

A woman with dark, curly hair, wearing a white button-down shirt, stands in the foreground of a restaurant. In the background, a bar area is visible with a circular mirror and other patrons.

# HOW TO START A RESTAURANT OR FOOD SERVICE BUSINESS

**A QUICK GUIDE TO STARTING  
A RESTAURANT AND FOOD  
SERVICE BUSINESS**



# A QUICK GUIDE TO STARTING A RESTAURANT AND FOOD SERVICE BUSINESS



A restaurant/ food service business is a business that provides any meals or beverages outside of the home. The business provides high quality food and drink service to customer. The owners have a continuing responsibility to work professionally and interactively with the guest(s) to give satisfactory service and thus maintain and grow the business.

Making the decision to start a restaurant/ food service business involves careful consideration. As the standards of customers continually increase, the setting up of any restaurant/food business could involve considerable financial outlay and time. Restaurant/ food businesses are required to be compliant with a range of legislation and non-compliance can result in serious consequences, so restaurant/ food business owners need to be well prepared before they start in business. It is important that you educate yourself about the restaurant/food service industry and understand all aspects of restaurant ownership and operation before attempting to start any type of restaurant/ food service business, whether it is a

sit-down restaurant, deli, coffee shop, or food vending stall. It is true that many restaurant concepts are well planned and lucrative, but the reality of the business is that a lot of hard work is involved and there is a greater chance of failure than success.

Take time to talk to a diverse range of restaurant owners that you know are doing well; these businesses can be identified by their word-of-mouth reputation, continuous quality of food and service, as well as their cleanliness and aesthetic appearance. Ask yourself, 'where do you like to eat and why?'

Below are a few simple but powerful questions to determine if the restaurant business is right for you.

## **1** Is the Restaurant Business Right for You?

### **Are You A Good Financial Manager?**

Financial preparation is a vital consideration when planning a new restaurant. Many prospective owners take out loans or join with partners. Others invest their

personal equity. Perhaps the most common in Bermuda is a combination of loan funds and personal cash investment; no matter how you choose to finance your restaurant start-up, you should have your personal finances under control before jumping into the business. Consider the following:

- Start-up capital -Are you ready to take on a significant bank loan and/or invest your personal funds?
- Your existing debt - Will you have sufficient back-up funds if needed?

If you're still wondering is this right for you BEDC has a course for you! [Think Like an Entrepreneur](#) is an 8-week challenging learning experience designed to reveal new opportunities, ignite your ambition and foster skills that will empower you to reach new heights as an entrepreneur. This course runs twice a year once in the spring and winter.



- Funds needed to sustain your personal/household expenses - Assuming you will be working in the business in some capacity and considering a restaurant's unstable income in the first few years, can you afford to decrease/minimize your salary as needed?

### **Do You Have Good Business Sense?**

Running a restaurant requires responsible management.

- Do you have the attention to detail, commitment to quality and customer service skills necessary to make your restaurant flourish?

### **Can You Deal With Long Hours?**

You must be mentally and physically prepared to work early mornings and late nights, regardless of your restaurant's hours of operation. As a new owner you will have to put in considerable time and effort to create a successful restaurant.

- Does your current family lifestyle enable you to commit the huge investment of time necessary to start up a restaurant?

### **Can You Balance Business Stress with Your Personal Life?**

The demands of the restaurant industry are intense, and your personal life may often come second to your business. Most restaurant owners set out with a true passion for the business or industry. Will you? Also:

- Are you easily discouraged? If so, starting a restaurant may not be the right business for you.
- Are you caring for an ill family member, just recovering from a divorce or financially tapped out due to paying for college educations? It may be the wrong time to start a restaurant business.
- Do you want to open a restaurant for the right reasons? Be sure you have the business know-how, the passion for the work and the money to make it happen, not just because you love to cook and want to be your own boss.

