



## Nigel Witham reminds novices that when it comes to fitting out a venue, they shouldn't start what they can't finish

### To successfully enter the market, a new bar must exceed standards set by incumbent competitors.

So, there is no point in opening an outlet that fails to meet peoples' expectations, which will almost invariably have been set by chain operators spending large sums to attract carefully targeted groups of customers.

If you try to launch a new business into a crowded market without doing things right, you won't get a second chance. Ugly doesn't sell. If you don't spend enough to solve this problem, which may be more than you want to spend, then you'll probably waste all of your money.

In my view, it is a failure to appreciate these simple facts that leads to the failure of most new bars. I call this the budget trap.

### Here is a common scenario:

A novice restaurateur, pub or bar owner has partly devised a concept and sales offer. They have often acquired premises. They have raised funds based on their own estimation of the likely fitting-out costs, or a loose quotation provided by a general builder.

It is unlikely they have done enough proper market analysis to find out if their concept is best suited to their locality. So, they have costs and market opinion based on gut feelings, and don't really know what customers want or what the true costs will be. On this basis they can't predict their true break-even or capital requirements.

Next, the novice restaurateur finds a suitable architect or designer specialising in F&B outlets. Most of these specialist designers are reluctant because they have seen novice clients fall into the budget trap many times; this reluctance is sensed by the novice bar owner, who becomes wrongly suspicious of the designer's good motives.

The specialist designer discusses the project and possibly makes a site visit. They may analyse local competitors. They then express a rough view that the construction budget should be, for example, £2,000 per square metre.

At this stage, based on other similar experiences, the designer may express concerns about the viability of the concept. They may say that it is pitched too low to the market and the cost per metre should be higher, putting up the estimated set-up costs or break even point.

The novice bar owner, already being suspicious, considers this advice but has a budget of £1,000 per square metre. They haven't fitted a bar before, but they assume

the specialist designer is wrong, or is advising them to spend more out of self-interest.

They don't see the need to use specialist fit-out contractors to get the most out of the expert design. Some or all of these matters aren't discussed openly but the parties still agree to go ahead, even with the would-be bar owner thinking that the designer has deliberately overstated the costs, and with the designer thinking that the client can raise enough money.

The budget trap has now been set.

### PLANNING TO FAIL

The project proceeds and the designer produces drawings with which the client is happy. The next stage of more complex drawings is produced, often taking days or weeks. Everyone is happy.

Next, the designer suggests some specialist fit-out contractors to build the outlet properly. A specification is drawn up that includes many items that the novice restaurateur forgot to include in their budget.

The tenders are returned and they are all around, for example, £2,000 per square metre – double the funds the client has raised, but in line with the designer's predictions.

Guess what happens next? Well, if there isn't a dispute, then the design gets cut back.

The costs of providing basic services to the bar, such as heating, ventilation, kitchens and toilets are always about 65% of the grand total.

These costs can't be reduced. They have been designed to minimum building standards set by law. So, the cuts happen in the furnishings, light fittings and decorations.

The project goes ahead, but now the budget trap has been sprung. The pub or bar does not compare well with the incumbent competition. Customers do not come, or if they do, they are unimpressed and they don't return. Word spreads, quickly these days because of social networking. The venture fails, sometimes within weeks, and all the investment is lost

### HOW TO AVOID THE BUDGET TRAP

Ask your designer and contractors to work with a specialist quantity surveyor who will provide truthful, independent and detailed advice about project costs before your project commences, or as soon as initial drawings have been prepared.

Make sure the costing advice is then updated regularly throughout the project. Of course, the quantity surveyor will charge for this service, but these charges will be a small proportion of the total costs and represent an investment to make sure you plan your finances properly and don't get trapped.

Most importantly, don't start what you can't finish.

### POINTS TO REMEMBER

- ▶ If you want to open a truly successful pub or bar, you'll need to spend enough to beat incumbent competitors
- ▶ This may be more than you want to spend
- ▶ If you spend less than this amount, there's a higher risk that you're going to lose all of your money
- ▶ No one cares what you started with; this is not the correct comparison. The correct comparison is with what your competitors do to win the customers you want too
- ▶ Don't assume you can find a way to spend less and still get a better result than the major competitors. They didn't get where they are by spending any more than they had to
- ▶ Don't jump to the conclusion that an experienced designer is wrong about costs even if they seem sky high to you. Find out properly from an independent quantity surveyor

If you don't do these things, you'll run out of money before you open, or soon afterwards, and you'll be trapped. ■

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Designer Nigel Witham writes a monthly piece for *Pub & Bar* looking at design and how to get it right. He has run his own practice for 25 years and works mainly in the UK, although he travels frequently to the UAE and Australia. He also has permanent representation in New Zealand, New York and India. Find out more at [www.nigelw.com](http://www.nigelw.com)