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**Handout**

IRB4310 Restaurant Entrepreneurships 3(3-0-6) Semester 2/2016

Mr. Thanasit Suksutdhi

**Unit 1**

**Introduction to Restaurant Entrepreneurship**

*Additional reading*

* Davis, B., Lockwood, A. Pantelidis, I.S. and Alcott, P., (2008). *Food and Beverage Management* *4th ed.* London: Elsevier.
* Mill, R.C., (2007). *Restaurant Management: Customers, Operations, and Employees, third edition.* New Jersey: Pearson Prentice Hall.
* Walker, J. R., (2011). *The Restaurant: from concept to operation sixth edition*. United State of America: John Willey & Sons, Inc.

*Course introduction; the course will study in the topics below;*

* Course introduction
* Introduction to restaurant business and food service industry
* Indigenous and Ethic Entrepreneurship: A Cultural Perspective
* Entrepreneurs and Small Firm Ownership
* Creativity and the Entrepreneurship
* Innovation, Opportunity and Protection
* The Feasibility Analysis
* The Family Business: Who’s to Bless and who’s to Blame?
* Hospitality, Commercial Homes and Entrepreneurship
* Preparing a Business Plan
* Leadership and Entrepreneur

**Course outline evaluation and criteria**

* Class attendance 10%
* Midterm 20%
* Final 30 %
* Individual assignment 30%
* Paper work presentation 20%
* Course review before midterm and final
* Midterm on week 8th , Final on 17th

**Introduction of restaurant business and food service industry**

*Learning objectives*

* Understand a history of restaurant from various countries.
* Understand restaurant operations.
* 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.
* Summary

**The foodservice industry**

1. 900,000 foodservice outlets in the US.
2. 12.2 million People, 10% of the workforces are employed in restaurants.
3. Approximately one-third of all U.S. adults have, at one time or another been employed in the restaurant industry.
4. About half of population in the US will be customers of the foodservice industry.
5. The percentage of revenues from food away from home has increased from 25% to 53% in 2010.

**Industry trends**

1. Growth in sales and the number of customers is driven by the increased number of higher income households and customer need for convenience and value.
2. Most customers are satisfied with how often they eat out.
3. Almost half of the customers surveyed feel that restaurants are an essential part of their lifestyle while 40% agree that eating out is as cost effective as coking at home and cleaning up.
4. 20% of restaurants offer a frequent diner program in an attempt to maintain customer royalty.
5. Parties with children are an increasingly important segment of the restaurant business.
6. 40% of respondents say they are offering a large variety of healthy menu items for children.
7. Takeout is another segment that is growing in importance.
8. 80% of respondents are offer takeout.
9. 60% of customers say they would use curbside takeout of it were available.

**Reasons for going into restaurant business**

1. Money
2. Buyout potential
3. Challenge
4. A place to socialize
5. Habit
6. A firm lifestyle
7. Express yourself

**Early history of eating out**

1. The ancient Romans were great eaters out.
2. After the fall of Rome, eating out usually took place in an inn and taverns, but by 1200 there were cooing houses in London, Paris, and elsewhere in Europe.
3. Medieval travelers dined at inns, taverns, hostelries and monasteries.
4. The first café was established in then Constantinople in 1550.
5. The coffeehouse appeared in Oxford in 1650 and seven years later in London, was a forerunner of the restaurant today.
6. By the eighteenth century, there were about 3,000 coffeehouses in London.
7. Coffeehouses were also popular in Colonial American.
8. The word *café,* meaning a small restaurant and bar, and *cafeteria* come from the single words *café,* French for coffee.

**French culinary history**

1. The first restaurant ever was called a “public dining room” and originated in France.
2. France has played a key role in the development of restaurants.
3. The first restaurant ever that actually consisted of patrons sitting at a table and being served individual portions was founded in 1782 by Beauvilliers called Grand Taverne de Londres.
4. The word “Restaurant” come from soup called *restorantes* (restorative) by Boulanger

**Birth of Restaurants in America**

* Began in 1634 by Samuel Coles, established in Boston named Coles Ordinary.
* Prior to the American Revolution, places selling food, beverages, and a place to sleep were called ordinaries, taverns, or inns.
* The term *restaurant* came to America in 1794 via French refugees from guillotine.
* Delmonico’s, located in New York City, is thought to be the first restaurant in America.

**Challenge of Restaurant Operation**

1. Long working hours in restaurant.
2. The possibility of losing their investment.
3. Potential of restaurateurs must consider.
4. Consumers are carefully watching.
5. The perfect restaurant operator could be enjoys serving people, handle frustration easily, and is tireless.
6. Limited schedule are considered.
7. Operating a restaurant demands lots of energy and stamina.
8. Knowledge of food is highly desirable.
9. Starting a restaurant involves high risk, but risk must be taken in order to achieve success.
10. The reason of survive of family-owned restaurants.
11. Many restaurants fail because of family problems.

**Buy, Build, Franchise, or Manage?**

1. Several career and investment options:
   * To buy an existing restaurant, operate it as is, or change its concept.
   * To build a new restaurant and operate it.
   * To purchase a franchise and operate the franchise restaurant.
   * To manage a restaurant for someone else, either an individual or a chain.
2. Satisfy an aesthetic personal desire.
3. High of rewards and high of loss.
4. Risk of purchasing.
5. Franchising involves the least financial risk.

**Restaurants as Roads to Riches**

* Ownership: sole proprietorship, partnership, company, or franchise.
* Development of a business plan: a good business plan may take a while to develop, but you are not going to obtain financing without one.
* Marketing/Sales: you need to know who your guests will be and how many there are of them.
* Location: will your location be freestanding, in a mall in a city center, suburban, or something else?
* Who is on your team?: your chef and staff, lawyer, accountant, insurance, sales, marketing, and public relations.
* Design/Ambience: what design/ambience will you select?
* Menu: what will your menu feature? How many appetizers, entrees, and desserts will you offer?
* Beverages: who will develop your beverages menu, and what will be on it?
* Legal: what permits do you need?
* Budgets: what will your budget look like?
* Control: What kinds of control system will you have, and how will it work?
* Service: what style of service will you select and how will it operate?
* Management: how will your restaurant operate?
* Operations: an overview of restaurant operations.

**Summary**

1. A fascinating history of eating out and the birth of restaurants in America is discussed with examples from leading restaurants and operators.
2. Food servers are usually young, enthusiastic, and happy.
3. The entire operation could be linked to a basketball team in action, a ballet of movement.
4. Among the players, the restaurant personnel, the emotional level is high.
5. The variables must be controlled to ensure a smoothly operating restaurant.