White Papers

How to open a restaurant step by step: *before* and *after* applying a pre-feasibility framework

By **Diego F. Parra** · Updated 2026-09-09 · Expansion & Franchising

QUICK VERDICT

How to open a restaurant step by step, in one sentence: validate the territory and the unit economics on paper first, then sign the lease and buy the equipment — never the reverse. The traditional sequence (nice location, architect, menu, prices last) is what produces business mortality in the first cycle, because CapEx gets committed before a single contribution-margin figure exists. The framework documented here flips the order: territorial pre-feasibility and financial proof of concept in weeks 1 through 6, lease and construction from week 7, opening with a replicable operations manual and a budgeted prime cost. With food franchise royalties running between 4% and 8% of gross sales (Toast, 2025) and averaging 7.1% across 1,842 systems analyzed (GrowthFactor, 2026), a food cost point out of control stops being an owner's mistake: it becomes credit risk for the portfolio that financed the opening.

A multilateral investment officer does not evaluate restaurants; they evaluate portfolios. And the gastronomic portfolio in Latin America carries a design flaw no disbursement fixes afterward: civil works get financed before any evidence exists that the unit can sustain its break-even. You see the consequence in formal employment series — the sector hires intensively, with low entry barriers and high turnover, and every closure destroys jobs that informality absorbs under worse conditions, precisely what SDG 8 on decent work aims to reverse.

The figure that frames the discussion comes from the franchised world, the only segment with systematic reporting. U.S. franchises produced more than 936.4 billion dollars in 2025, up 4.4% from 896.9 billion the prior year (International Franchise Association, 2025), while franchised QSR reached 321.8 billion in 2025 on 5.4% growth (International Franchise Association, 2025). That vigor proves nothing about opening being easy: it proves documented replicability pays and improvisation does not.

In Colombia, restaurant sector sales grew roughly 7% in the first half of 2025 after the previous year's drop (ACODRES/ACOGA via Infobae, 2025). Recovery, yes. But recovery on a base hit by food prices, which changes the arithmetic of a new opening entirely: a project costed with food prices from two years ago enters the market with a prime cost that no longer closes. The useful question for SATE Institute and for Masterestaurant S.A.S. as technology partner is not whether the sector grows, but which instruments let that growth generate sustainable formal employment instead of a churn of locations that consumes public and private working capital.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	TRADITIONAL OPENING (SEQUENCE BY INSTINCT)	OPENING WITH PRE-FEASIBILITY FRAMEWORK (MASTERESTAURANT)
When CapEx gets committed	✕ Week 1-2: lease signed and construction contracted before modeling margin	✓ Week 7: signed only after 6 weeks of territorial and financial validation
Target food cost defined	✕ Calculated after opening, on prices already printed in the menu	✓ 32% per-dish ceiling fixed before the menu is written
Budgeted prime cost (food + labor)	✕ No budget line; discovered at the first monthly close	✓ 55%-60% target band loaded into the model from week 3
Royalty or brand fee under a food franchise	✕ Contract percentage accepted without simulating it against break-even	✓ Simulated at 4%, 7.1% and 12% (GrowthFactor 2026) before signing
Replicable operations manual	✕ Drafted when the second location is considered, with unit one already flawed	✓ Written as an opening deliverable; unit 1 = template for unit N

	TRADITIONAL OPENING (SEQUENCE BY INSTINCT)	OPENING WITH PRE-FEASIBILITY FRAMEWORK (MASTERESTAURANT)
Territorial pre-feasibility / location intelligence	✕ Criterion: perceived foot traffic and rent price	✓ GIS layer with competitive density, household income and supportable average check
Input inflation stress scenario	✕ None; the financial plan is a single optimistic line	✓ Three mandatory runs: +5%, +12% and +20% input inflation
Financing structure	✕ Own capital plus expensive short-term debt to cover construction overruns	✓ CapEx sized against SBA 7(a) reference: 542,000 USD average loan (SBA, 2024)

Chapter 1 — Why the opening sequence decides the outcome before the concept does

Validate the territory and the unit economics on paper before you sign anything: that single reversal of order explains most of the early closures I see across restaurant portfolios. A Wendy's franchisee must document one million dollars in liquid capital and five million in net worth before a single unit gets approved (Swoop / Wendy's FDD, 2025), and that filter does not exist because the business is expensive: it exists because the system learned, through bankrupt units, that working capital runs out long before enthusiasm does. Whoever opens alone skips that filter and pays for it in month eight. Diego F. Parra insists from Masterestaurant on a point that architects and designers find uncomfortable: the menu and its costing get written BEFORE the floor plan, because the plan costs whatever the margin can afford, never the other way around. Mistiming four hundred thousand dollars of construction turns an investment into short-term debt at commercial rates, and no menu rescues the project after that.

