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*Business Plan for a New Restaurant Concept
in London.*

NICO ISLER

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Abstract

Business Plan for a New Restaurant Concept in London.

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The London hospitality and restaurant scene has been, and still is, being challenged by the COVID-19 pandemic and the new Brexit immigration law. This paper will investigate the business of a new food and beverage concept in the heart of London, assess its feasibility, and evaluate its financial requirements to bring this project to fruition.

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Executive Summary:

This paper will cover the main aspect of a successful restaurant concept launch during post-pandemic times in London. Before engaging in any business activity, it is primordial to prepare a formal written business plan, which will be the road map for the future success of this hospitality concept. This paper will explore the restaurant concept, determine its viability and understand the financial needs to make this project a reality.

The primary purpose of this document will be to understand the feasibility of this new hospitality project with a stronger focus on a "plug-and-play" model that can be applied to different types of restaurant concepts due to the uncertainty of the current market and real estate opportunities appearing spontaneously on the market. The first concept, which will be used as a case study in the paper, will be described and named Café Eddy.

Diving more into the concept itself, Café Eddy is an all-day meeting house and a beacon for the neighborhood locals. Its boutique and modest size do not define its carefully curated food and beverage program and its strong emphasis on vinyl music and rotating art. Whilst not stubbornly sticking to one cuisine and heritage, Café Eddy aims to serve the simple foods that people want to eat, simultaneously giving our talented young chef certain freedoms within the boundaries of low-mileage, local and seasonal ingredients.

Before the COVID-19 pandemic, the London Cafés market has become the victim of corporate grab and go's and state-of-the-art eateries. However, we believe the pandemic acted as a "reset button" and led people to rediscover their values towards their communities and leisure hobbies.

Methodology:

The research is divided into two parts, with the first step focusing on the most appropriate legal structure for the restaurant and potential restaurant group. In a second step, a more hands-on approach has been conducted with a focus on competitors' financials and menu pricing. This helped us better understand the revenue projection and cost estimation. Real estate brokers have been able to provide us with actual competitors' financial data history, which has been heavily used as a foundation and benchmark for our feasibility analysis.

Business Concept:

Café Eddy adapts to the time of day, selling a jazz coffee house during the morning hours and seamlessly transitioning into a grooving aperitivo and tapas bar into late evenings. Not only does Café Eddy aim to be a stomping ground for hospitality professionals, but the accentuated music and art programming should also put Café Eddy on the map as a creative incubator for local and foreign artists to put their works on display. Café Eddy will focus on being able to stay agile with its food and beverage offering to have the option to reduce the team size if required due to profitability issues. A draft system that injects N₂ and CO₂ into beverages creates fast, high-quality and consistent service of simple pre-batched cocktails such as an Aperol Spritz or a Gin and Tonic. Putting cocktails on tap saves time and simplifies the labor process. Operators can rely on one devoted beverage specialist to manufacture huge batches instead of training a half dozen personnel in the technique of making an Old Fashioned. Then, it's only a matter of pulling the tap for the rest of the crew (*Tavern, 2021*).

The illustrations below can help us get a sense of the atmosphere Café Eddy will produce:



Café Eddy is a hospitality concept with a sense of community and neighborhood at its heart. The pandemic had significant changes on several elements from both the consumer and the restaurateur.

On one side, the consumers have realized how important it is for human beings to meet and interact. The need for interactions has been evident during the pandemic, with a dramatic increase in the need for mental health support. More specifically, for young professionals, loneliness has been a tough challenge to overcome over the past 18 months (*The Implications of COVID-19 for Mental Health and Substance Use*, 2021). These new challenges have created a strong need for people to have an even greater sense of belonging with their local communities and friends. Moreover, demand and expectation had already shifted pre-pandemic toward more sustainable local tourism (i.e., slow tourism; *Euronews*, 2021).



Restaurateurs had to face a dramatic drop in sales due to complete lockdowns, during which no operations could take place, except for deliveries, which were not suitable for every restaurant or hospitality concept. Restaurateurs also had to rely on local customers' demand rather than on tourists. The need to create both an appealing offering for the local neighborhood and a recurring clientele has become the common denominator for restaurants still standing post-pandemic (*OECD Tourism Papers, 2021*).

Additionally, a new challenge has impacted the whole leisure and hospitality sector—a massive shortage of labor in the industry. According to the latest research from UKHospitality, one-fifth of workers are not set to return (*Ackerman, 2021b*). The UK's hospitality industry has been experiencing the highest level of job vacancies since records began (*Race, 2021*).



The UK is facing an additional challenge, with BREXIT and its implications on staff shortages. Restaurateurs and the leisure sector in the UK are tremendously impacted by those matters. It is important to remember that labor and food costs are the two biggest expenses for restaurants. Therefore, increased wages may affect the profitability of a new hospitality concept. It leads new restaurateurs to innovate and find ways to provide a high-quality service by maintaining relatively low team costs (*Ackerman, 2021*).

Legal Structure:

Before any successful restaurant opening, a clear legal structure among the founders and the business is crucial for its success. The legal structure needs to be tailor-made to the business needs and ambitions of the project. When organizing a new business, we must decide on the structure of the business, which can be influenced by certain elements such as legal restrictions, assumed liabilities, capital needs, number of employees, earnings distribution, length of business operation and tax advantages and disadvantages (*Brown, 2019*).

The OpCo/PropCo structure consists of two special purpose vehicles: a PropCo (i.e., property company) that holds the restaurant's real estate, and an OpCo (i.e., operational company) that holds the restaurant's other assets, such as rights to key contracts, licenses, and so on, and serves as the restaurant's trading company. The PropCo leases the property to the OpCo, which pays rent to the PropCo and runs it (*Cadwalader, 2020*). Splitting the firm into an operational and a property business may benefit both sides of the equation by allowing them to concentrate on what they do best. Consequently, each aspect of the firm may be simpler to analyze for a potential investor (*Frankel, 2021*).

Using "parent companies" and "Special Purpose Vehicles" (SPVs) is typical practice in the OpCo/PropCo model to isolate risks and make debt financing more appealing. The parent business creates these special purpose companies to insulate financial risk. These structures

are ideal for companies who want to buy real estate or separate their activities from their property firm to get bank funding. It's also an excellent strategy to preserve the business or parent company's IP if the firm can't afford to pay its rent.

It's also necessary to consider the option of a slightly more complicated structure with an investment company incorporated in a tax-advantaged country like Switzerland (*Cooper, 2021*). In the Swiss loan and securitization market, the usage of operating company ("OpCo") and property company ("PropCo") forms has lately grown more widespread. These arrangements often result in more efficient and cost-effective financing. The lenders will have exclusive access to the assets by separating the assets (i.e., PropCo) from the company (i.e., OpCo) and financing into the PropCo. When establishing an OpCo/PropCo structure, it is critical to properly ring-fence the assets from the rest of the company to minimize the risks associated with the PropCo as a borrower. As a result, securitizing the debt should make it simpler and more cost-effective to refinance it (*Wyss & Bürgi, 2007*).

The OpCo/PropCo structure can be used as a foundation when thinking slightly more long-term and considering the expansion of the restaurant into a restaurant group. First and foremost, an entity to serve as the parent company should be implemented. This entity should own all of the restaurants or at least a portion of them, and as such, the brand and idea should be owned. This entity would be the registered owner of any trademarks or other intellectual property owned by the organization (*Fisch, 2016*). Additionally, for any new restaurant, forming a distinct entity allows for having different investors in each location, which enables more flexibility for investors and greater spreading of risk for the entrepreneur. For each new restaurant created, a licensing agreement or royalty fee for the use of the group's name and concept is put into place for a fee between each SPV (new restaurant entity) and their parent corporation (*Frankel, 2021*).

Feasibility Study:

To support our assumptions and get as close as possible to realistic market prices, we have received the books (2016–2020) from a restaurant in the center of Fitzrovia. Due to signed NDAs and sensitive data sharing, we call the restaurant OMNIA in this paper.

The following section will be divided into seven steps that have been taken to have a final break-even analysis. A short description of each step will be provided as an overview.

- **Step 1 - Restaurant Specificities:** This section focuses on Café Eddy's restaurant size and property ratio between the kitchen and the restaurant, as well as the calculation of the total number of covers the restaurant can accommodate.
- **Step 2 - Revenue Estimation:** This step starts with a menu pricing analysis from competitors to estimate the average bill to be charged to Café Eddy's customers. The revenue breakdown of food and beverage revenues will be calculated to understand the revenue split. Next, assumptions about daily occupancy will be made to calculate the restaurant's potential revenues.
- **Step 3 - Cost Estimation:** This section will use the cost structure of OMNIA restaurant as a foundation and apply it to Café Eddy's specificities.
- **Step 4 - Labor Costs and Staffing Estimation:** This step aims to better understand the industry wages required in the staffing of Café Eddy, along with an analysis of the team members needed to run the restaurant.
- **Step 5 - Rent and Real Estate Costs:** The restaurant's total occupancy cost will be calculated as a percentage of the revenue estimations (Step 2).
- **Step 6 - CAPEX Estimation:** This step will focus on the CAPEX estimation to bring this project to reality in the selected location.

- **Step 7 - Financial Model:** This final section will take as input all the information from the six previous sections to have an overview of the project's financial health and feasibility.