### **Do You Have the Right Restaurant Experience?**

Owning and intimately understanding all aspects of key restaurant operations is critical to success. You must effectively manage the day to day challenges necessary for steady business growth. Just because you worked in a fried food joint as a waiter 10 years ago doesn't mean you are ready to handle the multitude of business elements involved in managing and operating a successful restaurant. Below are a few questions to gauge your skills, knowledge and abilities in handling important restaurant operations.

- Are you comfortable with the process of food costing and menu price setting to ensure the right profit margins?
- What skills do you have in just-in-time inventory purchasing to ensure the right foods and beverages are purchased at the right prices?
- Do you know what to look for when hiring restaurant staff? How will you incentivize your key team members?
- Do you know why a cashflow schedule is important? Do you know what to look for when reviewing a cashflow schedule on a weekly/ monthly/ quarterly basis? Have you managed a business accounting system before?

**Scott Rockafellow, business counselor at the North Carolina Small Business & Technology Development Center, says a lack of familiarity with restaurant operations is especially problematic for those entrepreneurs without general business experience. Read the rest of [Scott's Business week feature here.](#)**



## 2 Matching Your Desire To The Market Demand

### The Right Market Research Is Key to Your Success

Detailed market research will reassure you that you are doing the right thing and there is a market for your new restaurant. A successful restaurant has a carefully planned mix of elements and getting one wrong can be costly and or even fatal to your business.

**Restaurant Type:** Identify the type of restaurant you would like to open ie. pizzeria, coffee shop, ethnic cooking and fish house.

### Location, location, location:

Travel around the island and see what is working in different locations.

**Learn about your market.** Write down the answers to the following questions:

- Who needs/wants this type of restaurant?
- Who do you think are typical customers?
- Is the market for my product/service growing and expanding?
- Who are my competitors?
- What is working well in our local environment?
- Is the market familiar with my proposed product ie. sushi bar?
- What restaurants have recently closed and why?
- Where will I locate my business and why?
- What will be my premises rent assuming I need a bricks and mortar building?
- Am I capturing new trends i.e. healthy eating?
- How many customers will I need per day to make my business work?

- How much are people willing to pay?

**Market Survey:** Once you have established who your target market is, it will be helpful to assess what their needs are. Consider conducting market research relevant to your prospective new business. For instance, if you designed a questionnaire survey you could ask a representative sample of people the following questions.

- How often do people eat lunch/dinner out?
- How much do they spend per visit?
- What is their current favourite restaurant and why?
- Are they happy with the current choices available?
- What type of food/drink do they like?

**Focus Group:** Try and survey as many people as possible but don't rely on family and friends as they may tell you what they think you want to hear. It may be possible to meet with a group of potential customers before you open your business to test their reaction to your proposal. For example, if you are setting up a sandwich bar, you could talk to a group of local office workers who are likely to use your service. They may suggest ideas that will enhance your business or provide information on the local market.

### Market Research Outcomes:

Following your market research you should have:

- Clearly defined your restaurant/food concept.
- Identified who your customers are likely to be
- Information on your expected customers (numbers, preferences, lifestyle and spending habits)

- Who your competitors are and what their strong and weak points are.

**BEDC Marketing Support:** View our [BEDC website](#) to get a listing of quality marketing service providers that can offer assistance with any of the above.

**Get Certified:** Look at Bermuda College PACE Department's [Food Safety and Sanitation Course](#)

Department of Health's - [Food and Beverage Safety](#)

## 3 The Right Location Is Key To Your Success

Write down the answers to the following questions:

- Does the location suit your business concept?
- Are you considering change of use or setting up in a historical building, view the Department of [Planning's Guidance notes](#).
- If you are entertaining a change of use (ie. from a residence to a restaurant), renovation of existing restaurant or new building to house your restaurant you may want to engage an architect to support you in working through the appropriate paperwork for actioning all required items in a timely fashion.
- Is there adequate parking nearby?
- Are all essential services available (water, electricity, toilet facilities and waste disposal)?