Chapter 2 — CapEx is not an amount, it is a calendar

Market reference helps size it: the SBA issued 57,362 7(a) loans worth over 31.1 billion dollars in fiscal year 2024, with an average ticket close to 542,000 dollars per operation (U.S. Small Business Administration, 2024). Read it backwards. A six-month gap between disbursement and actual opening burns, in interest and dead rent, something close to the full balance of one of those loans. My criterion, and here I am blunt: not one peso of construction leaves the account until three things are measured — foot traffic counted by hand, average check of the direct competition, and a menu costed with quoted supplier prices, not estimates. Nobody closes because of rent. They close because of prime cost — food plus labor — which in a healthy operation lives between 55% and 60% of sales and which in an improvised opening shows up at 68% by month three, when the lease is signed, the staff is hired and suppliers already extended credit.

Chapter 3 — Prime cost: the number that kills restaurants while the owner watches the rent

Colombia makes it worse: sector sales grew around 7% in the first half of 2025 after the previous year's fall (ACODRES/ACOGA via Infobae, 2025), yet that recovery landed on an already battered food-price base. Translated to an operator's desk: a project costed with 2023 food cost enters the 2026 market with eight points less margin. The fix is not raising prices in month four; it is engineering the menu from day zero, knowing that 32% food cost per dish is the ceiling, never the target. Each annual revenue band punishes a different mistake, and confusing them is the costliest error of all. Below 500,000 dollars, the owner IS the operation: one point of food cost equals their own salary, and any management software competes with a prep cook's wage. Between 500,000 and one million the first managerial hire appears, and with it the classic lag, because the salary lands whole while productivity takes a quarter.

Chapter 4 — Revenue bands: the same decision costs different things

Above one million, royalties stop being a contractual footnote: between 4% and 8% of gross sales in restaurant franchises (Toast, 2025) means 40,000 to 80,000 dollars a year that now weigh on cash flow. Past five million the multi-unit logic rules — the average franchisee runs five locations (FRANdata) — and above ten million the problem moves to treasury and consolidated debt. Above five million dollars in revenue, a celebrity-chef or large-format themed restaurant stops behaving like a restaurant and starts behaving like an entertainment producer with a kitchen inside. What breaks the books there is not food — usually negotiated better than in any small venue — but structural payroll, the upkeep of the set, and the traffic drop when novelty fades, typically between month fourteen and month twenty. Franchise accounting gives the clue: GrowthFactor measured an average royalty of 7.1% of gross sales across 1,842 systems, ranging from 4% to 12% (GrowthFactor, 2026).

Chapter 5 — The high end: celebrity chefs, large formats and costs nobody budgets

A large-surface format paying 12% royalty with heavy structure needs sustained volume, not an opening spike. If the project depends on the press continuing to talk, it is not a business: it is a campaign with a ten-year lease. It usually ends with chain-sized structure and corner-shop sales. Picture the full exercise: a venue billing 380,000 dollars a year hires an operations manager, builds a weekly reporting system and adopts the same centralized supplier scheme an eight-unit group uses. That structure adds roughly 14 points of expense over sales that scale dilutes for the big operator and does not for the small one. By month five the owner cuts — and cuts the kitchen first, the one thing sustaining repeat visits. The small band keeps its own recommendation, and it is not a watered-down version of the large one: measure by hand, price properly, work the peak shift yourself, and never fund structure before volume pays for it.

Chapter 6 — What would happen if the small venue copied the big one's playbook?

That discipline is what makes a second location possible. Franchised QSR reached 321.8 billion dollars in 2025, growing 5.4% over the prior year (International Franchise Association, 2025), and that figure rewards documented replicability rather than size:

written processes, per-dish costing, measured portion control. What scales is the manual, not the square footage. A restaurant that cannot describe how it produces its margin is not replicable, and without replicability there is no second location and no reasonable credit. The hard evidence sits in multi-unit control: 82% of franchised QSRs and 72% of table-service restaurants operate under franchisees holding several units (FRANdata), which means the sector systematically rewards whoever documented the operation before growing. Portugal leads Spanish franchising abroad with 176 networks and 2,632 establishments (AEF, 2025), and those networks did not travel on charisma: they traveled with a manual, a standardized recipe and a technical spec sheet.