In Appendix 1 and 2, the complete financials from the OMNIA restaurant can be found, which have been used as benchmark and foundation to our financial model assumption as mentioned above and used as follows:

- **Food & Beverage (F&B):**
 - The breakdown between food and beverage revenue is split; what percentage of revenue is coming from food or beverage, compared to the split estimated in Table 5 below.
 - The F&B margin and the assumptions around the GOCS.
- **Labor Costs:**
 - Labor costs % to total revenue; to understand what % of revenue goes into covering wages.
 - Labor costs % to total costs; to understand what % of costs does labor represent.
 - Labour costs in £ based on the restaurant size and number of covers, using OMNIA's size and number of covers to get a £ amount for each sq. ft. and cover. This analysis should provide us with a £ range that should be spent on wages depending on the restaurant size and number of covers.
- **Real estate (RE) Costs (Rent + UBR):**
 - Real estate costs % to total revenue; to understand what % of revenue goes into covering the RE costs.
 - Real estate costs % to total costs; to understand what % of costs the RE costs represent.

- Real estate costs in £ amount, based on the restaurant size and number of covers, using the OMNIA's size and the number of covers to get a £ amount for each sq. ft. and cover.
- Operating Expenses:
 - Operating costs % to total revenue; to understand what % of revenue goes into the different operating costs centers.
 - Operating costs % of total costs; to understand what % of costs each operating costs center represents.
 - Operating costs in £ amount, based on the restaurant size and number of covers, using the OMNIA's size and the number of covers to get a £ amount for each sq. ft. and cover.

Step 1 - Restaurant Specificities:

Café Café Eddy is targeting a space of ~1,400 sq. ft. in one of the following districts: Marylebone, Chelsea/South Kensington, Mayfair, Soho, St-James/Covent Garden.

Table 1
"Café Eddy" Restaurant Specifications

Total Sq Ft.	1400
<i>Restaurant / Kitchen Ratio</i>	60%
Dining Sq Ft.	840
<i>Ratio (sq. ft)</i>	13
Covers	65

Based on other London properties recently available on the market per Appendix 3, the typical ratio between the dining/restaurant area and the kitchen area is approximately 60% for the restaurant area and 40% for the kitchen and prep areas (Boyarsky, 2021b).

To calculate the number of covers the Front of House (FOH) space can accommodate, we need to use a predefined ratio needed for each cover. According to an article published by Toast Tab, the ratio for full-service restaurant dining varies between 12 and 15 sq. ft. per cover (Boyarsky, 2021). The breakdown can be seen in Table 2 below for each restaurant type and service offered:

Table 2

Square footage per cover guidelines

Required square feet per cover				
Fine Dining	Full-Service Restaurant Dining	Counter Service	Fast Food	Banquet
18 - 20	12 -15	18 - 20	11 -14	10 -11

After defining the ratio per cover, we can estimate the number of covers the restaurant can accommodate. In our case, the restaurant should accommodate 65 covers when following a ratio of 13 sq. ft. per cover.

Step 2 - Revenue Estimation:

This section starts with estimating the average check, which will be used as our base to calculate the restaurant's potential revenues. Table 3 below summarizes Appendix 4, where 5–6 competitors were selected in each district with their menu items categorized and averaged for each "food category," as shown below.

For the breakfast and brunch items, the selection of competitors has been done by outlets offering this type of food and not by location, which explains why the table is empty for the four categories.

Table 3

Competitors Menu Pricing Analysis

	Breakfast	Breakfast Food	Brunch Drinks	Brunch Food	Starter	Main Course	Side Dish	Dessert	Cocktails	Soft Drink	Alcohol (glass)
Marylebone					£12.5	£24.7	£5.5	£9.4	£12.0	£4.1	£9.8
Soho					£10.1	£21.8	£9.1	£6.3	£10.6	£4.1	£8.6
Fitzrovia					£11.3	£21.7	£5.8	£7.5	£12.5	£4.0	£7.3
Chelsea & S.K.					£10.6	£21.6	£4.7	£7.7	£10.4	£4.4	£10.8
Mayfair					£13.1	£29.7	£5.9	£9.0	£13.3	£4.8	£15.2
Average	£4.3	£6.8	£9.9	£11.7	£11.5	£23.9	£6.2	£8.0	£11.8	£4.3	£10.3

After researching on competitors' pricing, we are now able to use those prices to estimate the average bill size for each specific time of the day and day of the week. To have uniform pricing, we will employ each district's average for this revenue estimation's use case. More information on selected competitors is in Appendix 5.

Due to the lack of data available publicly, the assumptions made concerning the likelihood that each item will be ordered at a different time of day have been estimated with the help of Louis Pauwels; he owns four restaurants in Belgium and has over seven years of experience in London's hospitality scene.

Table 4
"Café Eddy" Average Bill Breakdown

Breakfast			Lunch			Dinner		
Week	Price	Probability	Week	Price	Probability	Week	Price	Probability
Breakfast Drinks	£4.29	100%	Starter	£11.50	70%	Starter	£11.50	20%
Breakfast Food	£6.76	50%	Main Course	£23.89	30%	Main Course	£23.89	90%
Brunch Drinks	£9.89	10%	Side Dish	£6.17		Side Dish	£6.17	40%
Brunch Food	£11.66	30%	Desert	£7.97	20%	Desert	£7.97	30%
Average Check	£12.16		Cocktails	£11.76		Cocktails	£11.76	40%
			Soft Drink / Water	£4.27	100%	Soft Drink / Water	£4.27	100%
			Glass of Wine	£10.34	20%	Glass of Wine	£10.34	60%
			Average Check	£23.15		Average Check	£43.84	
WKND & HOL	Price	Probability	WKND & HOL	Price	Probability	WKND & HOL	Price	Probability
Breakfast Drinks	£4.29	100%	Starter	£11.50	40%	Starter	£11.50	50%
Breakfast Food	£6.76	40%	Main Course	£23.89	80%	Main Course	£23.89	90%
Brunch Drinks	£9.89	50%	Side Dish	£6.17	20%	Side Dish	£6.17	50%
Brunch Food	£11.66	60%	Desert	£7.97	20%	Desert	£7.97	60%
Average Check	£18.94		Cocktails	£11.76		Cocktails	£11.76	50%
			Soft Drink / Water	£4.27	100%	Soft Drink / Water	£4.27	100%
			Glass of Wine	£10.34	50%	Glass of Wine	£10.34	80%
			Average Check	£35.99		Average Check	£53.55	

Based on the average check calculated in Table 4 and the probability attached to each menu category, Table 5 shows an analysis of the revenue split between the food and beverage items. Each category's percentages have been calculated by multiplying each item's probability by its price and getting the percentage it represents to the average check. For example, the "Breakfast Food" split percentage in Table 5 has been calculated thus: £6.76 (the price of the item) x 50% (its probability) / £12.16 (the average check).

The completed table shows that Café Eddy is expected to have 64.19% of its revenue coming from food items and 35.81% from beverages. This split is required in the financial model and feasibility study as both categories offer different profit margins.

Table 5
"Café Eddy" Food and Beverage Revenue Breakdown

	Breakfast		Lunch		Dinner		F&B Split
	Week	WKND & HOL	Week	WKND & HOL	Week	WKND & HOL	
Breakfast Food	27.80%	14.28%					64.19%
Brunch Food	28.77%	36.95%					
Starter			34.77%	12.78%	5.25%	10.74%	
Main Course			30.96%	53.12%	49.05%	40.16%	
Side Dish			0.00%	3.43%	5.63%	5.76%	
Desert			6.88%	4.43%	5.45%	8.93%	
Cocktails			0.00%	0.00%	10.73%	10.98%	
Soft Drink / Water			18.46%	11.88%	9.75%	7.98%	
Glass of Wine			8.93%	14.36%	14.15%	15.44%	
Breakfast Drinks	35.29%	22.66%					
Brunch Drinks	8.14%	26.12%					

In Table 6 below, restaurant occupancy estimates have been made for three scenarios: conservative, normal and optimistic. Each service (breakfast, lunch and dinner) has its own occupancy rate assumptions that will allow us to calculate the number of covers served each day.

Table 6
"Café Eddy" Occupancy and Covers Estimation

Breakfast									
	Occupancy Rate				Covers				
	Conservative	Normal	Optimistic		Conservative	Normal	Optimistic		
Monday	45%	60%	80%	Monday	29	39	52		
Tuesday	45%	60%	80%	Tuesday	29	39	52		
Wednesday	45%	60%	80%	Wednesday	29	39	52		
Thursday	45%	60%	80%	Thursday	29	39	52		
Friday	45%	60%	80%	Friday	29	39	52		
Saturday	60%	80%	100%	Saturday	39	52	65		
Sunday	60%	80%	100%	Sunday	39	52	65		
Weekly Occ.(%)	49%	66%	86%	Weekly Covers	223	299	390		

Lunch									
	Occupancy Rate				Covers				
	Conservative	Normal	Optimistic		Conservative	Normal	Optimistic		
Monday	45%	60%	80%	Monday	29	39	52		
Tuesday	45%	60%	80%	Tuesday	29	39	52		
Wednesday	45%	60%	80%	Wednesday	29	39	52		
Thursday	45%	60%	80%	Thursday	29	39	52		
Friday	45%	60%	100%	Friday	29	39	65		
Saturday	60%	80%	200%	Saturday	39	52	129		
Sunday	60%	80%	200%	Sunday	39	52	129		
Weekly Occ.(%)	49%	66%	117%	Weekly Covers	223	299	531		

Dinner									
	Occupancy Rate				Covers				
	Conservative	Normal	Optimistic		Conservative	Normal	Optimistic		
Monday	50%	70%	80%	Monday	32	45	52		
Tuesday	50%	70%	80%	Tuesday	32	45	52		
Wednesday	50%	70%	80%	Wednesday	32	45	52		
Thursday	50%	70%	150%	Thursday	32	45	97		
Friday	60%	80%	200%	Friday	39	52	129		
Saturday	60%	80%	200%	Saturday	39	52	129		
Sunday	50%	70%	80%	Sunday	32	45	52		
Weekly Occ.(%)	53%	73%	124%	Weekly Covers	238	329	563		

To do an overall occupancy rate comparison, the total available covers has been calculated in Table 7 by estimating each service to be fully booked, giving us a total of 1,357 weekly covers as a maximum capacity for Café Eddy. This number can be obtained by multiplying 65 (number of covers) by 3 (number of services) by 7 (days open).