- Is there adequate ventilation?
- If considering a renovation of existing premises, will you be able to cost effectively adapt the space to suit your needs?
- Is there a feel-good factor when walking into your business?
- What is the foot traffic like outside your premises?
- Is there a pool of potential customers in the locality?

Most premises will require adaptation, and this is most likely to be the most expensive part of your business set-up. Layout and design are very important factors that will contribute or hinder your restaurants success. Once you have an idea of the cost of your premises and the adaptation required, you can begin to look at other costs in your business. As there are many outlays to consider in the set-up of a restaurant business, you need to plan your budget very carefully.

#### Other Considerations:

- Will you be leasing or purchasing a property for set-up of your business?
- Use a real estate agent to help you identify available properties for purchase.
- If leasing, negotiate terms with the landlord regarding any modification of the space ie. if you invest \$5,000 towards leasehold improvements within a dated premise, perhaps you can negotiate x months forward free rent.
- Identify the Strengths, Weaknesses, Opportunities and Threats of your Business. When thinking of Weaknesses and Threats, be sure to confirm mitigation solutions to offset any negatives as well.

## 4 Buying an Existing Restaurant vs. Starting from Scratch

If you decide that the restaurant business is right for you, one of the first decisions you will make is do you purchase an existing restaurant or start your own from scratch. Each option has its advantages and disadvantages.

See Food Service Warehouse's feature on [Buying an Existing Restaurant vs. Starting From Scratch](#)

## 5 Opening A New or Remodeled Food Establishment (inclusive of Barbeques)

View the Department of Health's Guidance Document F04 – [Procedures for Opening a New or Remodeled Food Establishment](#)


View the Department of Health's Guidance Document F02 – [Operational Guidelines for Barbeques at Restaurants & Refreshment Shops](#)

## 6 Opening A Home Bakery

View the Department of Health's Guidance Document F03 – [Guide to Home Bakeries / Manufactories](#)







## 7 Setting Up A Temporary Food Stall/ Mobile Food Service Lunch Wagons

View the Department of Health's Guidance Document F01 – [Guide to Temporary Food Stalls](#)

- This document cover Scopes, Definition, Legislation and Licensing Procedures in obtaining a temporary food license and for fitting out and operating a food stall.

See Department of Health's Mobile Restaurants – [Lunch Wagons & Concession Stands Policy](#)

See Department of Health's [Temporary Food Stalls Application](#)

See TCD's Application to [Operate A Concession Trailer\(s\)](#)

See City of Hamilton's Application to [Operate A Lunch Wagon Or Food Concession](#)

See Fire Department's [Fire Safety Provisions for Concession Stands Checklist](#)

See Department of Park's Concessions Guideline Document at <https://www.gov.bm/departments/parks>

## 8 Restaurants & Risk: What You Need to Know

Operating a restaurant involves dealing with all potential hazards, from minor employee training issues to major liabilities. Even small problems can have disastrous financial repercussions.

It is important to manage risks in the restaurant by incorporating safety procedures into all operational tasks and processes, as well as by protecting your establishment with insurance against injuries, accidents and damages as well most perhaps most importantly, the proper corporate structure. See BEDC's link detailing the primary [3 forms of business ownership](#) in Bermuda.

## 9 Government Approvals

### Liquor Licensing Information

- [Liquor License Act \(1974\)](#):
- [Liquor License Amendment Act \(2010\)](#):
- [Liquor License Permit Application](#)

### Department of Planning

- Will you have to modify your proposed restaurant space? If so you will need planning approval.
- Confirm what type of zoning is in place. Consult an architect if needed.
- Ensure that you have a building permit once you get planning approval.

### Department of Health

You will have to get a license from the Department of Health certifying that you have met the requirements for a restaurant / food service business.

### Payroll Tax

All businesses are responsible for registering and paying Payroll Tax. Payroll Tax is governed by the [Payroll Tax Act 1995](#) is a tax payable by

employers on the total salary, wages and benefits paid out to employees and self employed persons. You will need to complete a [Registration form](#) to get a Payroll Tax ID # and this is what you will use to make your quarterly payments. If you have any questions about this process you can contact the Tax Commissioners Office and one of their Officers can assist you in completing your form.