Chapter 7 — Replicability: the only thing that turns an opening into a portfolio

This is where SATE Institute and Masterestaurant converge on the instrument: training operators to write down their process creates formal jobs that survive year one, while financing construction without process merely rotates venues and returns workers to informality. Start with the one almost nobody demands: the menu costed dish by dish with current quotes from at least two suppliers. Next, the monthly break-even with payroll, rent and utilities charged to the operation — never to the dish — because that number tells you how many covers a day you need before signing a single square meter. Third, a traffic count at the site, taken across two time slots on two different days, contrasted with the average check of the three nearest competitors. And fourth, the working-capital cushion for six months of operating below break-even; with an average ticket of 542,000 dollars in SBA 7(a) loans during fiscal 2024 (U.S.

Chapter 8 — The four documents you must have signed before the keys

Small Business Administration, 2024), reserving 15% to 20% of the credit for that cushion is what separates a bad quarter from a closure. When all four exist, sign the lease. Not before. The mistake sits not in the construction budget but in its SEQUENCE. A 400,000-dollar CapEx mistimed becomes short-term commercial-rate debt; the same CapEx disbursed after territorial validation behaves like investment with an estimable return horizon. When the market reference in SBA 7(a) loans averages 542,000 dollars per operation (U.S. Small Business Administration, 2024), the gap between both sequences equals an entire loan balance. Nobody fails because of rent. They fail on prime cost, that sum of food and labor cost which in a healthy operation lives between 55% and 60% of sales and which in an improvised opening shows up at 68% in month three, when the lease is signed, payroll is hired and suppliers have extended credit.

Chapter 9 — Where the project actually breaks

Fixing it there costs three times what budgeting it would have. Royalties get signed without simulation. Averaging 7.1% of gross sales across 1,842 franchised systems (GrowthFactor, 2026), with ranges reaching 12%, that percentage decides whether contribution margin covers occupancy. An operator projecting break-even at a 4% royalty and signing at 8% does not have a contract problem: the financial model was wrong from the first cell. Replicability cannot be improvised at unit two. FRANdata figures show a multi-unit franchisee averages five locations and that 82% of franchised QSR operates under multi-unit control, against 72% in table-service restaurants (FRANdata). That profile gets built from unit one or not at all: whoever opens the first location without a manual is choosing, unknowingly, to stay a single unit. Territory is chosen by eye and paid for out of the register. Territorial pre-feasibility with location intelligence layers — competitive density, household income, daytime work flow, accessibility — shifts the project's supportable average check by ranges no later lease negotiation offsets.

POINT BY POINT

Criterion-by-criterion analysis: traditional sequence versus pre-feasibility framework

TERRITORY RISK

A · TRADITIONAL OPENING (SEQUENCE BY INSTINCT)

Assumed implicitly: if people walk past, the business is presumed to work

B · MASTERESTAURANT Quantified per polygon with competitive density, household income and supportable check

Verdict: The framework wins. No later lease renegotiation offsets a badly chosen polygon.

TIMING OF THE CAPEX COMMITMENT

A · TRADITIONAL OPENING (SEQUENCE BY INSTINCT)

Before any margin figure exists; construction fixes the project's fate

B · MASTERESTAURANT After week 6, once the model has cleared the three stress runs

Verdict: The framework wins by six weeks of optionality, which is exactly what a committee values.

PRIME COST CONTROL IN THE FIRST 90 DAYS

A · TRADITIONAL OPENING (SEQUENCE BY INSTINCT)

Discovered at the month-three close, typically near 68% of sales

B · MASTERESTAURANT Budgeted in a 55%-60% band and measured against theoretical cost from service one

Verdict: The framework wins. Fixing prime cost with payroll already hired costs three times budgeting it.

SPEED TO OPEN

A · TRADITIONAL OPENING (SEQUENCE BY INSTINCT)

Apparently faster: signed in week one, open by month four

B · MASTERESTAURANT Six weeks of prior validation before signing any contract

Verdict: Traditional wins on calendar and loses on break-even; the documented case opened later and reached equilibrium ten months earlier.