Table 7
"Café Eddy" Full Capacity Assumption

	Conservative	Normal	Optimistic
Total Weekly Covers	684	927	1484
Covers Available 3 table seatings / day	1357		
Actual Occupancy (%)	50.48%	68.10%	109.05%

Using the theoretical maximum capacity of the restaurant, we can see that the conservative scenario is providing an overall occupancy rate of 50.48%, with an average of 684 covers served weekly. The "normal" and "optimistic" scenarios offer 68.1% and 109.05% occupancy rates, respectively.

It is important to take into account that the total of 1,357 available covers remains conservative, as this means that each table is only being used for 3 different seatings within a full day (9 AM – 1 AM open hours). Therefore, even the optimistic scenario, with an average occupancy rate of 109.05%, remains low. Most restaurants in London also have very strict seating times and durations to increase the table turnover. According to a waiter working at Ceconi's Mayfair, they manage to turn a table around 6–8 times per day. After estimating the average daily occupancy and number of covers, we can now calculate the daily revenue for each service (breakfast, lunch and dinner). We now have a total yearly revenue range between ~£1 million and ~£2.5 million, depending on the scenario picked, as per Table 8.

Table 8
"Café Eddy" Revenue Estimation

Breakfast Revenue			
	Conservative	Normal	Optimistic
Weekly Sub-Total	£3,235.63	£4,314.18	£5,589.10
Yearly Sub-Total	£168,252.84	£224,337.12	£290,633.28
Lunch Revenue			
	Conservative	Normal	Optimistic
Weekly Sub-Total	£6,156.47	£8,208.63	£15,584.49
Yearly Sub-Total	£320,136.55	£426,848.73	£810,393.43
Dinner Revenue			
	Conservative	Normal	Optimistic
Weekly Sub-Total	£11,234.53	£15,451.55	£27,155.01
Yearly Sub-Total	£584,195.48	£803,480.42	£1,412,060.44
Yearly Total	£1,072,584.87	£1,454,666.27	£2,513,087.15
per sqf	£1,276.89	£1,731.75	£2,991.77

In Table 9, revenues have been split and summarized as Midweek daily revenue and Weekends & Holidays revenue by adding up the breakfast, lunch and dinner revenue of a midweek day and a weekend day from Appendix 6. The daily revenue shown below will be input in the financial model and feasibility study.

Table 9
"Café Eddy" Daily Revenue Breakdown

	Daily Revenue		
	Conservative	Normal	Optimistic
Midweek	£2,443.25	£3,352.11	£4,091.73
Weekends & Holidays	£4,205.18	£5,606.91	£12,793.79

In addition to the bottom-up revenue estimation established above, the table below shows the potential revenue based on OMNIA's revenue comparison. The revenue of £2,565,295 used in Table 10 is the average revenue OMNIA has generated over its four years of operations, as shown in Appendix 2.

The revenue per square foot and per cover was then estimated, providing us with revenue of £1,404 per square foot and £21,061 per cover. Applying those ratios to Café Eddy's size and number of covers, we can estimate a yearly revenue between £1,179,446 and £1,360,899. Values between our "conservative" and "normal" revenue estimates are in Table 8.

All the running costs, except for the rent and UBR, will be used as input for our financial model and feasibility study. Staffing costs and wages from Table 11 will be used as a good indicator for the following section.

Step 4 - Labour Costs and Staffing Estimation:

Table 11 shows a salary range summary by job title for the restaurant business. The minimum wages have been retrieved directly from the official government website (*UK Visas and Immigration*, 2021). The wages ranging from low to high have been retrieved from Statista (*London Hospitality Wages*, 2018). Additional comparisons have been conducted and cross-checked with actual job postings on LinkedIn from various hospitality institutions.

Table 12
Labour Costs Guidelines

	Roles	Minimum	Low	Average	High
Bar	Bar Manager	£18,400	£25,000	£32,000	£40,000
	Bartender	£18,400	£18,000	£21,000	£26,000
Kitchen	Head Chef	£18,900	£30,000	£50,000	£80,000
	Sous Chef	£18,900	£28,000	£40,000	£50,000
	Commis Chef	£16,000	£16,000	£18,000	£19,000
	Stewarding	£16,000	-	-	-
Service	Restaurant Manager	£21,000	£24,000	£30,000	£45,000
	Waiter	£17,100	£18,000	£21,000	£26,000
	Hostess / Host	£17,100	£18,000	£21,000	£28,000
Admin	General Manager (Management Team)	£21,000	£50,000	£85,000	£200,000
	Sales Administrator	£18,700	£25,000	£34,000	£46,000

Referring back to Table 11 and assuming that Café Eddy maintains the same cost structure, we can see the high staffing costs of 70% of total operating costs with an approximate staffing cost of £436,521 per year, which represents ~30% of total costs when including COGS of £761,817 (Appendix 2). This number seems within industry-standard, as mentioned by 7shifts (*Darlington*, 2021).

Additionally to the general staffing costs, it is important to understand how the team should be constituted to provide adequate service. Therefore, the understanding of the staff

breakdown between the FOH and BOH is key. The following is a breakdown of the required staff for a seated casual dining restaurant, according to eposnow.com (Edmonds, 2021).

- ✓ Front of the house (FOH - Service/Servers) - 1 staff member, per shift for every 5-6 tables.
- ✓ Back of the house (BOH - Kitchen/Cook staff) - 4 staff members for 50-60 cover restaurants, per shift.
- ✓ Supporting Staff (admin, accountant, HR) - 1-2 staff members, (cashier staff and cleaners) - 1 & 2 respectively per shift.

When applying these ratios to Café Eddy's operations, this would represent the following required breakdown for FOH (waiter) and BOH (kitchen):

Covers	Average n° guest per table	n° of tables	n° of FOH staff	n° of BOH staff
65	3	22	4	4

An estimation of approximately three guests per table seems realistic, but will widely depend on the restaurant layout too. However, it provides us with a good estimation with a team of four FOH staff and four BOH staff. It is important to notice that here, bar staff haven't been taken into account yet and will be added in the final team planning in the summary section of the feasibility section below.

Step 5 - Rent & Real Estate Costs:

When determining the acceptable rent for a restaurant, it is critical to know how much rent can be afforded. According to several sources, one of which is Restaurant Real Estate Advisors, the total occupancy cost (rent and additional fees for property taxes) generally should not exceed 6-10% of gross sales (Chase, 2021).

Based on the revenue assumptions made in Table 8 and applying an estimated 8% of total gross sales for the occupancy cost, Table 13 shows us that a combined rent and the uniform business rate (UBR) Café Eddy could afford ranges between ~ £85,000 and £200,000 per year.

Table 13

Labour Costs Guidelines

	Conservative	Normal	Optimistic
Yearly Total Revenue	£1,072,584.87	£1,454,666.27	£2,513,087.15
per sqf	<i>£1,276.89</i>	<i>£1,731.75</i>	<i>£2,991.77</i>
	<i>Rent + UBR = 8% of Total Revenue</i>		
Rent + UBR	£85,806.79	£116,373.30	£201,046.97
Rent	£57,204.53	£77,582.20	£134,031.31
UBR	£28,602.26	£38,791.10	£67,015.66

When referring back to Table 11, using OMNIA as a benchmark and keeping the same cost structure, the rent and the UBR should be ~ £93,000. In our case, this ranges between the conservative and normal scenario of revenue estimation.

However, it is important to notice that the average rent cost in Table 11 didn't consider the 2019/2020 number from Appendix 1 due to the drastic (108%) increase in price this year. A current real estate market comparison can be found (in Appendix 3) where current or recent hospitality real estate transactions have taken place.

Step 6 - CAPEX Estimation:

Regarding the CAPEX estimation, the assumptions are based on an article published by Entrepreneur.com in April 2019 (Latysheva, 2019). Appendix 9 provides us with a per sq. ft. cost estimation for each restaurant aspect and the cost attached to it. In Appendix 10, the breakdown in percentages has been calculated to calculate the cost breakdown for Table 14, based on Cadé Eddy specificities (size).

The higher "premium" tranche estimated in Table 14, with a total of £653,800 for the total cost, will be used in the financial model and break-even analysis.

