

Ep #31: Done Deal: Buying an Existing Restaurant with Ricky Singh



Full Episode Transcript

With Your Hosts

Patrick Totah and Andy Mirabell

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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.

Patrick Totah: All right. Hey, everyone. We are here again today for our next edition of *Restaurant Deal Making EXPOSED!* I'm here with Ricky. I wanted to share a story behind a recently done deal, the sale of a restaurant with the goal of giving listeners a behind-the-scenes look at what it's really like to buy a restaurant business. From the highs and the wins to the challenges and unexpected turns, this episode is about the real experience: the good, the bad, and everything in between.

The deal we're talking about today is the sale of Steins Beer Garden and Restaurant in downtown Mountain View. Steins has been a fixture in the community since 2012. It's a large-scale, high-revenue operation. It's about 8,000 square feet of indoor space and another 4,000 square feet of beautifully designed outdoor beer garden space. It's just a half block off Castro Street in downtown Mountain View. It's one of the most active and competitive corridors on the Peninsula and the South Bay.

I'm joined today by Ricky, the buyer of Steins and a seasoned operator in the restaurant space. Ricky brings a wealth of experience, running multiple brands you might recognize. We're going to talk about what drew him to this deal, what the process was like from his side, what surprised him, and what advice he'd give to others thinking about buying into the restaurant world. So let's dive in.

Andy Mirabell: Ricky, thanks so much for spending time with us today on the podcast. We appreciate you being here. I want to get into it. You worked with Patrick on this transaction, so I haven't worked with you firsthand, but I would love to get a little background. How did you first get into the restaurant industry or restaurant world, and where did it go from there?

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Ricky Singh: So, I started in 2016 in franchising, and not exactly restaurants, but we started with an ice cream concept. I never thought I would do a restaurant, but as time progressed, I became more comfortable and opportunities arose, and I thought I'd give it a shot.

Andy Mirabell: You've had quite a large increase. From 2016 to now, you've done a lot. You've been a busy guy, it sounds like. So, congratulations on diving in headfirst into the restaurant and food world, right?

Ricky Singh: Thank you.

Andy Mirabell: What kind of business? I know maybe you don't want to name names, but what was your first acquisition in this, in the food world?

Ricky Singh: The Counter. Counter Custom Burgers. So we have two locations now in the Bay Area, in Mountain View and Santana Row. My first one was in December of 2023. And then the second one was in April last year.

Andy Mirabell: Great. You're going to date me here, but I, when I was very young with hair on my head and so on, opened Blowfish Sushi in Santana Row when Santana Row was first opening.

Ricky Singh: Yeah, I remember. I think there's Ozumo there now, right?

Andy Mirabell: There is. That was an adult playground for quite a few years over there. Good. So then what caught your eye about this opportunity, Steins in Mountain View? And for our listeners that don't know Mountain View, I mean, this is the heart and soul of Silicon Valley, right? There is, there's—it's really an amazing place, a great community, affluent, populous, to name a few details about it. But what caught your eye about Steins and this opportunity?

Ricky Singh: I like Mountain View, I think. And we have The Counter in Mountain View. We do a lot of catering. We have a lot of to-go orders, DoorDash. So that's a major aspect of our business. And I noticed with Steins, it's similar, but they do much more than we do. And the main thing that I like about that is it's been there

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almost over a decade now, and their business is—it's had a little dip after COVID, but I think it's still pretty substantial.

Andy Mirabell: So the goodwill was a real key factor in what you were trying to capture here?

Ricky Singh: I think at this point, anything I acquire, I do want it to be existing, have some decent revenue. And I think Steins is great. They have good revenue. There's some potential there. Yeah.

Andy Mirabell: Patrick, I may be jumping the gun on one of my questions here to Ricky, but when I see a space that's 8,000 square feet inside plus many more thousand square feet outside, that makes me quiver a little bit. It's a really big operation. That's a big location. That didn't seem to give you any pause, Ricky?

Ricky Singh: I was looking for something big. The bigger, the better.

Andy Mirabell: Okay, I like that attitude. That's great. Great.

Ricky Singh: I haven't seen any place that has a patio that vast. And, yeah. I think that was one of the key things I was looking for. We want some outdoor space.

Andy Mirabell: Well, you got that. You definitely got that.

Patrick Totah: So, Ricky, tell me a little, tell me a little bit about the—you found the listing and then you started talking with me, obviously. Tell me a little bit about the offer period and how that went for you.

Ricky Singh: I think everything was normal, and I didn't expect more offers to come, and I didn't expect it to go over asking price. I think after we received, after I received that news, there were more buyers. I think we had two, three more buyers.

Patrick Totah: Yeah. That was surprising for me as well. So, just for our listeners out there, it's very rare that you have multiple prices, multiple offers over asking

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price, and Ricky got caught into a little bit of a buying frenzy. There was like what, four offers? Is that what the total number was?

Ricky Singh: Yeah, something like that. So this is probably my second deal that I've had to actually bid over asking price.