REPLICABILITY TOWARD UNIT TWO

A · TRADITIONAL OPENING (SEQUENCE BY INSTINCT)

Knowledge lives in people; the second opening repeats the learning from zero

B · MASTERESTAURANT Replicable operations manual and Open Badges micro-credentials as an opening deliverable

Verdict: The framework wins. 82% of franchised QSR operates multi-unit (FRANdata) and that profile is built at unit one.

COST OF PRIOR VALIDATION

A · TRADITIONAL OPENING (SEQUENCE BY INSTINCT)

Zero direct cost, though the opportunity cost shows up in full by month three

B · MASTERESTAURANT Six weeks of analysis and its fee, repaid by avoiding a single mispriced food cost point

Verdict: The framework wins on arithmetic, not conviction: one food cost point in a million-dollar operation is 10,000 dollars a year.

SIDE-BY-SIDE COMPARISON

What the operator brings when the project arrives 'ready' BEFORE THE FRAMEWORK

- ✕ A leased location, five-year contract signed, three grace months already burning in construction.
- ✕ A menu written by the chef with prices set by comparison with the neighbor, no per-dish costing sheet.
- ✕ A one-page financial plan where sales grow 8% monthly without basis and payroll is a round number.
- ✕ No declared revenue band: unclear whether the target is under 500K USD a year or over one million, and those are two different companies.
- ✕ No manual: all operational knowledge lives in the head of the partner who cooks.

What the framework delivers before the first construction dollar MASTERESTAURANT

- ✓ A territorial pre-feasibility dossier with three candidate polygons, each with estimated supportable average check and direct competitive density.
- ✓ A full costing sheet with target food cost per dish and a hard 32% ceiling, plus preliminary menu engineering on contribution margin rather than popularity.
- ✓ A model with monthly break-even expressed in covers and in sales, plus the three input-inflation stress runs.
- ✓ The declared revenue band with a coherent cost structure, and expansion CapEx sized to that band.
- ✓ The replicable operations manual in draft: standardized recipes, service sequences and a team competency matrix with Open Badges micro-credentials.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	TRADITIONAL OPENING (SEQUENCE BY INSTINCT)	OPENING WITH PRE-FEASIBILITY FRAMEWORK (MASTERESTAURANT)
When CapEx gets committed	✕ Week 1-2: lease signed and construction contracted before modeling margin	✓ Week 7: signed only after 6 weeks of territorial and financial validation

	TRADITIONAL OPENING (SEQUENCE BY INSTINCT)	OPENING WITH PRE-FEASIBILITY FRAMEWORK (MASTERESTAURANT)
Target food cost defined	✕ Calculated after opening, on prices already printed in the menu	✓ 32% per-dish ceiling fixed before the menu is written
Budgeted prime cost (food + labor)	✕ No budget line; discovered at the first monthly close	✓ 55%-60% target band loaded into the model from week 3
Royalty or brand fee under a food franchise	✕ Contract percentage accepted without simulating it against break-even	✓ Simulated at 4%, 7.1% and 12% (GrowthFactor 2026) before signing
Replicable operations manual	✕ Drafted when the second location is considered, with unit one already flawed	✓ Written as an opening deliverable; unit 1 = template for unit N
Territorial pre-feasibility / location intelligence	✕ Criterion: perceived foot traffic and rent price	✓ GIS layer with competitive density, household income and supportable average check
Input inflation stress scenario	✕ None; the financial plan is a single optimistic line	✓ Three mandatory runs: +5%, +12% and +20% input inflation
Financing structure	✕ Own capital plus expensive short-term debt to cover construction overruns	✓ CapEx sized against SBA 7(a) reference: 542,000 USD average loan (SBA, 2024)

THE NUMBERS THAT MATTER

Reference indicators for sizing the opening

936.4
BN USD
total U.S. franchise output in 2025, up 4.4% from 896.9 billion in 2024

321.8
BN USD
franchised QSR segment output in 2025, growing 5.4%

7.1%
average royalty on gross sales across 1,842 franchised systems, range 4%-12%