Table 14
"Café Eddy" CAPEX Estimation

Cost per sq. meter	£1,625	£1,800	£2,250	£3,000	£4,000	£5,000
Cost per sq. ft.	£152	£168	£210	£280	£374	£467
	Start Up		Professional		Premium	
Kitchen	£41,429	£45,790	£57,238	£76,317	£101,937	£127,285
Shell	£35,077	£38,769	£48,461	£64,615	£86,307	£107,768
Furniture	£49,409	£54,610	£68,263	£91,017	£121,572	£151,803
MEP Services (mechanical, electrical, plumbing)	£51,468	£56,885	£71,107	£94,809	£126,638	£158,128
Professional Fees	£18,574	£20,529	£25,661	£34,215	£45,701	£57,066
Contingency	£16,844	£18,617	£23,271	£31,028	£41,445	£51,750
Total Cost (by category)	£212,800	£235,200	£294,000	£392,000	£523,600	£653,800
Average Cost (by category)	£264,600		£457,800		£653,800	

Step 7 - Financial Model:

In Table 15, we can find a summary of the core inputs used in the financial plan. The restaurant will be operating every day with an estimated 115 days of the weekend and bank holidays per year, of which, 104 would represent weekends and 8 would be bank holidays (Carey, 2021).

A safety stock of 25% has been taken into account as a rule of thumb to apply to our feasibility study (Orderly, 2018) where the cost of the safety stock is considering an additional 25% of the current COGS monthly.

The average sales per day have been directly taken from Table 9 with the "normal" projection taking into account a 68.1% overall occupancy (using three table turns as the 100% occupancy benchmark as seen in Table 7). An 10% year-on-year revenue growth increase has been taken into account.

Regarding the sales mix by product categories, the 65% and 35% split for food and beverage, respectively, has been calculated in Table 5. Finally, the assumptions for the COGS have been based on OMNIA's COGS from Appendix 2 and general industry standards (Brydges, 2019).

Table 15
"Café Eddy" Core Inputs Assumptions

Core Inputs					
WORKING DAYS			INVENTORY		
# of Days Open per Week	7		Safety Stock, %	25%	
# of Working Days per Year	354				
Weekends & Holidays per Year	112				
Midweeks per Year	242				
AVERAGE SALES PER DAY, £					
	2022	2023	2024	2025	2026
Midweek	3'352	3'687	4'056	4'462	4'908
Weekends & Holidays	5'607	6'168	6'784	7'463	8'209
SALES MIX BY PRODUCT CATEGORIES, %					
Product categories	2022	2023	2024	2025	2026
Food	65%	65%	65%	65%	65%
Beverage	35%	35%	35%	35%	35%
COGS BY PRODUCT CATEGORIES, %					
Product categories	2022	2023	2024	2025	2026
Food	35%	35%	35%	35%	35%
Beverage	25%	25%	25%	25%	25%

The next step, per Table 15, is to plug Café Eddy's fixed expenses into our feasibility study, as seen in Table 11. It must be noted that for the rent and UBR expenses, the assumption has not considered the estimation from Table 11 but the rent estimation made based on the forecasted future revenue as seen in Table 13. The rent + UBR cost estimation from Table 13 was higher and, therefore, also seemed more conservative and safer to use.

It must be noted as well that the rent and UBR payment only starts in April 2023 instead of 2022. This is because landlords now agree to a 12- to 24-month rent-free period to help revive new restaurant concepts after the pandemic, making it a very opportunistic time to start a restaurant business now.

A new element to highlight in Table 16 is the service charge retained, which considerably reduces the costs for restaurants in London. The service charge is a mandatory amount added to the total check, with a range going from 10% to 15% (*Visit London, 2021*).

Table 16

"Café Eddy" Fixed Expenses & Growth rates - Assumptions £

Categories	Launch date	End date	Periodicity	Spending, £	Yearly
Rent	Apr-23	Dec-26	Monthly	6'465	77'582
UBR/ C Tax	Apr-23	Dec-26	Monthly	3'233	38'791
Utilities	Apr-22	Dec-26	Monthly	2'053	24'639
Premises Repairs	Apr-22	Dec-26	Monthly	298	3'574
Cleaning & Waste Disposal	Apr-22	Dec-26	Monthly	1'549	18'587
Equipment Replacement (sml)	Apr-22	Dec-26	Monthly	524	6'293
Equipment Maintenance	Apr-22	Dec-26	Monthly	396	4'749
Health Safety	Apr-22	Dec-26	Monthly	58	693
Equipment Rental	Apr-22	Dec-26	Monthly	61	736
Entertaining	Apr-22	Dec-26	Monthly	413	4'951
Office Expenses / IT	Apr-22	Dec-26	Monthly	181	2'175
Trade License / Insurance	Apr-22	Dec-26	Monthly	162	1'948
Merchants Services	Apr-22	Dec-26	Monthly	769	9'224
Other	Apr-22	Dec-26	Monthly	894	10'727
Service Charge Retained	Apr-22	Dec-26	Monthly	-10'699	-128'382

Moving on to the variable expenses in Table 17, we have determined the following five expenses, starting with the administrative and general costs any business needs for running its business operations. A precise percentage couldn't be found; however, an estimate was done based on a restaurant profit-and-loss analysis case study (*Chuck, 2019*). Regarding sales and marketing expenses, Gourmet Marketing recommends keeping the restaurant marketing budget within 3–6% of total sales (*Kiyak, 2017*). An estimated 1% has been considered for any bank fee that will also consider the credit card processing fees (*Hall, 2019*). Food waste will be discussed next, which is the highest and most controversial cost in the industry. Approximately 4–10% of food purchased by restaurants is wasted before reaching the consumer (*Food Waste Is a Massive Problem—Here's Why, 2021*). Lastly, a 1% buffer has been allocated for any loss, including broken plates or utensils, for the restaurant service.

Table 17

"Café Eddy" Variable Expenses - Assumptions £

Categories	Variable Expenses, %	
Administrative and General	as % of Total Revenue	2.0%
Sales and Marketing	as % of Total Revenue	4.0%
Bank fee	as % of Total Revenue	1.0%
Food loss	as % of Total Revenue	7.0%
Plates	as % of Total Revenue	1.0%

Regarding the team size and wages, Table 18 summarizes the different roles needed to run Café Eddy's operations comfortably.

Roles and annual salary, along with the number of team members required, can be found in Table 12 (Edmonds, 2021). To have a more tangible understanding of the staff needs and rotations, a weekly template of the staff rota can be found in Appendix 11, simulating how the organization could be run during a full week.

Table 18

Average annual numbers of employees

Categories	Hire	Fire	Annual Salary, £	Number of Employees				
				2022	2023	2024	2025	2026
Management	May-22	Dec-26	50'000	3.0	3.0	3.0	3.0	3.0
Bartender	May-22	Dec-26	21'000	1.0	1.0	1.0	1.0	1.0
Barback	May-22	Dec-26	18'000	2.0	2.0	2.0	2.0	2.0
Head Chef	May-22	Dec-26	50'000	1.0	1.0	1.0	1.0	1.0
Chef	May-22	Dec-26	28'000	3.5	3.5	3.5	3.5	3.5
Stewarding	May-22	Dec-26	16'000	2.5	2.5	2.5	2.5	2.5
Waiter	May-22	Dec-26	21'000	3.5	3.5	3.5	3.5	3.5
				16.5	16.5	16.5	16.5	16.5

In Table 19, a summary of the 5-year financial plan can be found.

Table 19

"Café Eddy" Core Financials

Core Financials (£'000)					
Fiscal Year	2022	2023	2024	2025	2026
Revenue	959	1'583	1'741	1'916	2'107
COGS	(302)	(499)	(549)	(603)	(664)
GROSS MARGIN	657	1'084	1'193	1'312	1'443
<i>GROSS MARGIN %</i>	<i>69%</i>	<i>69%</i>	<i>69%</i>	<i>69%</i>	<i>69%</i>
Variable Expenses	(144)	(237)	(261)	(287)	(316)
NET MARGIN	513	847	932	1'025	1'127
<i>NET MARGIN %</i>	<i>54%</i>	<i>54%</i>	<i>54%</i>	<i>54%</i>	<i>54%</i>
Salaries & Wages	(350)	(552)	(580)	(609)	(639)
Fixed Expenditure	30	(49)	(81)	(83)	(97)
EBITDA	193	246	271	333	391
<i>EBITDA %</i>	<i>20%</i>	<i>16%</i>	<i>16%</i>	<i>17%</i>	<i>19%</i>
Depreciation & Amortization	(109.8)	(119.8)	(119.8)	(119.8)	(119.8)
EBIT	83	127	151	213	272
Net Interest Expense	(21)	(18)	(13)	(8)	(3)
Net Profit Before Tax	62	108	138	205	269
Tax Expense	(12)	(21)	(26)	(39)	(51)
Net Profit After Tax	50	88	112	166	218
<i>Net Profit After Tax %</i>	<i>5%</i>	<i>6%</i>	<i>6%</i>	<i>9%</i>	<i>10%</i>

Regarding the depreciation and amortization, the total restaurant development takes into account the CAPEX found in Table 20 over a linear 72-month period (6 years). The development expenses have been based on the higher tranche of "Premium" costs from Table 14, with additional expenses for the initial project manager (PM) fees, designer's renderings, legal fees and the PM's total fees. All these additional estimations have been based on actual quotes received by each professional.

