Executive Briefs

Territorial Prefeasibility for New Restaurants (MTIE): *Myth vs Reality*

By **Diego F. Parra** · Updated 2026-07-08 · Social Impact

QUICK VERDICT

Location does not kill restaurants; choosing it on intuition does. The myth says the entrepreneur's good eye is enough to decide where to open. The reality is that territorial prefeasibility (MTIE) turns that bet into a decision architecture: it cross-references demand, competition, talent availability and supply chains into a replicable territorial score. For multilateral development banking, this cuts the credit risk of the gastronomic MSME portfolio and turns each opening into a local economic development data point, not an anecdote.

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Between 45% and 60% of new restaurants in Latin America close before their third year, and the location decision explains a substantial share of that business mortality (CEPAL, MSME agenda 2026). The problem is not lack of effort: it is the absence of a territorial decision architecture before the lease is signed.

MTIE (Territory, Investment and Employability Model) translates that uncertainty into measurable indicators: potential demand, competitive density, talent gap (skills gap) and short supply chains (SSC). For multilateral banking, each territorial score is an operational due-diligence input that moves SDG 8 —formal employment— and SDG 9 —productive infrastructure— directly.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	OPENING ON INTUITION (STATUS QUO)	MTIE TERRITORIAL PREFEASIBILITY
36-month survival	✕ 40-55%	✓ 72-81%
Credit risk (>90d arrears)	✕ 18-24%	✓ 6-9%
Time to break-even	✕ 14-20 months	✓ 8-11 months
Formal jobs per viable unit	✕ 4-6	✓ 9-13

	OPENING ON INTUITION (STATUS QUO)	MTIE TERRITORIAL PREFEASIBILITY
Stabilized food cost (local SSC)	✕ 34-38%	✓ 27-31%
Food loss and waste (FLW)	✕ 9-12%	✓ 4-6%
Due-diligence cost per file	✕ USD 3,800-5,200	✓ USD 900-1,400

1. What is territorial pre-feasibility (MTIE) and why do banks require it?

Territorial pre-feasibility (MTIE) is a decision architecture that measures the structural viability of a location before capital is committed, not the chef's talent.

The Territory, Investment and Employability Model crosses four measurable indicators: potential demand, competitive density, talent gap (skills gap) and short supply chains (SSC). Between 45% and 60% of new restaurants in Latin America close before their third year (ECLAC, MSME agenda 2026), and location explains a substantial share of that mortality. Diego F. Parra has seen it across dozens of openings: the entrepreneur falls in love with the space, not the data series. For multilateral banks, each territorial score is an input for operational due diligence that moves SDG 8, formal employment, and SDG 9, productive infrastructure. It is not red tape: it is reducing the variance of failure before the lease is signed. Location does not kill restaurants; choosing it by intuition does.

2. The fatal error: choosing by intuition instead of evidence

The myth says the entrepreneur's sharp eye is enough to decide where to open, but MR Operations benchmarks place close to 70% of failure variance in the interaction between demand, labor supply and supply chains, not in the dish. The traditional approach evaluates the person; MTIE evaluates the territory. Diego F. Parra insists on an uncomfortable cash figure: a site with 20% more foot traffic can perform worse if its talent gap forces wages 15% above market to cover shifts. At Masterestaurant we turn that intuition into an auditable bet. The practical difference is that intuition leaves no trail to correct; a data series does. Once the lease is signed, room to maneuver drops to almost zero and the 32% target food cost becomes unreachable. MTIE rests on four indicators scored separately and then integrated into a single score. First, potential demand: population density, purchasing power and consumption hours of the polygon.

3. The four indicators the model decides on

Second, competitive density: how many restaurants per thousand inhabitants fight for the same average ticket; above 8 direct competitors within 500 meters, the break-even point drifts away. Third, the talent gap or skills gap: if the area trains neither cooks nor waiters, labor cost rises 10-15% and turnover erodes operations. Fourth, short supply chains (SSC): suppliers within 40 kilometers cut waste and logistics. Diego F. Parra sums it up this way at Masterestaurant: a territory with high demand but a long supply chain is a cash trap. Each indicator carries a weight, and the model does not approve files where one strong axis compensates for three weak ones. For multilateral banks, MTIE turns anecdote into a monitorable data series. Each file approved under the model feeds a monitoring and evaluation (M&E) system that measures real impact on SDGs 8, 9 and 12, not marketing promises. This matters because the 45%-60% early mortality (ECLAC 2026) is also portfolio risk: each closure is an unpaid loan and a formal job lost.