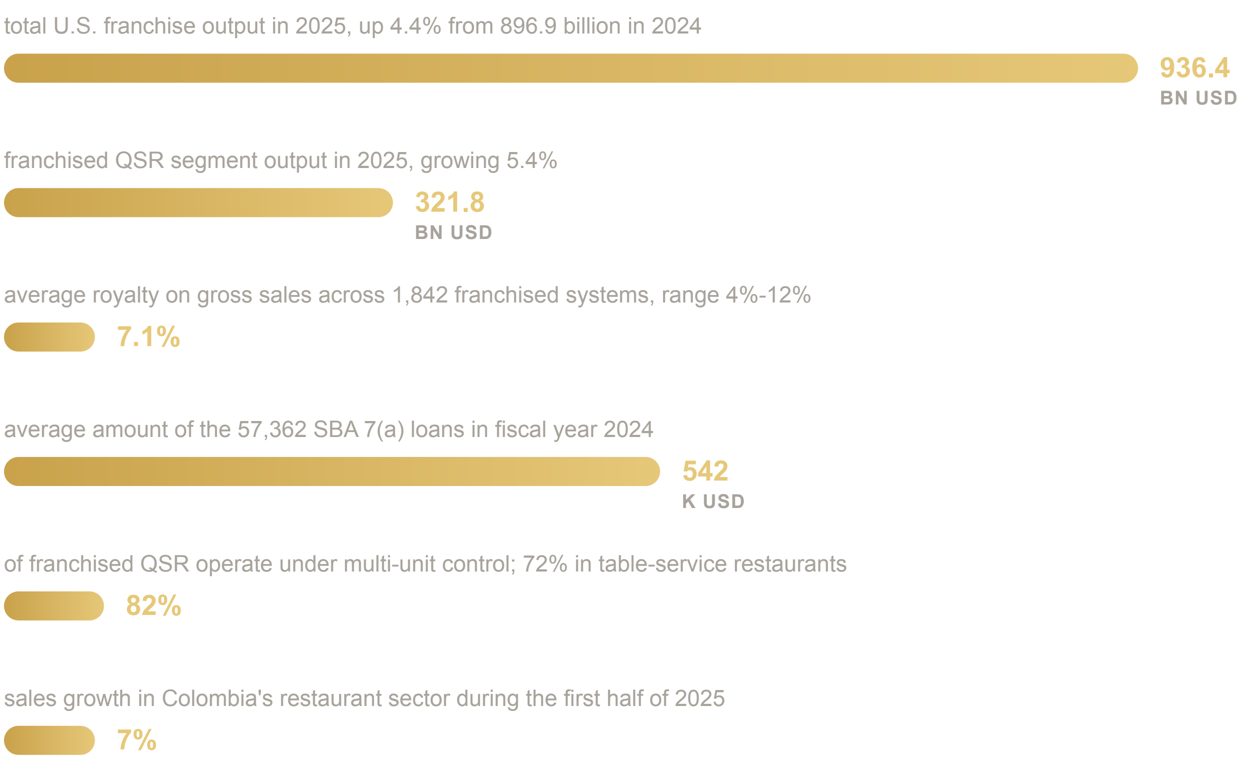
542
K USD
average amount of the 57,362 SBA 7(a) loans in fiscal year 2024

82%
of franchised QSR operate under multi-unit control; 72% in table-service restaurants

7%
sales growth in Colombia's restaurant sector during the first half of 2025

VISUALIZATION

The numbers, visualized



Sources: International Franchise Association 2025 · GrowthFactor 2026 · U.S. Small Business Administration 2024 · FRANdata · ACODRES / ACOGA (via Infobae) 2025

Chart by masterestaurant.com

REAL CASE

> *“We arrived with the lease signed and 210,000 dollars already committed to kitchen equipment. The Masterestaurant team made us halt construction for three weeks to redo the costing sheet: projected food cost sat at 38% and the menu was already printed. We redesigned fourteen dishes on contribution margin, dropped to 30.4% and renegotiated two suppliers. We closed month twelve at 1.4 million dollars in revenue with a 57% prime cost, when the original plan put break-even at month twenty-two.”*
>
> **— Expansion Director of a three-unit restaurant group in Bogotá, revenue band of 1 to 5 million dollars per year**

HOW TO APPLY IT IN YOUR RESTAURANT

The 90-day roadmap, in four phases

1. **Weeks 1 to 3 — Territorial pre-feasibility before real estate**
Do not tour locations yet. Build three candidate polygons with location intelligence layers: direct competitive density by category, median household income, daytime and evening work flow, accessibility and parking. For each polygon estimate the supportable average check and the achievable table turnover at lunch and dinner. Declare the target revenue band — under 500K USD, 500K to 1 million, above 1 million — because format, seat count and staffing derive from that decision, not the other way around. A project above 5 million, whether celebrity-chef or large-format themed, must additionally quantify image royalties, set design and its maintenance.

