

Ep #50: Top Highlights from 50 Restaurant Deal Making Conversations



Full Episode Transcript

With Your Hosts

Patrick Totah and Andy Mirabell

[Restaurant Deal Making EXPOSED!](#) with Patrick and Andy

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Welcome to *Restaurant Deal Making EXPOSED!*, the only show that equips you with everything you need to know about restaurant transactions. In this show, we tell you all about how to make the sale or purchase of your restaurant not just possible, but successful. Now, here are your hosts, ex-restaurateurs, and seasoned brokers, Patrick Totah and Andy Mirabell.

Andy: Okay, welcome back to *Restaurant Deal Making EXPOSED!* This is our 50th episode. We're very excited to reach this milestone. This is the 50th episode recap. We are going to share our top three lists. So Patrick and myself, our top three favorite episodes and why.

So let me dive in here. Let's pop the champagne. It's our 50th episode. Just kidding, it's too early for that. It's hard to believe we've already had 50 episodes and conversations with each other and with special guests, all related to our amazing and niche industry, restaurant brokerage. We have dug into the mechanics of the restaurant and bar business, from deal structuring, leases, and licensing to financials, lenders, legalities, risk, and so much in between.

Along the way, we have had the honor of interviewing industry experts, chefs, restaurateurs, buyers, and sellers. For this milestone episode, we are taking a look back and each sharing our top three most impactful or memorable episodes. These are topics and conversations that really stuck with us. And more importantly, how we may have delivered the most value to our listeners. Whether you have listened to us from the beginning or are just learning about us now, Patrick and I would like to extend a very heartfelt thank you to you all and for listening through our 50th episode.

Can you believe we got to 50, Patrick? I thought we would fizzle by Episode 25. I don't know.

Patrick: Congratulations, you finally caught up to me. You're 50 now.

Andy: Exactly. So, but that said, 50 episodes. When I said it over the past few weeks, I was like, 50, that's a big number. So it's pretty exciting. We've sure been through a lot and talked, had a lot of conversations. I think we've really got our footing under us on this podcast and we're really excited to do the next 50.

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Patrick: Absolutely. I can't believe we've already hit 50 episodes and I've had so much fun here talking with different guests and talking with you and I can't wait to see what happens here in the next 50.

Andy: Great. All right. So, we're doing top three today. We really want to remind our listeners which were, for example, what are Patrick's top three episodes and why, and maybe they'll get a chance to kind of go back and look through our list of 50 episodes and listen to these impactful episodes again or for the first time. So why don't you start us off, Patrick? What's one in your top three?

Patrick: Yeah, let's start off with what I think is extremely important, whether it's deal-making or anything in life, is when to walk away. I think this is a lesson that I learned at a young age, and I'm still practicing every day. But in the restaurant industry, I think it's extremely important, whether it's walking away from a deal before you ever do it, or even what I see a lot of my clients do is they're in a really bad situation with their restaurant, and they can't make the decision to pull the plug and sell or do what they need to do to stop the bleeding. I think walking away is extremely important in the restaurant industry, especially now. There's just so many challenges that if you're not, if you're losing money monthly, or if you get yourself involved in the wrong deal, I think it can be very costly.

Andy: Totally, totally. And remind our listeners which episode number and title that is?

Patrick: Wow, putting me on the spot there.

Andy: I am. I am.

Patrick: The name of it is "When to Walk Away from a Deal."

Andy: That was Episode 47, "When to Walk Away." Sounds like a punk rock song.

Patrick: Maybe that's what we need to do next. Let's start our *Restaurant Deal Making EXPOSED!* band.

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Andy: There we go. All right, I'm going to give you one of my top three here. I really, really loved Episode 25, "Dishing it Out with the Food Critic, Lauren Saria." I just thought that was a fantastic episode, and she was a fantastic guest. It's great to talk to all the different people we have on, but she had such a lovely demeanor. She was so grounded and was really, put a highlight on the difference between being a food editor or writer and a food critic. And she highlighted some really interesting points on the lens she looks through as a food editor or food writer. And it just really resonated with me as a non-threatening sort of perspective.

And I thought she just really highlighted some fun experiences and the growth of her job because she's the food editor for San Francisco Standard, and I think that is one of the best publications in the Bay Area to really get an authentic and unique perspective on dining experiences, new restaurants, and any other twists going on in the industry.

Patrick: Yeah, I agree. I really enjoyed that episode as well. She has such a unique perspective on the dining scene in San Francisco, which we know very much about. And to hear her perspective, and then at the time, I think we were talking a little bit about the influencers and all of that, and it was really kind of a hot moment with a few chefs in the city and just to hear what she had to say, I thought it was a really good chat on our podcast here.

Andy: Absolutely. She had really real stories behind restaurants and chefs and also just again, going back to it, her authenticity as a food journalist versus being a critic, food critic, which can be rather harsh.

Patrick: And I have to say, I follow her on Instagram and she sure looks like she's having a really fun time on her job.

Andy: She sure does. I know. Gosh, I'm envious. I'm envious. All right, let's dive into your number two, Patrick.