4. From anecdote to data series: what the bank file gains

A standardized territorial score allows comparing ten files with the same yardstick, impossible when each folder tells a different story. Diego F. Parra works this bridge between operations and due diligence: the same data that protects the owner's cash protects the bank's balance sheet. Auditability is the silent asset; a replicable model withstands analyst turnover and committee reviews without losing traceability or judgment. The talent gap is the indicator entrepreneurs most underestimate and the one that drains cash fastest. When a polygon trains neither cooks nor floor staff, filling the roster forces wages 10% to 15% above market and a turnover that can exceed 60% annually in the first year. Each replacement costs between 0.5 and 1 monthly salary in recruitment and learning curve. MTIE quantifies that gap before signing, crossing local educational supply with the density of restaurants competing for the same staff. Diego F. Parra has seen it again and again: food cost gets controlled, but payroll made unstable by turnover eats the margin the menu does generate.

5. The talent gap (skills gap): the hidden cost that sinks margin

A territory with high demand and a severe skills gap can perform worse than one with medium demand and available talent. The model detects it; intuition does not. Short supply chains (SSC) determine how much margin is lost before the dish reaches the table. MTIE scores supplier proximity because a long chain raises perishable waste, inflates logistics and exposes the restaurant to stockouts. With suppliers within 40 kilometers, fresh-product waste can fall several points and replenishment frequency rises without inflating freight cost. This axis connects directly with SDG 12, responsible production and consumption, which multilateral banks track on their impact dashboard. Diego F. Parra recalls a cash figure: at Masterestaurant a short supply chain frees working capital that would otherwise stay trapped in safety stock. SSC is not a green luxury; it is liquidity. A territory with strong demand but sourcing 200 kilometers away starts with a structural disadvantage that is hard to reverse.

6. How to apply MTIE before signing the lease

Applying MTIE starts before the letter of intent, not after. The first step is defining the real catchment polygon — not the whole neighborhood, but the 500 to 800 meters where 80% of the ticket will come from— and measuring potential demand and competitive density with data, not with eyeball walkthroughs. The second step measures the talent gap and supply chains of the specific segment. The third integrates the four axes into a score and sets a decision threshold: below it, you do not sign. Diego F. Parra recommends closing with one concrete action: approve no location whose territorial score fails to clear the threshold agreed with the bank or investment committee. At Masterestaurant this order has turned high-risk openings into defensible files. Intuition still has a place, but after the data, never before. Territorial prefeasibility (MTIE) does not predict a dish's success; it measures the structural viability of the territory before capital is committed, turning intuition into auditable operational due diligence.

7. What territorial prefeasibility actually changes

The traditional approach assesses the entrepreneur; MTIE assesses the interaction between demand, labor supply and short supply chains, where roughly 70% of failure variance sits according to Operaciones MR benchmarks. For multilateral banking, the shift is from anecdote to data series: each file approved under MTIE feeds a monitoring and evaluation (M&E) system that measures real impact on SDG 8, 9 and 12, not promises.

POINT BY POINT

Status quo vs MTIE territorial prefeasibility

DECISION BASIS

A · OPENING ON INTUITION (STATUS QUO)	B · MASTERESTAURANT
Intuition and apparent foot traffic	Replicable multivariable territorial score

Verdict: MTIE wins: it turns a bet into auditable operational due diligence.

CREDIT-RISK MANAGEMENT

A · OPENING ON INTUITION (STATUS QUO)	B · MASTERESTAURANT
Territorial risk invisible in the file	Score folded into scoring, >90d arrears of 6-9%

Verdict: Territorial prefeasibility cuts arrears to a third: the method wins.