Table 20

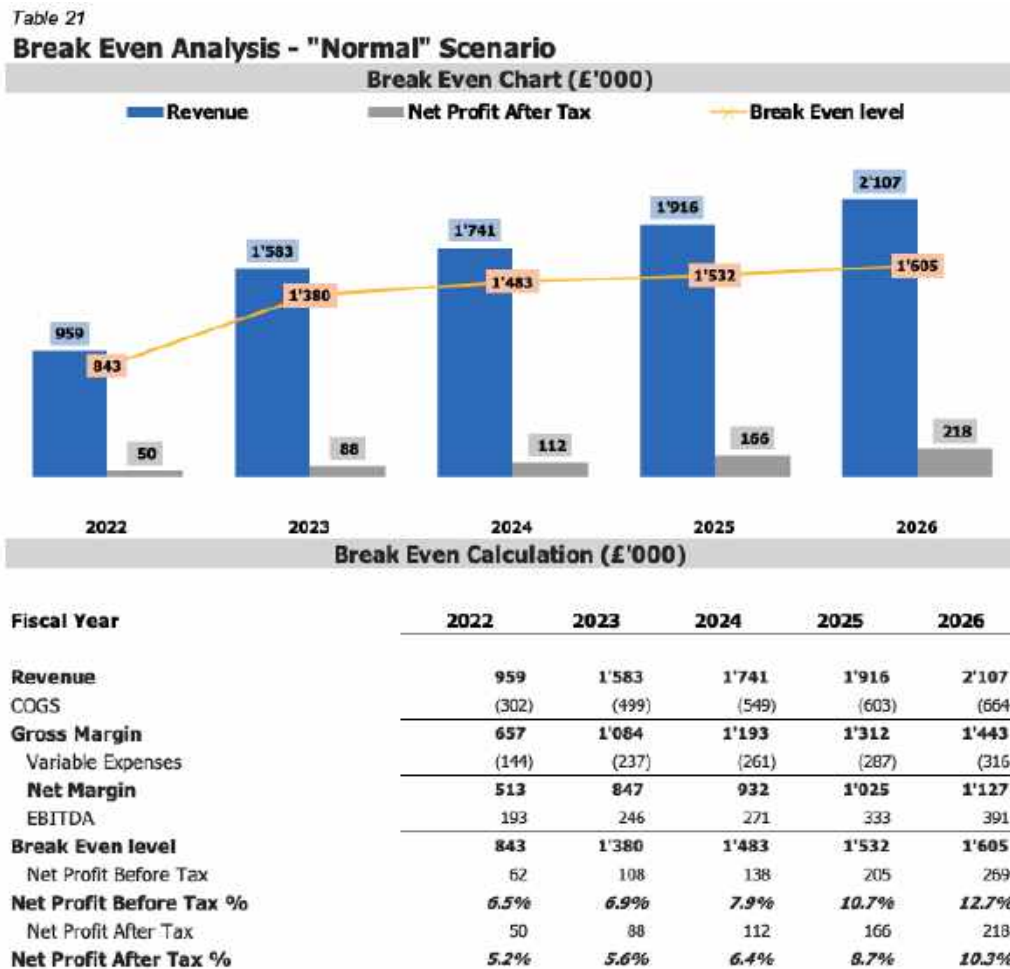
Development Expenses

Categories	Purchase date	Pmnt Delay	Spending, £
Initial PM Consultant	Feb-22	0M	5'000
Designers Renderings	Feb-22	0M	20'000
Legal Fees	Feb-22	0M	10'000
Projet Manager	Feb-22	0M	30'000
Kitchen	Feb-22	0M	127'285
Shell	Feb-22	0M	107'768
Furniture	Feb-22	0M	151'803
MEP Services	Feb-22	0M	158'128
Professional Fees	Feb-22	0M	57'066
Contingency	Feb-22	0M	51'750
Total, £			718'800

When analyzing the EBITDA margin (%) of the project in Table 19, the evolution from 16% to 19% between 2023 and 2026 seems to be within the industry range. (*Learn How to Calculate Restaurant EBITDA*, 2019). The ideal EBITDA for businesses in the restaurant industry is between 13 and 30% of the sales (*Learn How to Calculate Restaurant EBITDA*, 2019).

Finally, when taking into account the financing and corporate taxes, the following assumptions have been made: A corporate tax of 19% has been taken into account (*United Kingdom - Corporate - Taxes on Corporate Income*, 2021), and financing of £500,000 in debt with a 5% interest over 5 years starting in January 2022 has been taken into account. To ensure enough liquidity, an estimation of £300,000 in equity investment has also been considered.

After taking into account all the assumptions, we are now able to better understand the profitability of the restaurant and its break-even point and net profit year after year. Table 21 below helps us understand the value creation of this project and its feasibility when considering the "normal" scenario for the revenue assumptions. The conservative and optimistic scenarios can be found in Appendices 12 and 13.



Both Table 19 and Table 21 above illustrate the reality of this low-profit industry. Generally, one-third of a restaurant's revenue is allocated to the cost of goods sold and another third to labor expenses. The remaining revenue must cover overhead expenses like utility bills and rent. Once all expenses are paid, restaurants are typically left with only 2 to 6% in net profit (*What You Need to Know About Restaurant Profit Margins*, 2021).

Conclusion:

The COVID-19 pandemic has tremendously impacted our society, habits and lives. Some industries have been able to take advantage of the change of environment and turn these challenging times into opportunities. Some have become obsolete and some have been forced to adapt to survive. The hospitality sector has been and still is being challenged by the pandemic and its uncertainties. Additionally, London has also been affected by a further challenge in building teams, due to the Brexit immigration laws. Managers, restaurateurs and entrepreneurs in this field will need to consider these new variables when moving forward and, more importantly, when getting started. As discussed and highlighted in this paper, flexibility, agility and creativity are key to navigating in these uncertain times, and the need to continuously innovate and keep up with new trends, as well as stay relevant to customers, has never been so important.

As quoted by Stephen Richards, this project truly rests on the following: *"With every challenge you face, there is an opportunity hidden that will lead you towards the path of wealth and abundance."* The restaurant scene will change, creating a rotation with concepts that haven't been able to innovate and adapt to the evolving environment to leave space for new projects adapted for a post-pandemic world. Café Eddy is based on adaptability and flexibility, with an example being its innovative way of reducing staffing costs by implementing a draft cocktail system. Additionally, ideas about a new revenue source can also be explored with the rotating art taking place on-site and making the best of the real estate space. Today seems like an opportunistic and captivating time to start a new chapter in this industry and embrace the challenges that come with it, as with any other entrepreneurial venture.

Appendices

Appendix 1:

Historic OMNIA's operating costs breakdown (2016-2020)

"OMNIA"	01.04.16 - 31.3.17	1.4.17 - 26.7.17	27.7.17 - 30.6.18	30.06.2018 - 30.6.19	30.06.19 - 29.2.20
Rent	£122,500	£170,454	£138,636	£139,792	£291,357
UBR/C Tax	£44,502	£106,835	£63,538	£89,184	£70,394
Utilities	£47,847	£88,725	£65,515	£46,701	£52,836
Premises Repairs	£1,561	£15,824	£7,541	£3,554	£12,662
Cleaning & Waste Disposal	£50,684	£36,354	£24,251	£46,948	£55,719
Equipment replacement (sm)	£15,465	£7,648	£15,920	£10,376	£23,025
Equipment Maintenance	£6,672	£14,482	£13,210	£9,216	£9,084
Health Safety	£1,754	£1,339	£965	£2,485	£1,431
Equipment Rental/Lease	£2,398	-	£1,697	£2,419	£1,955
Advertising	-	£126	£676	£2,009	£3,336
Entertaining	£18,193	£15,559	£23,235	-	-
Motor Vehicle Expenses	-	-	£627	£1,118	£2,199
Office expenses	£15,968	£6,913	£8,819	£2,225	£4,674
Telecomms & internet	£6,984	£7,696	£5,439	£1,162	£3,884
IT & Software	£4,970	£6,186	£4,516	£4,697	£4,670
Insurance	£15,679	£18,133	£12,059	£10,638	£13,101
Professional & Legal Fees	£625	-	£3,000	£2,687	£2,925
Govt & Trade licences	£3,165	£3,322	£3,127	£4,063	£7,848
General Expenses	-	£3,828	£1,055	-	-
Merchants Services	£23,662	£18,123	£20,643	£22,822	£20,927
Petrol - Diesel	-	-	-	£1,228	£573
Hotel & Travel	£670	£489	£676	£2,242	£2,462
Service charge retained	-£324,322	-£278,839	-£309,674	-£276,549	-£287,834
Staff Rents/insurance/Licences	-£4,198	-£6,524	-£3,943	-£3,300	-£3,600
Management	£133,293	£126,865	£146,103	£135,490	£112,515
Restaurant	£197,862	£169,901	£162,473	£150,814	£209,064
Bar	£134,117	£123,774	£139,991	£120,153	£118,347
Kitchen	£373,657	£384,793	£377,578	£384,874	£388,370
Facilities	£8,737	£9,695	£9,317	£11,839	£14,460
Housekeeping	-	-	-	£26,839	£31,704
Bar Floor	£32,328	£73,554	£34,739	£20,830	£3,738
Hostesses	£62,099	£45,903	£40,654	£32,486	£42,507
Staff Recruitment & Training	£3,600	-	-	-£9,250	£8,445
Agency staff	£381	£1,184	-	£6,670	£766
Employers' NI + Pension Contr.	£84,813	£65,103	£87,577	£89,746	£92,718
Staff Welfare/Tea/Coffee/Milk	-	-	-	£984	£633