Patrick: Number two. Wow. Oh my God. I don't know. Let's see here. Number two would be "The Right Time to Sell." Some of the things that we talked about

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in that episode was, having your business ready to sell at any moment, right? Like having your financials ready, always updated. I mean, not only does that help you sell, but it also helps you manage your business.

And so, I think a lot of people struggle with figuring out when they should sell, and they kind of go on the roller coaster of like up and down, like, should I? Should I not? And they're so emotionally attached to it. And I think at some point you have to kind of plan and be strategic and make sure your business is ready to sell because that is your kind of, what you're going to make out of that thing that you put a lot of effort into and a lot of heart into. And so you want to capture as much as possible on that sale.

Andy: I recall from Episode 44, "The Right Time to Sell," that you pointed out something, and I don't want to, I'm paraphrasing a bit here, but I remember you saying something along the lines of, sell the business when the business is ready to sell, not when you're ready to sell. The business will speak for itself essentially when it's performing well, revenue is strong, profits are there. That's the time to sell your business. You don't want to wait for the backside of the slope, the downhill, because for most businesses, there is a downhill at some point. There's a peak. So timing it right is great, and I think you worded it well in that episode that sometimes we sell for personal reasons. And some of those we can control, some of those we can't. But a lot of people wait too long to sell.

Patrick: They do. And I mean, I would have loved to have sold my business about one year earlier. There was the Super Bowl happened in San Francisco. It was right in my backyard or my front yard. We had an amazing year. San Francisco revenue, I think came down just after that in 2017 and 18. I mean, I ended up selling at the end of 2017, so I wasn't too far off. But I think if I would have actually done the sale one year earlier, I would have made a little bit more money. And so, hindsight is 20/20, and you're never going to get everything right.

Andy: No, you're not. You're not. And we're not here to put that on anybody as a business owner. There's a lot of hard decisions. I remember my right time to sell was forced on me. I had to sell because of the pandemic.

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Patrick: Yeah.

Andy: And unfortunately, I think so many thousands of other business owners were in the same boat. And I had postured and built my business up and then the carpet just gets pulled out from under you. But I'll be honest, as much as that pained me at the time to sell at a very low price and essentially have to sell off my liquor license at a very low price, it pushed me over a ledge to be more involved in this job that I have now as a restaurant broker.

And I've learned so much from that situation that I can share with my clients now and to, a lot of the times clients ask, "Well, when should we sell? How much lead time do we need to sell?" So these conversations, I feel like I can speak real-world data and conversations with my clients on this that are helpful to them.

Patrick: Yeah, and that's, if I had waited a couple more years and the pandemic happened, it would have been a complete disaster for me. So, in some ways, maybe I didn't mess the whole thing up.

Andy: Yeah, totally. All right, so I got number two on my own list here. I got a twofer here.

Patrick: A twofer.

Andy: This is Episode, a twofer. This is Episode 7 and Episode 29, "Cook the Books with Dan Engel," the restaurant accountant extraordinaire.

Patrick: I'm going to allow you to have that twofer there.

Andy: Okay, got it. Dan Engel's been on twice. This is Engel Accounting. He is a bookkeeper, accountant, restaurant specialist, and I've known him for two decades. I've worked with him for over two decades. He is fantastic because why? He's a straight shooter. He stays in a lane of restaurant-related businesses, so he understands the nuances of the different kinds of books that people come to him with. And then he cleans them up and makes them way more legible, way more attractive, clean. And he's the type of bookkeeper that

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helps us or a seller facilitate setting their business up to sell with clean books. So he's a win.

Patrick: Yeah, and with the tax deadline coming tomorrow, this is very timely to bring that up. But I was just having a thought of like some old accounting and bookkeepers throughout my restaurant days. And I was just remembering a few really, really bad examples of accountants and bookkeepers and how important it is to have the right person from the very get-go, because when a bookkeeper or an accountant like messes up your books, it's not something you can clean up overnight. I think you're spot on with those two episodes. If anybody can, is going to get into the restaurant industry or is in the restaurant industry, I'm sure they can, they know about this, but having the right person is essential. It's almost like a partner.

Andy: Yeah. It is. One thing he brought up that's funny too, and this is not an insult in any way, nor did he mean it like that, but restaurant folks are unique folks. Chefs, restaurateurs, bar owners, we're kind of our own breed. And so, we want to be running a business. We want to be out there doing the day-to-day and supporting our customer base and so on.

So sometimes the books, the numbers aren't our strong suit. And Dan pointed that out that he really likes to be behind the scenes to make, help people make informed, practical decisions for their books. And he's a straight shooter. He's not going to let you do something that's going to be to your detriment. So there we go. That's my shout-out to Dan Engel.

Patrick: That's a good twofer right there. All right, I guess I'm next here. I'm going to go with the "Top Five Financial Mistakes of New Restaurant Owners."

Andy: The "Top Five Financial Mistakes of New Restaurant Owners." All right.

Patrick: I just wanted another chance to use the word "prime cost," Andy.

Andy: I had to hear it. I knew it would come up on our 50th.

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Patrick: I know. If we were partners in the restaurant industry, I know you're the visionary person who'd be out in the front and like, "Who cares about prime cost? I just want to..." you know?