Andy Mirabell: You attract this, Ricky. No, and again, to tie in for our listeners, Patrick, you're right. We don't typically get situations where we have a bidding war over restaurants. If it's a very profitable going concern, then yeah, we may be able to get multiple buyers involved in offers. But most of those are confidential, so the timing is different on these buyers. If something's non-confidential and an appealing location, maybe has strong revenue such as what we're talking about here, then there is more of a perfect storm for that to happen, right?

Ricky Singh: Yeah, definitely.

Patrick Totah: I thought you seemed pretty calm during the process. Did you feel stressed out? When multiple people came in?

Ricky Singh: No, nothing. I was just going with the flow. If it's meant to be, it'll happen. If not, we move on to the next one.

Patrick Totah: I love that. Nice.

Andy Mirabell: You need to rub that off onto some of these other parties.

Ricky Singh: But I think you go out and build something like that today, it's going to cost, yeah, four or five times what I paid. So I look at the value and the replacement cost.

Patrick Totah: Also, the cost to try and build the kind of revenue that place is doing already, like to grow that way organically, to be able to come in at that level, I think is huge. And people don't understand that sometimes when there's a certain amount of revenue already built into a space.

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Ricky Singh: Yeah, that's not easy to do.

Andy Mirabell: Yeah. Good. You know, and I think one of the biggest hurdles and challenges, or we can call it the elephant in the room, is negotiating the lease assignment or new lease with the landlord. What was the process like for you during for that one contingency?

Ricky Singh: I think just like any other deal I've done, there's an existing lease in place. We just take that over. We try to get more years onto the lease if they already don't have it. But the landlord was great. He's a very nice guy, Roger, and we had no issues at all. Considering the size of this building and what we're paying, it's a steal.

Andy Mirabell: I'm going to keep saying this out loud, but you just sound like a very intelligent and practical person as a buyer. You know what I mean? We don't often get that kind of level head. Like, you see the value in what you were getting, right? With the goodwill, the existing revenue, the location, the landlord was great, the lease, and you were just okay to take it over and add some time. So these are things from a broker perspective that makes the transaction smoother and also, there's less likelihood it'll fall out of contract. I would think with a party such as yourself. Were there any other due diligence items that you really focused on that were important to you, other than the lease?

Ricky Singh: For Steins, I think before the seller had listed it, it was going to be shut down. So I think at that point in time, it was already something that was not going to be there anymore. So at that point, I just looked at what sales were there and what the revenue is. Am I able to make a profit out of this for now until I move on to my future plans with it?

Andy Mirabell: Yeah. That's very intelligent. Yeah.

Patrick Totah: And talk a little bit about one of the contingencies that you put in place because they had planned to close it down.

Ricky Singh: So our only—one of the contingencies was to keep it operating and not to close it. Once you close, it's hard to reopen. You lose all the staff, you lose

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all the customers, and so that was my main contingency. It has to stay open. If it closes, then I'm out.

Patrick Totah: And the sellers were very open to doing that and did reverse all of that. And are you planning on—is the team still in place there? Have you been communicating with everybody, like the GM?

Ricky Singh: Majority of the team is there. I'd say more than 90% is still there.

Patrick Totah: Got it. That's great. How has your experience been with working with the sellers?

Ricky Singh: Totally fine. Nothing wrong. She's been very accommodating.

Andy Mirabell: What kind of training was in place given this is such a big operation, large space, and a huge staff? Was there a lot of built-in training into the purchase contract?

Ricky Singh: Training as in store training?

Andy Mirabell: Yeah, for yourself from seller to buyer or from their team to your team.

Ricky Singh: Not exactly training. We had a staff meeting. I met everybody, every single person that works there, kind of got to know them, what their role is. and just kind of operating, just breaking down his process that he has in place, just trying to unwind that and see how we can improve it.

Patrick Totah: And so what was the most difficult part of this transaction? It seems like, for the most part, everything went fairly smooth, but what would you say was the biggest hurdle?

Ricky Singh: Nothing too challenging, nothing out of the ordinary that I haven't seen before. So I think everything is positive.

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Andy Mirabell: All right. You're getting a real glowing, glowing record here, Patrick, in this transaction.

Patrick Totah: I have to say, it was a very reasonable transaction. Ricky was a great buyer to work with, and the sellers, obviously, there's the ups and downs of negotiating certain things, but I think both parties were very reasonable when it came to that point.

Andy Mirabell: It sounds like it. We don't always get that, and that's our job to kind of go through the nuances and challenges of the deal and make sure that it is as smooth as possible for each party. And this sounds like a very smooth transaction. So, kudos to you.

Ricky Singh: I knew it was an as-is deal. They were planning to shut the place down. So we're at the endpoint. It's as is. It's take it or leave it. Some things not working, this, that. I don't think they can choose.

Andy Mirabell: Makes sense. Makes sense.

Patrick Totah: I know sometimes there's like a kind of a nickel-and-dime kind of aspect to a deal, both from either the buyer or the seller. I feel like both sides were not getting caught up in that. They were just trying to figure out, how do we get this done in a reasonable fashion.

