

# **BUYING & SELLING A RESTAURANT BUSINESS**

---

*For Maximum Profit*

By Lynda Andrews

# CONTENTS

---

**The Food Service Professionals Guide To:  
Buying & Selling a Restaurant Business  
For Maximum Profit: 365 Secrets Revealed**

Atlantic Publishing Group, Inc. Copyright © 2003  
1210 SW 23rd Place  
Ocala, Florida 34474  
800-541-1336  
352-622-5836 - Fax

www.atlantic-pub.com - Web site  
sales@atlantic-pub.com E-mail

SAN Number :268-1250

All rights reserved. No patent liability is assumed with respect to the use of information contained herein. Although every precaution has been taken in the preparation of this book, the publisher and author assume no responsibility for errors or omissions. No warranty is implied. The information is provided on an "as is" basis.

International Standard Book Number: 0-910627-12-6

Library of Congress Cataloging-in-Publication Data

Andrews, Lynda.

Buying, selling & leasing a restaurant for maximum profit : 365 secrets revealed / by Lynda Andrews.  
p. cm. -- (The food service professionals guide to ; 2)  
Includes bibliographical references and index.  
ISBN 0-910627-12-6 (pbk. : alk. paper)  
1. Restaurants--Valuation. 2. Restaurants--Finance.  
I. Title.  
II. Title: Buying, selling, and leasing a restaurant for maximum profit. III. Series.  
TX911.3.V34A53 2003  
647.95'068'1--dc21  
2002010831

Printed in Canada

## INTRODUCTION

### 1. BASIC REQUIREMENTS

Commonsense Thoughts on Selling .....	9
Consider the Practicalities - Don't Be Too Trusting.....	10
A Step Beyond Common Sense .....	13
Set Priorities and Proceed at Your Pace .....	15
Basic Selling Principles .....	18
Find Your Buyer .....	20
Your Job Is to Protect Your Restaurant - Other Considerations .....	23
The Transition - Get a Team in Place.....	24
Get Your House in Order Legally .....	26

### 2. PREPARATION

Getting Ready for the Sale .....	29
Preparation - The Less Obvious Aspects.....	31
More Steps to Selling .....	32
Putting Together a Winning Prospectus .....	34
The Prospectus: Don't Overdo It .....	37
Setting the Right Price .....	38
The Value of Other Assets .....	40
Beyond Real Estate - Other Pricing Factors ....	41
The Low-Down on Stocks .....	44
Just for Buyers .....	46

### 3. FRANCHISING

What about Franchising? .....	51
Advantages of Franchising.....	52
Disadvantages of Franchising .....	54
Franchise Financing .....	57

Evaluating a Franchise Opportunity .....	58
Franchising Checklist .....	59
Legalities Involving Franchise Restaurants ....	63
Living with the Franchisee/ Franchiser Relationship .....	64

#### **4. LEASING**

Leases and the Start-Up Owner .....	67
Ask Yourself the Question “Why Lease?” .....	69
Using a Lease Broker .....	71
What Are the Benefits of Hiring a Broker? .....	72
Getting Yourself Ready to Lease .....	74
The Power of Words .....	76
Changing the Face of Your Space .....	79
Clearly Define Who Does What .....	81
Understanding Your Lease Agreement .....	83

#### **5. FINANCING THE DEAL**

Where Will the Money Come From? .....	87
Getting Enough Money .....	90
Financing Made Easy .....	92
Other Ideas for Financing Your Restaurant ....	93
The Process of Due Diligence - General Considerations .....	95
Get to Grips with the Demands of Due Diligence .....	97
Making Money, Paying Taxes .....	99
Sale as Capital Gain? - Some Important Considerations .....	102
Closing the Deal .....	103

#### **6. OTHER POSSIBILITIES**

Going Through with the Deal - Should You Do It? .....	107
Deciding Not to Sell .....	110
Closing Your Doors for Good? .....	113
Don't Make a Decision out of Embarrassment - Consider Alternatives .....	114
Selling Your Restaurant to an Employee .....	116
So, You Still Want Out? .....	118

#### **7. ENSURING FUTURE SUCCESS**

How Do I Project Future Sales? .....	123
Verify the Data .....	128
Service after the Sale .....	130
Advice for the New Proprietor .....	134
Closing Thoughts .....	138