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RESTAURANT PRODUCTS



How To Open A Bar

Introduction

Opening a bar can be easier in some ways than opening a restaurant, but only if you have a smart plan.

Got a great idea for a neighborhood watering hole where people stop in after work to meet friends and everyone knows each other? Or a beer recipe and hankering to start your own brew pub? A bar in some ways is easier to open and run successfully than a restaurant. But it's not all glamor and glitz; the hours are long, and like any business, running a bar is hard work. The key is going in with your eyes open and a plan in hand.

There are all kinds of bars, but not all types will be right for your area, and not all will fit your personality. You can get into the business in several different ways, too. You can buy and build from scratch, purchase a building and remodel it, lease a space and remodel, purchase a franchise or buy an existing bar. Each has its own pros and cons.

This step-by-step guide will help walk you through many of the issues to consider before you begin.

- 1 Costs & Benefits**
- 2 Research and Development**
- 3 Business Planning**
- 4 Rules & Regulations**
- 5 Styling and Stocking the Bar**
- 6 Final Preparations**

1 Costs & Benefits

From a cost standpoint, building from scratch is obviously the most expensive option, typically anywhere between \$175,000 to \$850,000. But a big sports bar or nightclub can cost upwards of several million dollars, and to a large extent the price will depend on the market you plan to operate in. To lease and remodel costs between \$110,000 and \$550,000, according to Investopedia, but buying an existing bar can cost as little as \$25,000. The median cost to open a tavern or bar, according to RestaurantOwner.com is \$475,000. Though payback on the investment in a bar often can be faster than a restaurant, it's still a lot of money. As with a restaurant, you should carefully assess the type of bar that's right for you, the target you want to capture as customers and the theme that will attract them. (Read also: our [Complete Guide to Opening a Restaurant](#).)

How Much Can I Make?

Bar owner salaries vary depending on location and size of the bar, concept and the market it's in. According to the U.S. Bureau of Labor Statistics, the median annual salary for all bar management positions is \$67,390 nationally. The median for top bar executives is \$71,550.

As an owner, you can look at your salary as a percentage of profits. On average, monthly costs to run a bar include:

LABOR	\$13,000
RENT	\$6,000
INVENTORY	\$1,000
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TOTAL	\$20,000

Average monthly earnings for a bar are \$25,000, so typical profit is \$5,000 per month. If your start-up cost was \$125,000, it will take you about 25 months to pay back your investors. After that, the profit is yours.

2 Research and Development

Before you get too far down the road committed to any one idea or location, do some research to see how feasible a bar is.

Do a market analysis

Find out how large your market is and what its demographics are to determine the size of your opportunity based on the clientele you want to cater to. You can find resources at the [U.S. Census Bureau](https://www.census.gov) and your local chamber of commerce. Then take a look at the competition. Who's in the market already? What are their concepts? How successful are they?

Look into a liquor license

Liquor licenses vary widely by state, and even by county in some states. Local liquor laws may put a quota on the number of licenses in your area or the type you can apply for, so check first.

Develop the concept

When you know what type of bar you want, think through the concept. Do you want to serve food? Some "liquor-only" or "tavern" licenses (as opposed to "all-liquor" licenses for restaurants) require you to sell some food, others allow it only up to a percentage of total sales, usually 50 percent. Adding food means adding service resources and a variety of commercial equipment to your operation, so you may want to keep your menu as simple as possible. Think through your theme and decor. Differentiation is great, but you don't want something so kitschy or trendy that it's out of date in a year or two.

Develop a brand

Choose a name for your bar. Trademark it if it's unique, and create your branding around your concept, from how you want bartenders and servers to greet and treat guests to how you want to be perceived in the community.

2 Research and Development Cont.

10 Memorable Bar Themes

Don't forget that bar ownership should be a fun adventure in hospitality. Let your imagination run wild. Here are some wacky theme bars from around the country—and beyond.



- **HandleBar** - Austin, Texas. Caters to clientele with facial hair
- **Minus5° Ice Experience** - Las Vegas. Year-round ice bar
- **Mutts Canine Cantina** - Dallas. A bar with a dog run where canines are as welcome as patrons
- **The Wreck Bar** - Ft. Lauderdale, Fla. Mermaid-theme bar with underwater portholes looking into Sheraton Ft. Lauderdale Beach Hotel aquariums
- **The News Room** - Minneapolis. Decorated like an old-school newsroom
- **The Greenhouse Bar** - Nashville, Tenn. A bar in a greenhouse
- **The Way Station** - New York. Dr. Who-inspired bar, complete with TARDIS
- **The Lovecraft Bar** - Portland, Ore. For horror and sci-fi fans
- **Joben's Bistro** - Romania. Industrial steampunk
- **Lebowski Bar** - Reykjavik, Iceland. Diner theme inspired by the movie

3 Business Planning

At this point, you've likely done enough research to take your concept to the next step of funding it and finding a location.

