fails according to the owner's talents and knowledge of the audience, the market at which the performance is aimed.

When restaurant owners were asked by the author and others what helped most “in getting where you are today,” steady, hard work came out far ahead of any other factor. Next in line was “getting along with people.” Then came the possession of a college degree. Close also was “being at the right place at the right time.” Major concerns were low salaries, excessive stress, lack of room for advancement, and lack of long-term job security.

Opening and operating a restaurant takes dedication, high energy, ambition, persistence, and a few other ingredients discussed throughout this text. As Carl Karcher, founder of Carl's Jr., said, in America you can easily begin a restaurant as he did, on a cart outside Dodger Stadium selling hot dogs.

Early History of Eating Out⁴

Eating out has a long history. Taverns existed as early as 1700 B.C.E. The record of a public dining place in Ancient Egypt in 512 B.C.E. shows a limited menu—only one dish was served, consisting of cereal, wild fowl, and onion. Be that as it may, the ancient Egyptians had a fair selection of foods to choose from: peas, lentils, watermelons, artichokes, lettuce, endive, radishes, onions, garlic, leeks, fats (both vegetable and animal), beef, honey, dates, and dairy products, including milk, cheese, and butter.

The ancient Romans were great eaters out. Evidence can be seen even today in Herculaneum, a Roman town near Naples that in 70 A.D. was buried under some 65 feet of mud and lava by the eruption of Mt. Vesuvius.⁵ Along its streets were a number of snack bars vending bread, cheese, wine, nuts, dates, figs, and hot foods. The counters were faced with marble fragments. Wine jugs were imbedded in them, kept fresh by the cold stone. Mulled and spiced wines were served, often sweetened with honey. A number of the snack bars were identical or nearly so giving the impression that they were part of a group under single ownership.

Bakeries were nearby, where grain was milled in the courtyard, the mill turned by blindfolded asses. Some bakeries specialized in cakes. One of them had 25 bronze baking pans of various sizes, from about 4 inches to about 1.5 feet in diameter.

After the fall of Rome, eating out usually took place in an inn or tavern, but by 1200 there were cooking houses in London, Paris, and elsewhere in Europe, where cooked food could be purchased but seating wasn't available. Medieval travelers dined at inns, taverns, hostelrys, and monasteries.

The first café was established in then Constantinople in 1550. It was a coffeehouse, hence the word *café*, the French word for *coffee*.⁶ (Both *café*, usually described as a small restaurant and bar, and *cafeteria*, find their roots here.) The coffeehouse, which appeared in Oxford in 1650 and seven years later in London, was a forerunner of the restaurant today. Coffee at the time was considered a cure-all. As one advertisement in 1657 had it: “. . . Coffee closes the orifices of the stomach, fortifies the heat within, and helpeth digesting. . . is good against eyesores, coughs, or colds* . . .” Lloyd's of London, the international insurance company, was founded as Lloyd's Coffee House. By the eighteenth century, there were about 3,000 coffeehouses in London. Coffeehouses were also popular in Colonial America. Boston had many of them, as did Virginia and New York.

In the eighteenth century, with the exception of inns that were primarily for travelers, food away from home could be purchased in places where alcoholic beverages were sold. Such places were equipped to serve simple, inexpensive dishes either cooked on the premises or ordered from a nearby inn or food shop. Tavern-restaurants existed in much of Europe, including France and Germany, which had *Winestuben* serving wine, *Delicatessen* (delicious food), sauerkraut, and cheese. In Spain *bodegas* served tapas. Greek taverns served various foods with olive oil.

French Culinary History

The first restaurant ever was called a “public dining room” and originated in France. Throughout history France has played a key role in the development of restaurants. The first restaurant that actually consisted of patrons sitting at a table and being served individual portions, which they selected from menus, was founded in 1782 by a man named Beauvilliers. It was called the Grand Taverne de Londres. However, this was not the beginning of the *restaurant concept*.

* <http://restaurantmanagementandoperations.blogspot.com/2013/04/early-history-of-eating-out.html> retrieved on April 30, 2013.

The first restaurant proprietor is believed to have been A. Boulanger, a soup vendor, who opened his business in Paris in 1765.⁷ He sold soups at his all-night tavern on the Rue Bailleul. He called these soups *restorantes* (restoratives), which is the origin of the word *restaurant*. Boulanger believed that soup was the cure to all sorts of illnesses. However, he was not content to let his culinary repertoire rest with only a soup kitchen. By law at the time, only hotels could serve “food” (soup did not fit into this category). In 1767, he challenged the *traiteurs*’ (hotel restaurateurs’) monopoly and created a soup that consisted of sheeps’ feet in a white sauce. The *traiteurs*’ guild filed a lawsuit against Boulanger, and the case went before the French Parliament. Boulanger won the suit and soon opened his restaurant, Le Champ d’Oiseau.