#### [Department of Social Insurance](#)

Every employed or self-employed person who works more than four (4) hours a week is required to pay contributions into the Contributory Pension Fund (CPF). In most cases if you have ever been employed you and/or

employees will already have a Social Insurance Number. If this is the case, you will have to contact the department to advise them that you will assume making the payments. Log on to their [website](#) to get the most current Social Insurance Rates.

#### [Department of Immigration](#)

If you are hiring foreign staff, you will need to apply for a work permit. You can get the [Work Permit Policies Document](#).

#### [Pension](#)

- As a Self-employed Person you must apply for registration of a Self-employment Pension Plan in accordance with the Act and the Regulations, if you:
  - are Bermudian or the husband or wife of a Bermudian; and
  - are between the age of 23 and 65; and
  - have pension-able earnings from self-employment exceeding \$20,000, in a calendar year.
- For more information on the requirements for establishing a pension visit the [Pension Commission](#).

#### [Employment Act](#)

Will you have employees? If so, then The Employment Act is the minimum standard of regulations governing employment in Bermuda. The Act sets out guidelines and sets out the minimum conditions of employment.

## 10 [Knowing The Numbers](#)

What are the costs to establishing your restaurant business? Consider the following:

- Equipment
- Personnel expenses
- Other fixed costs (Rent, electricity)
- Variable costs

You can use the [BEDC Sources & Uses of Funds Statement](#) to help tally these expenses.

When identifying your expenses, take account of your own personal financial situation. You can use our [Personal Financial Statement](#) to access your individual financial position at a given point in time.







- How many clients do you need to see to breakeven?
- Identify your worst-case scenario, so that you can plan for it.
- Prepare a [cash flow projection](#) that includes the assumptions that you make regarding your income and your expenses.

If you still need assistance with knowing the numbers BEDC has a course for you! [Financial Statements Planning and Costing using QuickBooks](#) is an 8-week course focused on getting business owners to accurately price and cost their products and services, review and understand financial statement and to learn how to use basic QuickBooks functionality. This course runs twice a year once in the spring and once in the winter.

## 11 Legal Issues And Insurance

Determine the structure of the company

- **Sole Proprietorship** - has only one owner. This is the simplest form of business. You are personally liable for the business' obligations. All debts are your debts. You

own all the assets, but at your own risk.

- **Partnership** - involves more than one person or partner and requires a bit more formality. It can be either a general partnership or a limited partnership. In a general partnership, partners manage the business and its obligations together. All general partners work in the business and share in its income and debts. Sample partnership agreement are available at [www.bedc.bm](http://www.bedc.bm). In a limited partnership, general partners operate the business while limited partners are silent investors who retain no control over the way the company is run.
- **Limited Company (LTD)** - A corporation is an independent legal entity that is separate from its owner(s). There is a clear separation between the owners' wealth and the assets of the business.
- **Limited Liability Company (LLC)** - A Bermuda LLC is a separate legal entity, and its members have limited

liability, much like a corporation. In common with a partnership, however, the affairs of a Bermuda LLC are governed by an agreement rather than by statutorily mandated constitutional documents. This affords great flexibility.

**Health** – Health Insurance is a requirement for all businesses. Contact local providers to find out the best rates for your business. The [Health Insurance Regulations Act](#) requires all employed and self-employed persons to have a contract of health insurance either with a private insurer or the Health Insurance Plan (HIP), the minimum requirement, for all employees and their non-employed spouses. The Act makes provision for all matters relating to health insurance in Bermuda.

**Insurance** – In addition to health insurance for you and your employees, you will also need to invest in Liability insurance to protect your customers and yourself.



**Workers Compensation** - a form of insurance that reimburses an employer for damages that must be paid to an employee for injury occurring during the course of employment.