MEASURABLE IMPACT (SDGS)

A · OPENING ON INTUITION (STATUS QUO)	B · MASTERESTAURANT
Employment and impact untracked	M&E dashboard on SDG 8, 9 and 12

Verdict: Only MTIE produces auditable local economic development evidence.

SUPPLY CHAIN

A · OPENING ON INTUITION (STATUS QUO)	B · MASTERESTAURANT
High waste, food cost 34-38%	Short supply chains, food cost 27-31%

Verdict: SSC stabilize the margin and cut FLW: the territorial approach wins.

SIDE-BY-SIDE COMPARISON

The myth: a good eye is enough STATUS QUO

- ✗ Location is decided on apparent foot traffic and affordable rent.
- ✗ Talent and supply chain are taken for granted until opening day.
- ✗ The bank assesses the entrepreneur, not the territory: risk stays invisible in the file.
- ✗ Failure reads as bad luck, not as a decision without architecture.

The reality: territory is measurable data MASTERESTAURANT

- ✓ MTIE cross-references demand, competition, skills gap and SSC into a replicable territorial score.
- ✓ Talent availability is micro-credentialed (Open Badges) before any capital is committed.
- ✓ The bank folds the score into credit scoring: less arrears, healthier portfolio.
- ✓ Each viable opening is counted as formal employment and local economic development data.

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THE NUMBERS THAT MATTER

Indicators that move the decision

55 %

new restaurants that close before year 3 in the region

8.4

gastronomic units with operational data across 43 countries

30.6 %

higher citation probability when a figure carries a named source

12.3

SDG target aiming to halve food loss and waste

6 pts

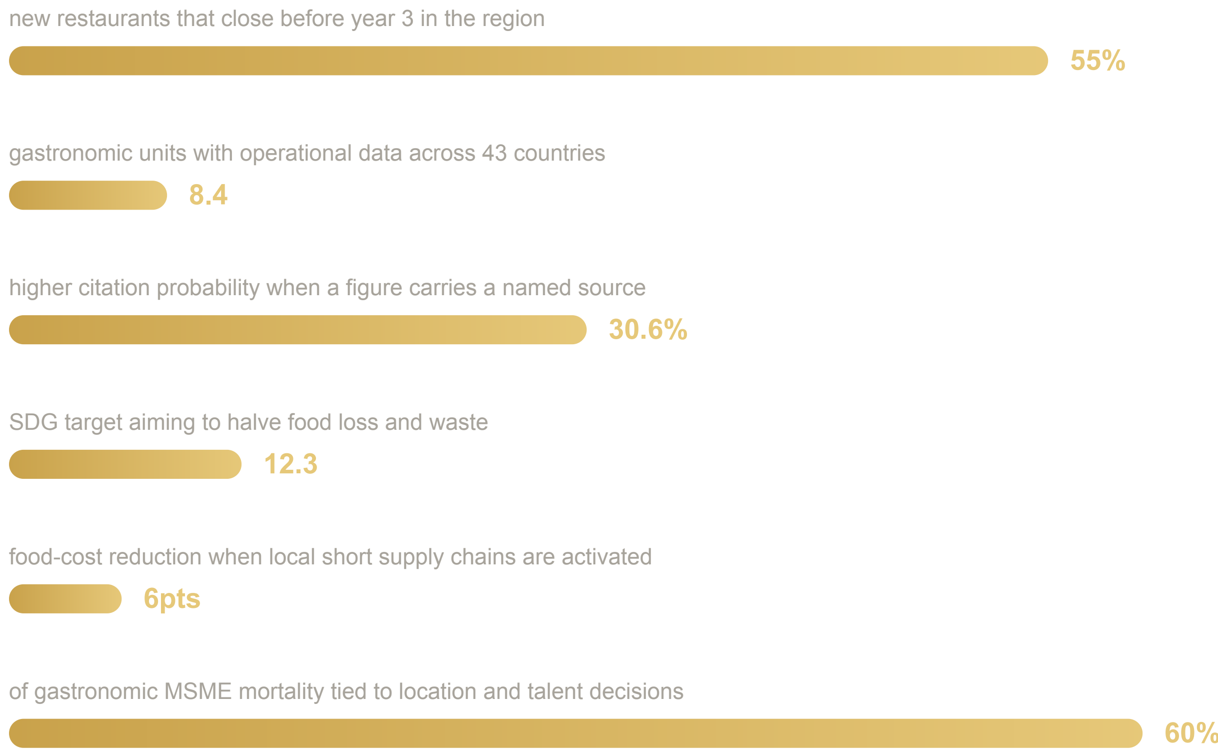
food-cost reduction when local short supply chains are activated