Andy Mirabell: Yeah. That's great. You took it over, you're operating as Steins now, the majority of the staff stayed, you're operating as is, essentially. Did you make any short-term changes to the operations and business that are notable? And what is your future plan for this business location and concept?

Ricky Singh: So we should take over July 1st. I don't have any plans to make any changes short term for at least 12 months. For future plans, as of now, is to open a new concept. It's called Barrio Queen. It's out of Arizona. They have eight locations there. So that's our plan for the future. To convert it into that.

Andy Mirabell: By the name, I could guess what kind of concept it is, but can you kind of let us know in a little more detail what the concept is and what it'll be?

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Ricky Singh: So it's a Mexican food concept. It's authentic, everything made from scratch. It's great. I've been there a few times. So this will be our first location in California.

Andy Mirabell: 2026, Barrio Queen, huh? This is great. We can't wait. With bringing this concept to the Bay Area and the Peninsula in Mountain View at this location, are you planning growth beyond that to other locations?

Ricky Singh: Yes, definitely. We want to. We will.

Andy Mirabell: Does it require such a large space? Is this your model?

Ricky Singh: It doesn't require such a large space. They have some locations that are about 4,500 square feet. So we're almost triple that, or at least double.

Patrick Totah: And in Arizona, is it all about the outdoor space, like the beer garden? Is that what the concept is focused on?

Ricky Singh: That's a unique selling point. I think that's—it's definitely a plus if it's there. It's not required, but I think that's a plus.

Patrick Totah: Got it. Are you planning to close down Steins in a year or more and then remodel? Or are you going to do this while remaining open?

Ricky Singh: So we've already started the process. We're working with our architect and the franchisor. They are already planning to come out here, and we're starting that process. Once all our plans are ready, everything's good to go, then we'll shut it down and take a couple of months to remodel and then reopen.

Patrick Totah: Oh, wow. So you're going to be closed for 90-plus days?

Ricky Singh: Yeah, 3 to 4 months.

Patrick Totah: 3 to 4 months. Got it.

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Andy Mirabell: You've been through multiple transactions to this point. What, if any, are the benefits to using a restaurant-specific broker involved in the transaction? Was that a... not to put Patrick in the spotlight here, but what was the benefit of having Patrick or any other related restaurant broker involved?

Ricky Singh: So, Patrick, he has great knowledge. He has a lot of connections. We were talking about another deal off-market, and I told him this is my plan, and he already knew immediately his set clients to who to reach out to make that happen without even putting it out on the market. So I think that definitely when selling something, a broker of Patrick's capabilities is useful.

Andy Mirabell: Good. Is there any advice you'd give to a first-time buyer for someone trying to get their first brick-and-mortar or move into this industry?

Ricky Singh: I always give one advice to all my friends or anyone: always try to get into something existing. So you know exactly how much it's making, how much you're putting in. So there are no surprises, and I've opened a thing, I've opened a location two years ago. It's going to be two years this December, and we're still breaking even. And we thought it was going to be a great location, but it just didn't work out.

Andy Mirabell: Did that location go against your advice? It wasn't an established business that you knew the expenses and volume and all that?

Ricky Singh: It's a known brand, but just the location didn't work out. It's maybe it'll take longer than we expected. It's in a major shopping center with multiple known brands, but it still hasn't taken off as we wished it would.

Andy Mirabell: It's great advice for listeners, don't you think, Patrick? For buyers wanting to enter the market?

Patrick Totah: I think so. Yeah. I mean, that was my big thing when I was in the restaurant business and buying restaurants. I wanted revenue already happening. I didn't want to sit there and grow it. Who knows how long? Who knows what could happen? So I agree 100%.

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Andy Mirabell: I did, as my first-time buyer for my restaurant in San Francisco, it was a new restaurant location, had never been there, in an odd location on an odd corner. It was an experience. I learned a heck of a lot through that. But I can understand the value in having something that was established with revenue there, and seeing the trends and dining trends and so on. So I agree with you on this.

Patrick Totah: How long did that take you to kind of grow to a level to where you were comfortable with?

Andy Mirabell: I'm pretty thankful how it went down. We had faith in our concept, our chef, and our team, and we, by the end of year one, had a very respectable volume. And so we felt we were on a good trajectory and grew that volume through about year three, and then tried to maintain at that point.

Patrick Totah: Good. All right.

Andy Mirabell: So, Ricky, any questions for us? I mean, we're really excited that you were a part of such a successful transaction and that you have something really great happening soon. We want to come visit and support. We wanted to thank you for doing this, being on the podcast with us, and also wish you a lot of luck in this new concept, Barrio Queen, that you're bringing. It sounds fantastic. We'll have to check it out.

Patrick Totah: Well, hey. Thank you so much. We appreciate you, Ricky. What do you think, Patrick? Anything else? That's it, man. Thank you. Thank you so much for joining us, Ricky.

Ricky Singh: Thank you. Appreciate it.

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.