- Law requires that an employer (1) provide employees a safe place to work, (2) hire competent fellow employees, (3) provide safe tools, and (4) warn employees of an existing danger.
- If an employer fails to provide the above, the employer is liable for damage suits brought by an employee and possible fines or prosecution.

## 12 The Business Plan

Take the information you have gathered and compile it into a written document that you can reference to help guide you. The plan can also be used to help you obtain financing if needed. You can use the [BEDC Business Plan Checklist](#) to help guide you; however, the components of most plans include the following 7 headings:

- **Executive Summary:** Write this last. This is a summary of your plan and quickly lets the reader know, what you need and why you need it.
- **Company Description:** Legal establishment, history and start-up plans, etc.
- **Product/Service:** Describe what you're selling. Focus on customer benefits.
- **Market Analysis:** Know your market, customer needs, where they are and how to reach them.
- **Strategy and Implementation:** Be specific. Include management responsibilities with dates and budget.

**Management Team:** Include backgrounds of key members of the team, personnel strategy, and details.

**Financial Plan:** Include profit and loss, cash flow, balance sheet, break-even analysis, assumptions and business ratios, etc.

If you require additional help with formulating a Business plan BEDC has a course for you!

[Entrepreneurship 101](#) is an 8-week course where you will learn how to take your idea and turn it into reality with the foundation of a solid business plan. Throughout the course there will be industry professionals who will give presentations to help you with important information to ensure small business success. This course runs twice a year once in the spring and once in the fall.

## 13 Financing The Business

Check out the [BEDC Government Incentive Guide](#) to see what might be available to assist you.

**Loans**– Do you need to get a bank loan? If so be sure you are ready by making sure that you have:

- A detailed Business Plan
- Business Financial Statements
- Personal Financial Statements for the owners and/or guarantor
- Details of the collateral available to support the loan
- Documents that support the amount requested
- Any legal documents related to the business. (i.e. Lease, Incorporation Documents)
- Identification for individuals (proof of Bermudian Status)
- The 5 C's:
  - **Character:** What is your business experience? How have other loans been managed both business

and personal? What is the reputation of the business?

- **Credit capacity:** The bank will assess your ability to repay.
- **Capital:** What are the assets of the business and the guarantor?
- **Collateral:** What security can be put forward to support the financing?
- **Conditions:** The Bank will identify the main risks for the industry and the market it operates in and include financing terms to mitigate these risks.

**BEDC Guarantee** - The BEDC can act as a guarantor for up to 75% of a bank loan for small or medium sized businesses that appear viable and where the credit worthiness of the borrower is sound. As guarantor of last resort, the maximum BEDC guarantee amount is \$200,000. Any small or medium sized business with no other means of collateral (cash, real estate, equipment, vehicle chattel, inventory, etc.) may contact the BEDC and apply for the BEDC guarantee. Check out the [10 Step Guarantee Process](#) for more details on applying for the BEDC Guarantee.

**BEDC Micro Loan** - BEDC has allocated \$100,000 in funds to be used to facilitate small loans in amounts from \$2,500 up to \$30,000. The BEDC will offer a 100% guarantee on the loans to qualified applicants. Visit [www.bedc.bm](http://www.bedc.bm) for more information on the Micro Loan.

**Bootstrapping** – is defined by Investopedia as “a situation in which an entrepreneur starts a company with little capital. An individual is said to be boot

strapping when he or she attempts to fund and build a company from personal finances or from the operating revenues of the new company.” Can you start your business in phases, using your own personal funds and sweat equity?

NOTE: Any financial product that you may apply for, a credit check will be performed, so please ensure you are up to date with payments or payment arrangements for any debt referred to the credit association.

Bermuda Business starts here at BEDC and BEDC is the first stop for local business in Bermuda. For more information and assistance with getting your transportation business started, visit our website at [www.bedc.bm](http://www.bedc.bm), email us at [info@bedc.bm](mailto:info@bedc.bm) or call 292-5570 to schedule an appointment to speak one-on-one with one of our dedicated officers.

rate) for up to 9 tax periods from the commencement of the business.