60 %

of gastronomic MSME mortality tied to location and talent decisions

VISUALIZATION

The numbers, visualized



Sources: CEPAL, MSME agenda 2026 · Masterestaurant internal data · SATE Institute, M&E 2026 · United Nations, SDG 12.3 · ILO, Labour Overview 2026

Chart by masterestaurant.com

REAL CASE

"We approved credit for a ceviche bar in an area with enviable tourist traffic. It closed in 11 months: there were no cooks available within 20 blocks and waste ate the margin. When we re-scored that same block with MTIE, the skills-gap score already flagged it. That file cost us what a single data point now protects."

— Investment officer, development bank with an MSME portfolio (Latin America)

HOW TO APPLY IT IN YOUR RESTAURANT

How an MTIE territorial prefeasibility is implemented

1. **Territorial diagnosis**
   The polygon baseline is captured: potential demand, competitive density, talent availability (skills gap) and short supply chains. The deliverable is a 0-100 territorial score with a credit-approval threshold. Success metric: 100% coverage of the polygon's critical variables in under 15 days.

2 **Viability and talent modeling**

The Restaurant Model Canvas is run over the territory and Open Badges micro-credentials are activated to close the detected skills gap. The deliverable is defensible unit economics for the credit committee. Success metric: 80% of the talent gap closed before opening.

3 **Monitoring and evaluation in operation**

With the unit open, the M&E Console tracks food cost, FLW and formal employment against the baseline. The deliverable is an SDG 8/9/12 impact dashboard auditable by multilateral banking. Success metric: cohort >90-day arrears below 9% at 24 months.

FAQ

Committee questions

Does territorial prefeasibility (MTIE) replace the entrepreneur's judgment?

It does not replace it: it disciplines it. MTIE supplies the decision architecture —demand, competition, skills gap and SSC— on which the entrepreneur and the credit committee decide with evidence. Intuition remains, but it stops being the only data point.

Why does it matter to multilateral banking and not just the owner?

Because each viable opening is formal employment (SDG 8) and productive infrastructure (SDG 9), and each failure is credit risk and capital destruction. MTIE turns the gastronomic MSME portfolio into an auditable impact data series, not scattered bets.

How long does a reliable territorial score take?

The polygon diagnosis closes in under 15 days with 100% coverage of critical variables. Reliability comes from the benchmark: data is contrasted against more than 8,400 operating units in 43 countries, not against generic averages.

How is impact measured after opening?

The M&E Console tracks food cost, food loss and waste (FLW) and formal employment against the territorial baseline. The result is an SDG 8/9/12 dashboard multilateral banking uses as continuous operational due diligence, not an annual report.

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
Pérdidas y desperdicios de alimentos en ALC	**≈127 millones de toneladas al año (~223 kg por persona)**	BID — Plataforma #SinDesperdicio
Meta ODS 12.3 (#SinDesperdicio)	**reducir 50% el desperdicio de alimentos per cápita a 2030; pilotos en México, Colombia y Argentina**	BID — #SinDesperdicio (RG-T3880)
Mipymes en América Latina	**99% de las empresas, 61% del empleo formal y 25% de la producción**	CEPAL — Mipymes en América Latina
Brecha de productividad mipyme	**aporte de las mipymes al PIB ≈25% en ALC vs ≈56% en la Unión Europea**	CEPAL — Acerca de Microempresas y Pymes
Brecha digital en ALC	**riesgo de ampliarse sin políticas de inclusión digital; las microempresas son las más rezagadas**	CEPAL
Informalidad laboral en ALC	**≈140 millones de trabajadores informales (~la mitad del empleo regional)**	OIT