Andy: Might be true. Might be true.

Patrick: "Who cares about labor?"

Andy: Yes.

Patrick: Yeah, I think, you know, just listening to that episode, I think it's extremely helpful for our listeners because you are talking about prime cost. And if anybody is not understanding what where their prime costs are, if it's, close to 80% between cost of goods and labor, you're probably not doing very well. And I think giving people kind of a checklist of the things that they need to be accountable for in their restaurant or their business in general, I think is extremely important.

Andy: Yeah, you couldn't have said it better. You are correct. I'm just going to let you have all that because you're the guy in the back worrying about prime cost when I'm in front schmoozing. You know what I mean? Yeah. I'm going to let you have the sting for a little bit, Patrick. All right. No, I love that one.

All right, my last pick is literally something I feel like we say almost every episode. And so here it is. Episode 38, "Leave It to the Pros." Okay? This is a common theme throughout our podcast, and it is a theme I could have learned from in my 20s, late 20s, and early 30s when I was out opening my restaurant or restaurants and so on. Episode 38, "Leave It to the Pros, Why Every Restaurant Needs a Specialist Attorney and CPA or Bookkeeper." There we go. It kind of says it all in the title, right?

These are common sense reasons why using professionals is vital. It saves you time, it saves you money, it lessens your risk and exposure in a lot of areas, and overall stress in the long term. Too many people think from the onset, "I don't think I need it," or, "I don't want to spend that money." It doesn't work like that. It's going to be a good investment if you pick the right professional. Patrick and I

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are professionals in our own lane, and we want to reiterate that too. So using a restaurant broker is often times very, very beneficial for folks. But this episode is a win. I love this. I love this episode.

Patrick: Yeah, and I want to point out, ChatGPT is not a professional.

Andy: Yes. I do want to thank ChatGPT because I've had clients say that my name came up on it.

Patrick: Yeah. I had a couple clients say the same thing. They said, "It told me to call you." I'm like, "Really?"

Andy: Yes.

Patrick: It did that?

Andy: I wish that happened in the dating world for me, but it doesn't. Does it? It's like, stay away from that guy. But you're right. We've totally commented on that. Like, when we get these lists from people, like, here's 50 questions about the restaurant that I need to know now. And we're like, you've just generated that from AI.

Patrick: Yeah. I mean, I'm sure one day it's going to be much better, but right now, it does help with some initial ideas of things that you may, like red flags on a lease, but it is not, you need to have an attorney. You need to have a professional do the right job for you. It's not replaced humans yet.

Andy: Well said. Well said. So, going back here, I just want to recap a little bit here because Mr. Patrick and his numbers and titles, we want to make sure that everyone knows what's happening. Patrick's top three: Episode 47, "When to Walk Away from a Restaurant Deal." That was a winner. That was such a good episode, too. Patrick also picked Episode 44, "The Right Time to Sell." And last pick on Patrick's side was Episode 39, the "Top Financial Mistakes of New Restaurant Owners."

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I think a more fun episode that you can just sit back and chill or drive to would be Episode 25, "Dishing It Out with Food Critic Lauren Saria." My twofer was Episode 7 and 29, "Cook the Books with Dan Engel." You can learn a lot from those episodes. And my last one was Episode 38, "Leave It to the Pros." And you know why, because I don't need to repeat it again, why to leave it to the pros.

Patrick: Andy, I'm going to give you a chance to get in another episode that I know you want to get in there. A runner-up. Come on, give me one more that you...

Andy: Oh man, a runner-up?

Patrick: Yeah. I mean, come on.

Andy: I mean, one I did really like was, let's look back. What was Jemma on? I mean, I loved learning about the ABC alcoholic beverage control stuff with Jemma Lester. She really highlights a lot of the challenges, nuances of that process. And although you and I do this on a very regular basis, I don't think a lot of folks know how detailed, how invasive the applications for ABC applications and license transfers are. So that's an informative one. What about what about you, Patrick? Come on, I was going to ask you a different question, but throw in a runner-up.

Patrick: I'm going to go with the fun episode of Tanya at Outside Lands.

Andy: Oh, right on.

Patrick: That was a pretty cool episode and I think she does a great job there. And I mean, wow, what a if I was a kid and they said I could do that as a job, I would be like, "Wow, that's exciting." I didn't know that was an option.

Andy: That's well said. I have some insider information on the new lineups and things going on this year. We might have to ask her back because she has some fun new stuff going on.

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Patrick: Cool.

Andy: Yeah. Sounds good. Well, I want to, first and foremost, I want to thank our listeners. I mean, 50 episodes is a big deal for us. We really enjoy this now. We've really got our groove, and we're looking forward to the next 50. I want to thank Patrick. I wouldn't love, I wouldn't like to do this with anybody else. So thanks for being my yin to my yang or Laurel to my Hardy. I don't know.

Thank you guys for listening. We appreciate you. Until next time.

Thank you all for listening to this week's episode of *Restaurant Deal Making EXPOSED!* If you're considering selling your business and would like a free consultation, reach out to patrickAndAndy@therestaurantsalesbroker.com or visit TheRestaurantSalesBroker.com to learn more.