- **NEHEEZ businesses-** can receive preferential rates and terms from Butterfield Bank on Small Business, Commercial and Residential Loans.
- **Duty Deferment-** A deferment, or deferral of customs duty means that the payment of duty is made some point in the future and not at the time of importation. This is not an exemption of customs duty; the full duty is still charged and payable against the imported goods; but the full payment is simply delayed.

### Letter of Credit Programme

BEDC has partnered with the HM Customs and allocated \$200,000 in fund annually to be used to facilitate lines of credit in amounts up to a maximum of \$10,000 to assist businesses in importing goods for retail sale in Bermuda.

## 14 BEDC Support Services and Programmes

**EEZ Zones (St, Georges, North East Hamilton & Somerset)**

### What is an EEZ?

An EEZ is an area of land that the Minister of Finance has designated to benefit from economic empowerment under section 2A of the Act. Economic Empowerment is achieved by allowing duty concessions on certain goods to be used in the development of properties situated within an EEZ.

- **EEZ Payroll Tax Concessions-** Any business located in an EEZ zone can apply for BEDC for a Payroll Tax Relief Letter. The letter will only give the tax concessions (which is the lowest

### Educational Courses

- **Think Like an Entrepreneur** - an 8-week challenging learning experience designed to reveal new opportunities, ignite your ambition and foster skills that will empower you to reach new heights as an entrepreneur.
- **Entrepreneurship 101** - an 8-week course where you will learn how to take your idea and turn it into reality with the foundation of a solid business plan.





Throughout the course there will be industry professionals who will give presentations to help you with important information to ensure small business success.

- **Financial Planning and Costing using QuickBooks-** an 8-week course focused on getting business owners to accurately price and cost their products and services, review and understand financial statements and to learn how to use basic QuickBooks functionality.
- **Planning for Profit using Quickbooks** - an 8 week course, participants will learn how to utilise the Quickbooks software to manage inventory, employees and run reports. Participants should have their business already set up in Quickbooks or have taken the Financial Statements, Planning & Costing Using Quickbooks course.
- **Adhoc Training and Seminars-** BEDC offers monthly seminars based on feedback of topics from our users.

**Global Entrepreneurship Week** - GEW is the world's largest celebration of the innovators and job creators who launch start-ups that bring ideas to life, drive economic growth and expand human welfare. One week in November GEW inspires people everywhere through local, national and global activities designed to help them explore their potential as self-starters.

### Signature Events of GEW

- **Rocket Pitch** - An island wide business plan competition for emerging entrepreneurs to submit a plan and present to judges and win cash and prizes to assist with their business start-up.
- **Women's Entrepreneurship Day-** Bermuda celebrates with over 144 nations in observing WED to celebrate the work of women entrepreneurs.
- **BEDC Business Awards** - these awards are a celebration of Small Business owners and local entrepreneurs. There are a range of categories and awards are distributed to the category winners during a night of elegance.
- **Enterprise Bermuda- [The Enterprise Bermuda Incubator](#)** programme focuses on walking participants through an in-depth twelve-month development process, which ensures

the entrepreneurs get beyond the idea stage and start to bring their businesses to fruition. the resources and support that is needed through, mentorship, inhouse courses, workshops and seminars, as well as advice and mentorship from professionals in the private sector to help develop the business over a 9-month period.

The programme is offered at the start of the year and applications open in November. Visit [www.bedc.bm](http://www.bedc.bm) for more information.

**[Vending License](#)** - BEDC offers vending licenses to persons who sell, offer, or expose goods for sale in a public place. A vending license can be issued on an annual basis or a temporary basis up to 3 months.



The background of the entire page is a photograph of two men in a kitchen setting. On the left, a Black man wearing a white chef's coat, a black apron, and a black cap is smiling. A white towel is draped over his left shoulder. On the right, a white man with a beard, wearing a dark suit jacket over a light blue shirt, is also smiling with his arms crossed. The kitchen has stainless steel surfaces and a large range hood in the background.

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