In 1782, the Grand Tavern de Londres, a true restaurant, opened on the Rue de Richelieu; three years later, Aux Trois Frères Provençaux opened near the Palais-Royal. The French Revolution in 1794 literally caused heads to roll—so much so that the chefs to the former nobility suddenly had no work. Some stayed in France to open restaurants and some went to other parts of Europe; many crossed the Atlantic to America, especially to New Orleans.

Birth of Restaurants in America

The beginning of the American restaurant industry is usually said to be in 1634, when Samuel Coles opened an establishment in Boston that was named Coles Ordinary. It was a tavern—the first tavern of record in the American colonies. It was quite successful, lasting well over 125 years.⁸

Prior to the American Revolution, establishments selling food, beverages, and a place to sleep were called ordinaries, taverns, or inns. Rum and beer flowed freely. A favorite drink, called flip, was made from rum, beer, beaten eggs, and spices. The bartender plunged a hot iron with a ball on the end into the drink. Flips were considered both food and a drink. If customers had one too many flips, the ordinaries provided a place to sleep.

In America the innkeeper, unlike in Europe, was often the most respected member of the community and was certainly one of its substantial citizens. The innkeeper usually held some local elected office and sometimes rose much higher than that. John Adams, the second president of the United States, owned and managed his own tavern between 1783 and 1789.⁹

The oldest continually operating tavern in America is the Fraunces Tavern in New York City, dating from about 1762. It served as the Revolutionary headquarters of General George Washington, and was the place where he made his farewell address. It is still operating today.

The restaurant, as we know it today, is said to have been a byproduct of the French Revolution. The term *restaurant* came to the United States in 1794 via a French refugee from the guillotine, Jean-Baptiste Gilbert Paypalt. Paypalt set up what was likely the first French restaurant in this country, Julien’s Restaurator, in Boston. There he served truffles, cheese fondues, and soups. The French influence on American cooking began early; both Washington and Jefferson were fond of French cuisine,

and several French eating establishments were opened in Boston by Huguenots who fled France in the eighteenth century to escape religious persecution.

DELMONICO'S

Other early American restaurants include the Union Oyster House in Cambridge, Massachusetts, opened in 1826 by Atwood and Bacon and still operating,¹⁰ and Delmonico's, located in New York City. Delmonico's opened its doors in 1827. The story of Delmonico's and its proprietors exemplifies much about family-operated restaurants in America. John Delmonico, the founder, was a Swiss sea captain who retired from ship life in 1825 and opened a tiny shop on the Battery in New York City. At first, he sold only French and Spanish wines, but in 1827 with his brother Peter, a confectioner, he opened an establishment that also served fancy cakes and ices that could be enjoyed on the spot. New Yorkers, apparently bored with plain food, approved of the *petits gateaux* (little cakes), chocolate, and bonbons served by the brothers Delmonico. Success led in 1832 to the opening of a restaurant on the building's second story, and brother Lorenzo joined the enterprise. Lorenzo proved to be the restaurant genius. New Yorkers were ready to change from a roast-and-boiled bill of fare to *la grande cuisine*—and Lorenzo was ready for New Yorkers.

A hard worker, the basic qualification for restaurant success, Lorenzo was up at 4:00 A.M. and on his way to the public markets. By 8:00 A.M. he appeared at the restaurant, drank a small cup of black coffee, and smoked the third or fourth of his daily 30 cigars. Then home to bed until the dinner hour, when he reappeared to direct the restaurant show. Guests were encouraged to be as profligate with food as they could afford. In the 1870s a yachtsman gave a banquet at Delmonico's that cost \$400 a person, astronomical at the time.

Delmonico's pioneered the idea of printing a menu in both French and English. The menu was enormous—it offered 12 soups; 32 hors d'oeuvres; 28 differ-

ent beef entrees, 46 of veal, 20 of mutton, 47 of poultry, 22 of game, 46 of fish, shellfish, turtle, and eels; 51 vegetable and egg dishes; 19 pastries and cakes; plus 28 additional desserts. Except for a few items temporarily unobtainable, any dish could be ordered at any time, and it would be served promptly, as a matter of routine. What restaurant today would or could offer 371 separate dishes to order?

Delmonico's expanded to four locations, each operated by one member of the family. Lorenzo did so well in handling large parties that he soon was called on to cater affairs all over town. Delmonico's was *the* restaurant. In 1881 Lorenzo died, leaving a \$2 million estate. Charles, a nephew, took over, but in three years he suffered a



Courtesy of Delmonico's Restaurant

The famous Delmonico's Restaurant in New York City.

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