Appendix 2:

OMNIA's sales and COGS breakdown (2016-2020)

"OMNIA"	01.04.16 - 31.3.17	1.4.17 - 26.7.17	27.7.17 - 30.6.18	30.06.2018 - 30.6.19	30.06.19 - 29.2.20	
SALES (Yearly)						
						Average
Bottled Beer	£52,152	£124,292	£46,570	£45,436	£47,505	
Spirits	£487,723	£467,229	£484,716	£447,768	£418,605	
Minerals	£38,161	£111,101	£35,627	£25,979	£38,927	
Wine	£730,610	£532,238	£560,811	£335,983	£468,509	
Tobacco	£1,230	£20,179	£1,123	£1,592	£600	
Water	£33,721	£74,735	£36,457	£33,886	£34,146	
Food	£1,554,271	£1,426,611	£1,437,617	£1,395,266	£1,275,099	
Food % to Total Sales Income	54%	52%	55%	61%	55%	
Total Sales Income	£2'897'868	£2'756'384	£2'602'921	£2'285'910	£2'283'390	£2'565'295
COST OF SALES / COGS (Yearly)						
Bottled Beer	£12,850	£12,278	£11,913	£11,055	£12,279	
Spirits	£104,049	£116,422	£129,987	£91,625	£66,359	
Minerals	£6,911	£6,265	£8,678	£8,789	£9,207	
Wine	£221,335	£214,772	£211,348	£142,473	£167,181	
Tobacco	£3,264	£1,538	£1,232	£1,349	£0	
Water	£7,970	£5,608	£7,069	£5,977	£5,985	
Food	£431,103	£447,474	£513,504	£401,036	£365,835	
Kitchen Sundries	£4,014	£2,362	£4,337	£3,874	£3,543	
Bar Sundries	£9,446	£3,249	£8,269	£6,277	£5,495	
Total Cost of Sales	£800'942	£803'469	£896'338	£672'455	£635'883	£761'817
Costs %						
Bottled Beer	25%	10%	26%	24%	26%	
Spirits	21%	25%	27%	20%	16%	
Minerals	18%	6%	24%	34%	24%	
Wine	30%	40%	38%	42%	36%	
Tobacco	265%	8%	110%	85%	0%	
Water	24%	8%	19%	18%	18%	
Food	28%	31%	36%	29%	29%	

Appendix 3:

Transaction history of similar target locations in the past months.

Property Address	Area	Rent Per Year	Size (sqf)	Rent/sqf	Size (sqm)	Rent/sqm	Rent per Year (incl. UBR)	Rent/sqf
8 Charlotte Street, Fitzrovia, W1T 2LS	Fitzrovia	£132,000	2423	£54.48	225	£586.40	£198,000	£81.72
139 Upper Street, Islington, London, N1 1QP	Islington	£85,000	2498	£34.03	232	£366.27	£127,500	£51.04
176 Drury Lane, Covent Garden, London, WC2B 5QF	Covent Garden	£30,000	1200	£25.00	111	£269.10	£45,000	£37.50
10 Theobalds Road, Holborn, London, WC1X 8PN	Holbor	£22,000	844	£34.16	60	£367.71	£33,000	£51.24
5-7 Blandford Street, Marylebone W1U 3DB	Marylebone	£134,000	2253	£59.48	209	£640.20	£201,000	£89.21
386 King's Road, Chelsea, London, SW3 5UZ	Chelsea	£85,250	1153	£73.94	107	£795.86	£127,875	£110.91
Holborn, London, WC1	Holborn	£236,000	4300	£54.88	399	£590.77	£354,000	£82.33
73 Rivington Street, London, EC2A 3AY	Shoreditch	£50,000	470	£106.38	44	£1,145.11	£75,000	£159.57
329 Kingsland Road, London, E8 4AA	Dalston	£41,000	1250	£32.80	116	£353.06	£61,500	£49.20
Farringdon, London, EC1	Farringdon	£95,000	2063	£46.05	192	£495.66	£142,500	£69.07
Marylebone, London W1U	Marylebone	£265,000	4200	£63.10	390	£679.16	£397,500	£94.64

Appendix 4:

Restaurant competitor menu pricing analysis by district or offering.































Marylebone						
Chiltern Firehouse	Harry's Bar	Il Baretto	Ivy Cafe	Fischer's	108 Brasserie	Average
Starters						
£17.17	£10.07	£14.37	£9.24	£8.95	£14.92	£12.5
Mains						
£37.17	£21.59	£21.92	£19.63	£20.59	£27.20	£24.7
Sides						
£9.67	£4.21	£4.25	£3.98	£4.63	£6.00	£5.5
Desserts						
£9.00	£8.61		£9.62	£8.80	£10.92	£9.4
Cocktails						
£13.70	£10.31		£10.03	£12.25	£13.75	£12.0
Soft Drinks						
£5.00	£4.31	£4.00	£3.28	£4.00	£4.00	£4.1
Alcohol by the glass						
£7.50	£8.99	£8.70	£9.05	£13.50	£10.80	£9.8

Fitzrovia						Average
Lima	Meraki	Macellaio	Circolo popolare	Norma		
Starters						
£9.71	£10.81	£15.77	£9.75	£10.30		£11.3
Mains						
£23.67	£36.88	£10.69	£14.69	£22.60		£21.7
Sides						
£4.50	£5.90	£6.00		£6.60		£5.8
Desserts						
£7.33	£9.50	£6.50	£7.10	£7.10		£7.5
Cocktails						
	£15.67		£8.83	£13.00		£12.5
Soft Drinks						
				£4.00		£4.0
Alcohol by the glass						
£8.50	£6.00		£6.00	£8.80		£7.3

Chelsea / South Kensington						
The Ivy Chelsea Garden	Bluebird	Daphne's	Vardo	Polpo	Cafes Chucs	Average
Starters						
£9.60	£16.35	£13.45	£8.45	£3.73	£12.30	£10.6
Mains						
£18.96	£30.67	£32.88	£20.58	£8.63	£18.10	£21.6
Sides						
£4.19	£3.35	£5.69	£3.70	£6.10	£4.90	£4.7
Desserts						
£10.08	£7.30	£8.12	£6.41	£6.20	£6.90	£7.7
Cocktails						
£10.40	£12.50	£12.83	£9.33	£7.17		£10.4
Soft Drinks						
£4.50	£4.50	£4.50	£4.00			£4.4
Alcohol by the glass						
£10.25	£11.33	£14.00	£10.13	£8.50	£10.80	£10.8

Breakfast Competitors					Average
Ivy Cafe	Cafes Chucs	Caravan Restaurants	German Gymnasium		
Breakfast Drinks					
4.23	5	4.5	3.4		£4.3
Breakfast Food					
8.4	5.7	8.1	4.8		£6.8
Brunch Drinks					
10.4	10.2	10.5	8.5		£9.9
Brunch Food					
9.28	12.5	12.6	12.3		£11.7

Appendix 5: Selected List of Competitors Analysis

	Cafes Chucks	Vivido	108 Brasserie	Ciccotto's Pizza Bar	Bluebird
Location	Kensington / Chelsea	Chelsea	Marylebone	Soho	Chelsea
Opening Hours	8AM-23PM	Week Days: 9AM-11PM Weekends: 9AM-12PM	MON: Closed TUE-SAT: 12PM-11PM SUN: 12PM-6PM	MON-THUR: 12PM-2AM FRI-SAT: 11:30AM-3AM SUN: 11:30AM-11PM	Lunch MON-FRI: 12am – 3pm SAT-SUN: 11am – 3:30pm Dinner SUN-MON: 5:30pm – 11pm TUE-THUR: 5:30pm – 12am FRI-SAT: 5:30pm – 1am
Offering	Breakfast / Brunch / Lunch / Dinner / Drinks	Breakfast / Brunch / Lunch / Dinner / Drinks	Brunch / Lunch / Dinner / Drinks	Lunch / Dinner / Late Night	Brunch / Lunch / Dinner / Drinks
Price Range*	£9-£45	£10-£45	£16-£38	£10-£30	£17-£220
Tripadvisor Reviews	3.5  54 reviews	4.0  130 reviews	4.5  1,240 reviews	4.0  132 reviews	4.0  2,195 reviews
Tripadvisor Ratings					
Story / Description	<p>The sister-concept to the 1950s inspired swimwear brand founded by Chelsea Fitch, the original Chucks on Mayfair's Dover Street opened its doors in Summer 2014, in the words of A.A. Gill, a fantasy media reel in miniature, an ode to old-school, Slim Aarons' glamour in the heart of London. A boutique 18 cover restaurant, Chucks is designed like an opulent yacht, with its blond wooden panelling, perfectly polished brass rails and vintage prints of Ansell & the Cirque Terre adorning the walls.</p>	<p>Dining with no boundaries. From the founders of Caravan, inspired by the travelling wagon, spanning the globe collecting spices, flavours and influences along the way. Open all day, every day. All welcome.</p> <p>Join us for lunch and dinner from our all-day dining menu, made up of small and large plates designed for sharing.</p> <p>Stop by for a drink! Our main dining room incorporates a cocktail and coffee bar offering up a selection of wines, beers and cocktails inspired by our travels and relationships with local suppliers.</p>	<p>An all-day Brasserie & Bar with alfresco seating, open 6 days a week in the heart of Marylebone Village. Inspired by Ancient Greek storytelling and mythology, we have partnered with cult jewellery designer Alex Monroe to weave together story and season, bringing you tradition and legends with a twist. 108's new globally inspired menu takes diners on a journey to discover the freshest and most delicious options the season has to offer.</p>	<p>Part of the Ciccotto's family, Ciccotto's Pizza Bar in the heart of Soho has a relaxed vibe. It serves wood-fired oven pizzas, cichetti and homemade pasta, alongside Aperol Spritzes and Negronis on tap.</p> <p>In addition to the original London restaurant in Mayfair, Ciccotto's has locations in West Hollywood, Miami Beach, Brooklyn, Berlin, Barcelona, Istanbul, and The Ned in the City of London.</p>	<p>Bluebird is a local neighbourhood restaurant, situated on the King's Road. A modern European restaurant and bar with outside terraces and lounge. Bluebird is a stylish establishment in the heart of Chelsea. Moreover, its vast stylish space makes it a perfect destination to unwind and have fun with friends and family.</p> <p>At D&D London, we are fully committed to minimising our impact on the planet. We are addressing a range of specific issues, including the ethical sourcing of food products, reducing food waste and maximising recycling, whilst reducing our energy and water consumption.</p>
Social Media Presence	   	   	   	   	   

