

# GROW SLOW

It takes many years to really get to know the ins and outs of our business. There are so many 'hats' to be worn as an owner of a bar or restaurant, and there are so many facets of the business to understand. Only until you have experienced it all, can you feel confident about staying profitable. Just when you think everything that could happen to you has already happened, something you never considered *slams* you.

When new, potential operators come to me to discuss their plans, the first thing that strikes me is the size of the business they want to buy relative to their experience as an owner. Those who never owned a business before don't realize the importance of owning a smaller place first. The smart choice for the beginner is obviously a small, even one room, place where he can see everything that is going on. There is one thing for sure, if you have to manage one room, and you are in that one room, not much can occur that would subtract from your bottom line, it's much easier to learn the ropes.

Those who have owned a business believe they can manage anything. As the size and seating capacity of the place grows, so does the employee base. As they grow, the possibility of "business threatening" problems increase.

When first time buyers want to buy the business along with the real estate, that creates a similar problem in that the cash register in the business must pay for the maintenance, taxes, insurance and upkeep of the building, usually draining much needed revenue which could be used to run the business. I tell those buyers to attempt to renegotiate their deal so as to buy the business now and purchase the real estate down the road when they are better equipped to decide whether the purchase of the real estate is what they really want, and can really afford.

Both situations, if not handled properly, develop into scenarios where the owner is overwhelmed by the everyday operation of his business because he "bit off more than he can chew"! That in itself is not nearly as punishing as finding out you did the biting and it's too late. Unfortunately, human egos and money availability play large part in many inherent problems in our industry. In my opinion, they are the reason why first time operators who have the money buy a place so big that they cannot manage it. Ultimately, it manages them. It is the reason why new operators will beg, borrow or steal (maybe not steal) to purchase the real estate up front out of *fear* that if they don't buy this business **and** this real estate now, they will never have another similar opportunity and then realize that the little cash register in the bar cannot generate enough revenue to pay everybody for everything, as well as the mortgage on the property.

I'll admit that owning more than one business is definitely the way to go in our industry, however, there is a time and place for everything in life. You will know when it is your time to buy that next place. You will know if you can handle it. In the meantime, as in any business, continue to learn about your trade, think about ways to increase your profits *and* until that time comes when you are ready, GROW SLOW.