

## Restaurateurs need more than just passion for food

By Michael Kane

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Your spouse can cook, and you can pour drinks. Wouldn't it be lovely to open your own restaurant?

That's a recipe for disaster, says Richard Floody, chair of the B.C. Restaurants and Foodservices Association.

"It's a very complex business these days," Floody said in an interview. "There's a lot of roadblocks you need to get through."

Even top-gun chefs like Vancouver's Rob Feenie can run into financial difficulties when trying to make a living doing what they do best.

Two years ago, with his celebrated Lumiere and Feenie's restaurants facing bankruptcy after expensive upgrades, the winner of the Iron Chef America competition was forced to sign over majority ownership to partners. He recently announced he has been forced out of his restaurants by those partners.

Feenie declined to be interviewed for this article, as did Eli Gershkovitch, owner of both the popular Steamworks in Gastown and its swank but less successful sibling next door, the expensively renovated Transcontinental, which was relaunched with a new menu Tuesday as the Steamworks Transcontinental.

If the pros can stumble, what chance is there for scores of mom-and-pop entrepreneurs who open restaurants in British Columbia every year?

The most carefully controlled studies show three out of five restaurants will fail within three years, said Brad Brooks, director of strategic solutions for Vivonet, a company that advises restaurant owners and retailers.

The high failure rate means restaurants are typically charged higher interest costs than other industries.

While it doesn't show up in the bankruptcy statistics, "personal reasons" are most commonly cited for restaurant closure, Brooks said.

"Many restaurant owners get into the industry because of their passion for food," Brooks said. "They don't bargain for the amount of time that they'll have to spend running the actual business."



CREDIT: Mark Van Manen/Vancouver Sun  
B.C. Restaurants and Foodservices Association chair Richard Floody says the restaurant industry is complex, and can be far more challenging than potential entrepreneurs realize.

He said successful restaurateurs make the transition from working in their business to working on their business.

"It's easy to fall in love with the creative side of the business. But not too many in the industry are passionate about forecasting cash flow for the next fiscal year."

At West Vancouver's award-winning La Regalade French bistro, chef and owner Alain Raye works his magic in the kitchen while his wife, Brigitte, charms the customers out front.

But with 20 employees, they work together in the office "every day, every day, every day, every day," Raye said in an interview.

"We are running a small business. You have the kitchen, that is sure; you have the customer, that is sure; but you know, we need to look after the money."

Raye said family and personnel problems led to the sale of his second restaurant in West Vancouver, which he insists had been successful. However, if he decides to reopen another second place, he says it will be downtown, not on the North Shore.

Floody, a restaurant consultant who partnered with the Irish Rovers on their staggeringly successful Unicorn pub at Expo 86, says it is better to have the right location than a good location.

As owner of the Vancouver franchise rights for TGI Friday's, he closed the Texan chain's outlet at Alberni and Robson "because a suburban concept shouldn't be on the second floor of the chic-est street in Canada with only a rear entrance and paying the rent they were paying."

He said being the franchisee of the TGI Friday's in Metrotown has its own set of problems.

"The world doesn't revolve around what happens in Dallas, which is where the head office of TGI Friday's is located. And it's a constant battle for me to say people eat and behave differently in Vancouver than they do in Texas, so you've got to give me a bit more freedom."

Floody says he tries to talk people out of opening restaurants, and often succeeds.

"If I don't, I usually get them to go to work for somebody else for a year or two. I tell them to learn on somebody else's money and make sure they know what they are doing before they get in it, or at least have a good idea."

Passion and drive are vital ingredients, but restaurant owners also need a well-thought-out plan, said Dino Renaerts, executive chef at Vancouver's Metropolitan Hotel and president of the B.C. Chefs' Association.

Success means tracking trends, constantly talking to clientele, and having partners you can trust, including bartenders who won't overpour for tips and an accountant to keep you from overspending.

"As much as we like to cook for ourselves, we are always cooking for our clientele. So we really need to read who we have coming in," Renaerts said in an interview.

"If they don't care for table-side service, then you better not be doing it. Some people don't want it to be oh-so-assuming because then they just feel uncomfortable."

Having worked in a lot of hotels, Renaerts said he has come to appreciate the contribution of accountants and the discipline of being required to go over his budgets with a controller.

"No matter what business you have, you have to apply the business fundamentals. The more closely you adhere to that, the more successful you are."

Don Nelson, a Surrey chartered accountant who has worked with many restaurateurs, says the challenge is to get creative types on the same page as their financial backers, who are often "angel investors" willing to take on extra risk in return for a piece of the action.

"The financial people want a return on their investment, and the creative person wants to keep right on creating," Nelson said. "The creative cook sometimes has to move on."

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