Appendix 6:

Café Eddy Revenue Estimation by day of th week.

Table 8

"Café Eddy" Revenue Estimation

Breakfast Revenue			
	Conservative	Normal	Optimistic
Monday	£353.49	£471.32	£628.42
Tuesday	£353.49	£471.32	£628.42
Wednesday	£353.49	£471.32	£628.42
Thursday	£353.49	£471.32	£628.42
Friday	£353.49	£471.32	£628.42
Saturday	£734.10	£978.79	£1,223.49
Sunday	£734.10	£978.79	£1,223.49
Weekly Sub-Total	£3,235.63	£4,314.18	£5,589.10
Yearly Sub-Total	£168,252.84	£224,337.12	£290,633.28
Lunch Revenue			
	Conservative	Normal	Optimistic
Monday	£673.24	£897.65	£1,196.87
Tuesday	£673.24	£897.65	£1,196.87
Wednesday	£673.24	£897.65	£1,196.87
Thursday	£673.24	£897.65	£1,196.87
Friday	£673.24	£897.65	£1,496.09
Saturday	£1,395.14	£1,860.19	£4,650.46
Sunday	£1,395.14	£1,860.19	£4,650.46
Weekly Sub-Total	£6,156.47	£8,208.63	£15,584.49
Yearly Sub-Total	£320,136.55	£426,848.73	£810,393.43
Dinner Revenue			
	Conservative	Normal	Optimistic
Monday	£1,416.53	£1,983.14	£2,266.44
Tuesday	£1,416.53	£1,983.14	£2,266.44
Wednesday	£1,416.53	£1,983.14	£2,266.44
Thursday	£1,416.53	£1,983.14	£4,249.58
Friday	£2,075.95	£2,767.93	£6,919.83
Saturday	£2,075.95	£2,767.93	£6,919.83
Sunday	£1,416.53	£1,983.14	£2,266.44
Weekly Sub-Total	£11,234.53	£15,451.55	£27,155.01
Yearly Sub-Total	£584,195.48	£803,480.42	£1,412,060.44
Yearly Total	£1,072,584.87	£1,454,666.27	£2,513,087.15
per sqf	£1,276.89	£1,731.75	£2,991.77

Appendix 7:

Omnia's operating expense ratio per square foot.

	01.04.16 - 31.3.17	1.4.17 - 26.7.17	27.7.17 - 30.6.18	30.06.2018 - 30.6.19	30.06.19 - 29.2.20
Rent	£40.23	£55.98	£45.53	£45.91	£95.68
UBR/C Tax	£14.61	£35.09	£20.87	£22.72	£23.12
Utilities	£15.71	£22.57	£21.52	£15.99	£17.35
Premises Repairs	£0.51	£5.20	£2.48	£1.17	£4.16
Cleaning & Waste Disposal	£16.64	£11.94	£7.96	£15.42	£18.30
Equipment replacement (sml)	£5.08	£2.51	£5.23	£3.41	£7.56
Equipment Maintenance	£2.85	£4.76	£4.34	£3.03	£2.98
Health Safety	£0.58	£0.44	£0.32	£0.82	£0.47
Equipment Rental/Lease	£0.79	£0.00	£0.56	£0.79	£0.64
Advertising		£0.04	£0.22	£0.66	£1.10
Entertaining	£5.97	£5.11	£7.63		£0.00
Motor Vehicle Expenses		£0.00	£0.21	£0.37	£0.72
Office expenses	£5.24	£2.27	£2.90	£0.73	£1.53
Telecomms & internet	£2.29	£2.53	£2.11	£0.38	£1.28
IT & Software	£1.63	£2.03	£1.48	£1.54	£1.53
Insurance	£5.15	£5.95	£3.96	£6.45	£4.30
Professional & Legal Fees	£0.21	£0.00	£0.99	£0.88	£0.96
Govt & Trade licences	£1.04	£1.09	£1.03	£1.63	£2.58
General Expenses		£1.19	£0.35		£0.00
Merchants Services	£7.77	£5.95	£6.78	£7.49	£6.87
Petrol - Diesel		£0.00	£0.00	£0.40	£0.19
Hotel & Travel	£0.22	£0.16	£0.22	£0.74	£0.81
Service charge retained	-£106.71	-£91.57	-£101.70	-£90.82	-£94.53
Staff Rents/Insurance/Licences	-£1.38	-£2.14	-£1.16	-£1.08	-£1.18
Management	£43.77	£41.86	£47.98	£44.50	£36.95
Restaurant	£64.98	£55.80	£53.36	£49.53	£68.66
Bar	£44.04	£40.65	£45.97	£39.46	£38.87
Kitchen	£122.71	£126.37	£124.00	£126.40	£127.54
Facilities	£2.87	£3.18	£3.06	£3.89	£4.75
Housekeeping	£0.00	£0.00	£0.00	£8.81	£10.41
Bar Floor	£10.62	£24.16	£11.41	£6.84	£1.23
Hostesses	£20.39	£15.07	£13.35	£10.67	£13.96
Staff Recruitment & Training	£1.18	£0.00	£0.00	-£3.04	£2.77
Agency staff	£0.13	£0.39	£0.00	£2.19	£0.25
Employers' NI + Pension Contr.	£27.85	£21.38	£28.76	£29.47	£30.45
Staff Welfare/Tea/Coffee/Milk	£0.00	£0.00	£0.00	£0.32	£0.21

Appendix 8:

Omnia's operating expense ratio per cover.

	01.04.16 - 31.3.17	1.4.17 - 26.7.17	27.7.17 - 30.6.18	30.06.2018 - 30.6.19	30.06.19 - 29.2.20
Rent	£775.32	£1078.82	£877.44	£884.76	£1'844.03
UBR/C Tax	£281.66	£676.17	£402.14	£437.87	£445.53
Utilities	£302.83	£434.97	£414.65	£308.23	£334.41
Premises Repairs	£9.88	£100.15	£47.73	£22.49	£80.14
Cleaning & Waste Disposal	£320.78	£230.09	£153.49	£297.14	£352.65
Equipment replacement (smf)	£97.88	£48.41	£100.76	£65.67	£145.73
Equipment Maintenance	£54.89	£91.66	£83.61	£58.33	£57.49
Health Safety	£11.10	£8.47	£5.11	£15.73	£9.06
Equipment Rental/Lease	£15.18	£0.00	£10.74	£15.31	£12.37
Advertising		£0.80	£4.28	£12.72	£21.11
Entertaining	£115.15	£98.47	£147.06		£0.00
Motor Vehicle Expenses		£0.00	£3.97	£7.08	£13.92
Office expenses	£101.06	£43.75	£55.82	£14.08	£29.58
Telecomms & internet	£44.20	£48.71	£40.75	£7.35	£24.58
IT & Software	£31.46	£39.15	£28.58	£29.73	£29.55
Insurance	£99.23	£114.76	£76.32	£124.29	£82.92
Professional & Legal Fees	£3.96	£0.00	£18.99	£17.01	£18.51
Govt & Trade licences	£20.03	£21.03	£19.79	£31.41	£49.67
General Expenses		£22.96	£8.68		£0.00
Merchants Services	£149.76	£114.70	£130.65	£144.44	£132.45
Petrol - Diesel		£0.00	£0.00	£7.77	£3.63
Hotel & Travel	£4.24	£3.10	£4.28	£14.19	£15.58
Service charge retained	-£2056.47	-£1764.80	-£1959.96	-£1750.31	-£1821.73
Staff Rents/Insurance/Licences	-£26.57	-£41.29	-£22.43	-£20.89	-£22.78
Management	£843.63	£802.94	£924.70	£857.53	£712.12
Restaurant	£1'252.29	£1075.32	£1028.31	£954.52	£1'323.19
Bar	£848.84	£783.38	£886.02	£760.46	£749.03
Kitchen	£2'364.92	£2'435.40	£2'389.73	£2'435.91	£2'458.03
Facilities	£55.30	£61.36	£58.97	£74.93	£91.52
Housekeeping	£0.00	£0.00	£0.00	£169.87	£200.66
Bar Floor	£204.61	£465.53	£219.87	£131.84	£23.66
Hostesses	£393.03	£290.53	£257.30	£205.61	£269.03
Staff Recruitment & Training	£22.78	£0.00	£0.00	-£58.54	£53.45
Agency staff	£2.41	£7.55	£0.00	£42.22	£4.78
Employers' NI + Pension Contr.	£536.79	£412.05	£554.29	£568.01	£586.82
Staff Welfare/Tea/Coffee/Milk	£0.00	£0.00	£0.00	£6.23	£4.01