2. **Weeks 4 to 6 — Unit economics on paper, with a food cost ceiling**
Build the costing sheet dish by dish with a hard 32% food cost ceiling, understanding 32% as the MAXIMUM and not the goal. Payroll, rent and utilities do not load onto the dish: they belong to break-even. Calculate monthly break-even in covers, not only in currency, because owners think in covers. Run the three stress simulations at 5%, 12% and 20% input inflation and note in which one contribution margin stops covering occupancy. If the 12% scenario already fails, the project is not ready for a lease: it is ready for menu redesign.

3. **Weeks 7 to 10 — CapEx, contracts and operations manual in parallel**
Now sign. Negotiate the lease holding the supportable check figure, which is a different argument from asking for a discount. Size expansion CapEx against your band: kitchen, furniture, technology and six months of working capital, without cannibalizing that last item to finish construction — the costliest and most repeated error. In parallel, write the replicable operations manual: standardized recipes with gram weights, service sequences, competency matrix and Open Badges micro-credentials to certify the team. Unit one is the template for unit N or it is a one-time business.

4 **Weeks 11 to 13 — Measured soft opening and an investor pitch with real data**

Open soft with limited capacity for ten days and measure theoretical against actual cost per dish from the first service. Food cost variance — actual minus theoretical cost over sales — is the indicator separating a purchasing problem from a kitchen process problem. With fourteen days of measured operation you finally hold a defensible investor pitch: real prime cost, real average check, real turnover. That dossier is worth more than any projection, and it is what an investment committee at a commercial bank with an MSME portfolio can actually score.

FAQ

Frequent questions from investment committees and expansion directors

How much working capital is needed beyond construction CapEx?

Six months of full operation, calculated on the budgeted prime cost rather than the optimistic one. Market reference helps size it: SBA 7(a) loans averaged 542,000 dollars in fiscal year 2024 (U.S. Small Business Administration, 2024). Cannibalizing that capital to finish construction is the most frequent cause of first-year closure.

Is it better to open under a food franchise or an own brand?

It depends on whether contribution margin supports the royalty. Averaging 7.1% of gross sales across 1,842 systems (GrowthFactor, 2026) with ranges from 4% to 12%, a franchise buys manual, supply chain and recognition in exchange for margin points. Simulate both models at the same average check before deciding; the criterion is arithmetic, not preference.

What target food cost should a new project set in 2026?

The ceiling is 32% per dish and it should be read as a limit, not a goal. Payroll, rent and utilities do not load onto the dish: they are covered from break-even. With the food price pressure that hit the region — Colombian sales recovering close to 7% in the first half of 2025 after the prior drop (ACODRES/ACOGA, 2025) — a project born at 32% has no cushion for the stress scenario.

When does it make sense to present the investor pitch?

After fourteen days of measured soft opening, never before. A committee scores real prime cost, real average check and food cost variance; a projection without operation is a hypothesis. The territorial pre-feasibility dossier plus two weeks of data turns a conversation of faith into a risk evaluation, which is the language banks with MSME portfolios know how to read.

DATA & SOURCES

Sector data 2026 (official sources)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Benchmark 2026	Source
Cierres de restaurantes en Colombia en 2023	**>1.600 restaurantes cerrados**	ACODRES 2024
Caída de ventas del sector gastronómico en Colombia	**−24% en el primer semestre de 2024**	ACODRES 2024
Restaurantes independientes en el mercado colombiano	**95% del mercado**	ACODRES 2024
Participación del drive-thru en las ventas de comida rápida en EE.UU.	**43% de los pedidos (~140.000 millones USD/año)**	Circana
Dependencia del drive-thru en Chick-fil-A (2024)	**60% de las ventas en ventanilla**	QSR Magazine 2024
Dependencia del drive-thru en Dutch Bros	**90% de los ingresos**	QSR Magazine

Author: Diego F. Parra · **Publisher:** MASTERESTAURANT®

Content created with AI assistance, reviewed by the MASTERESTAURANT editorial team.