Appendix 9:

CAPEX estimation for new London restaurant (Entrepreneur.com, April 2019)

Cost Scale by Category (Benchmark)						
Cost per sq. meter	£1,625	£1,800	£2,250	£3,000	£4,000	£5,000
Cost per sq. ft.	£152	£168	£210	£280	£374	£467
	Start Up		Professional		Premium	
Kitchen	£70,000	£75,000	£90,000	£120,000	£140,000	£160,000
Shell	£50,000	£60,000	£70,000	£100,000	£140,000	£160,000
Furniture	£75,000	£80,000	£105,000	£130,000	£190,000	£240,000
MEP Services (mechanical, electrical, plumbing)	£75,000	£90,000	£105,000	£145,000	£190,000	£240,000
Professional Fees	£30,000	£35,000	£40,000	£45,000	£70,000	£80,000
Contingency	£20,000	£25,000	£40,000	£50,000	£70,000	£80,000
Total Cost (by category)	£320,000	£365,000	£450,000	£590,000	£800,000	£960,000
Average Cost (by category)	£342,500		£520,000		£880,000	

Appendix 10:

CAPEX ratio breakdown based on Appendix 9.

Cost Scale by Category in % (Benchmark)				
	Start Up	Professional	Premium	Total
Kitchen	21.17%	20.19%	17.05%	19.47%
Shell	16.06%	16.35%	17.05%	16.48%
Furniture	22.63%	22.60%	24.43%	23.22%
MEP Services (mechanical, electrical, plumbing)	24.09%	24.04%	24.43%	24.19%
Professional Fees	9.49%	8.17%	8.52%	8.73%
Contingency	6.57%	8.65%	8.52%	7.92%

Appendix 11:

Weekly staff rota template.

MONDAY																	
	BAR			KITCHEN							FOH			Admin			
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter	Waiter	Management 3
7:00 - 8:00																	
8:00 - 9:00																	
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24:00 - 1:00																	

TUESDAY																	
	BAR			KITCHEN							FOH			Admin			
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter	Waiter	Management 3
7:00 - 8:00																	
8:00 - 9:00																	
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23:00 - 24:00																	
24:00 - 1:00																	

WEDNESDAY																	
	BAR			KITCHEN							FOH			Admin			
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter	Waiter	Management 3
7:00 - 8:00																	
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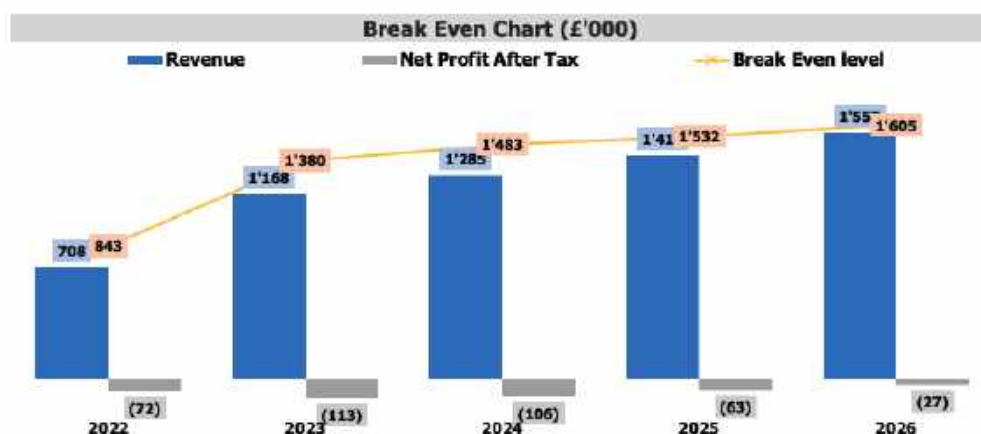
THURSDAY																		
7:30 - 8:00	BAR				KITCHEN								FOH			Admin		
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter		Waiter	Management 3
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FRIDAY																		
7:30 - 8:00	BAR				KITCHEN								FOH			Admin		
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter		Waiter	Management 3
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SATURDAY																		
7:30 - 8:00	BAR				KITCHEN								FOH			Admin		
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter		Waiter	Management 3
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24:00 - 1:00																		

SUNDAY																		
7:30 - 8:00	BAR				KITCHEN								FOH			Admin		
	Management 1	Bar tender	Barback 1	Barback 2	Head Chef	Chef 1	Chef 2	Chef 3	Chef 4	Stewarding 1	Stewarding 2	Stewarding 3	Management 2	Waiter	Waiter		Waiter	Management 3
8:00 - 9:00																		
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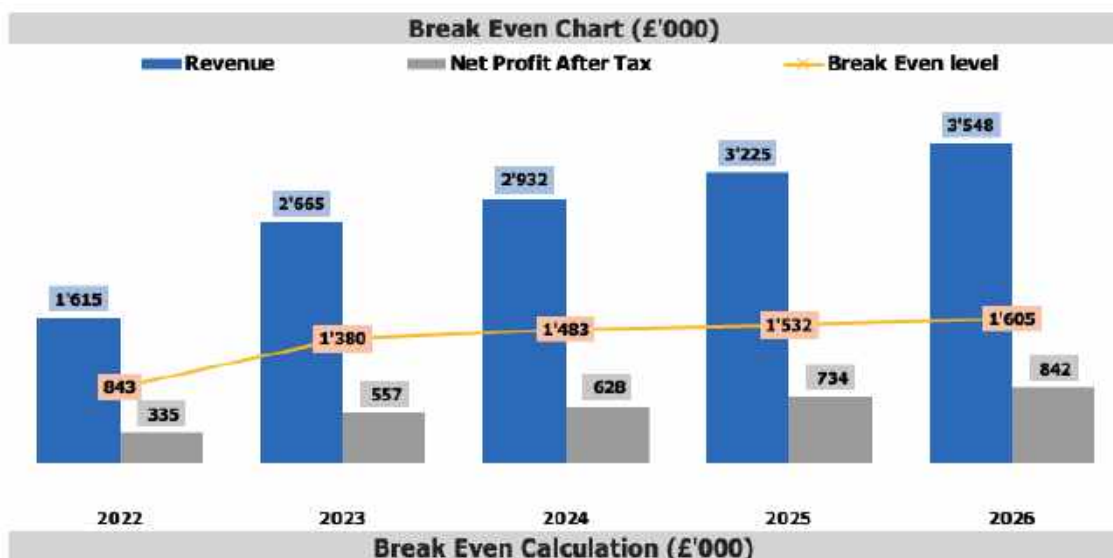
Appendix 12:
Break-Even Analysis - Conservative Scenario.



Break Even Calculation (£'000)

Fiscal Year	2022	2023	2024	2025	2026
Revenue	708	1'168	1'285	1'414	1'555
COGS	(223)	(368)	(405)	(445)	(490)
Gross Margin	485	800	880	968	1'065
Variable Expenses	(106)	(175)	(193)	(212)	(233)
Net Margin	379	625	688	756	832
EBITDA	58	25	27	65	96
Break Even level	843	1'380	1'483	1'532	1'605
Net Profit Before Tax	(72)	(113)	(106)	(63)	(27)
Net Profit Before Tax %	0.0%	0.0%	0.0%	0.0%	0.0%
Net Profit After Tax	(72)	(113)	(106)	(63)	(27)
Net Profit After Tax %	0.0%	0.0%	0.0%	0.0%	0.0%

Appendix 13:
Break-Even Analysis - Optimistic Scenario.



Break Even Calculation (£'000)

Fiscal Year	2022	2023	2024	2025	2026
Revenue	1'615	2'665	2'932	3'225	3'548
COGS	(509)	(840)	(924)	(1'016)	(1'118)
Gross Margin	1'107	1'826	2'008	2'209	2'430
Variable Expenses	(242)	(400)	(440)	(484)	(532)
Net Margin	864	1'426	1'569	1'725	1'898
EBITDA	544	825	908	1'034	1'162
Break Even level	843	1'380	1'483	1'532	1'605
Net Profit Before Tax	413	688	775	906	1'039
Net Profit Before Tax %	25.6%	25.8%	26.4%	28.1%	29.3%
Net Profit After Tax	335	557	628	734	842
Net Profit After Tax %	20.7%	20.9%	21.4%	22.7%	23.7%

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