Decide on a business entity

The most common forms of small business ownership are sole proprietorship, a general partnership if you have a partner, and limited liability corporation or LLC. The first two entities require only that you register the business with your state, and you (and/or a partner) pay taxes as individuals, but you also assume personal responsibility for whatever happens in your bar. An LLC requires more paperwork, but separates you personally from your business, so you're not personally liable.

Write a business plan

Potential investors will need to see how you plan to make money and pay back an investment. Even if you don't need investors or a bank loan to get the business started, having a business plan down on paper is critical for helping you think through all areas of your operation, and will serve as a guide to keep you on track and growing your business.

Your plan should include:

1. Executive Summary
2. Company Overview and Description
3. Market Analysis
4. Bar Operations
5. Management/Controls
6. Marketing Plan
7. Financial Projections

Secure funding

With your plan written, develop an elevator pitch for your concept, and go talk to [potential investors](#).

Find a location

If you don't already have your eye on a location, now's the time to start shopping for one. Use a team of experts—a commercial real estate agent who specializes in restaurants and bars and an attorney to help you negotiate lease (or purchase) terms and a consultant/designer or equipment specialist to evaluate properties. (Read also: [To Lease or Not to Lease?](#))

4 Rules & Regulations

In many states, bars and taverns are among the most carefully regulated businesses. Tax structures and fees can be complicated, and the list of requirements can be long.

Obtain licenses/permits

Get this process started as early as you can once you have a location. Liquor licenses take anywhere from three to six months to obtain under normal circumstances, but can take much longer. In many cities, facilitators or at least expert advice is required. Depending on your concept, you'll need most if not all of these additional licenses/permits:

- Employee identification number (EIN)
- Foodservice license
- Alcohol and Tobacco Tax and Trade Bureau (TTB)
- Sign permit
- Music license
- Certificate of occupancy
- Pool table permit
- Dumpster placement permit



5 Styling and Stocking the Bar

Design the layout/decor

Bring in your design team to help you layout the [bar design](#). Use equipment specialists like manufacturer's reps or your CRP Product Consultant to help you determine space needs for refrigeration, storage, beverage dispensing equipment, glass washing, and so forth.

Buy equipment and supplies

Use your CRP Product Consultant to [select the right bar equipment](#) for your concept and space, from undercounter sinks, ice bins and speed rails to draft beer dispensing. You'll also need supplies from glassware to pourers, paring knives and muddling [spoons](#).

Find liquor, beer and wine suppliers

In control states, you can get alcoholic beverages only from state and authorized suppliers. Elsewhere, you can choose the wholesalers/distributors that can provide you with the brands you want to serve.

Also see:

[“8 Steps to Designing a Restaurant Concept”](#)

in Central Restaurant Products' Resource Center



6 Final Preparations

At this stage, you're close to opening. Here are your next steps.

Hire the right staff

While you'll want people with experience for key positions such as management or bartenders, personality is key in the bar business. All employees who directly serve or interact with customers should be enthusiastic, personable and fit the culture you're trying to create.

You can always train servers, barbacks and others what to do, but you can't train a positive attitude. Write descriptions for staff positions that outline duties and expectations. Some of the positions you'll need to fill include:

- **Bar manager** - responsible for overseeing inventory and ordering, opening/closing, marketing, quality control, supervising staff and scheduling.
- **Bartender/mixologist** - mix and serve cocktails, wine and beer, interact with guests, keep bar clean and well-stocked, make drink recommendations, create signature drinks, ring up sales and manage tabs. Perhaps more than anywhere else in your operation, experience and pedigree like bartending school can make a big difference here, especially if cocktails are a big revenue generator for the bar.
- **Server** - seat guests, take drink and food orders, clear and clean tables, manage tabs.
- **Barback** - prepare drink garnishes, restock ice bins, restock liquor wells, change beer kegs, help with glass washing and restocking bar with supplies.
- **Doorman/bouncer** - screen and greet guests, check IDs, provide security. Bouncers are great to have standing by in case things get out of hand, but just their presence often serves as deterrent enough, ensuring guests remain orderly and respectful while enjoying their beverages and a hard-earned night out.

Also see:

[“How to Hire a Restaurant Manager”](#)

[in Central Restaurant Products' Resource Center](#)



6 Final Preparations Cont.

Implement your marketing plan

Advertise the bar. These days, active [social media](#) accounts are critical and should create anticipation with photos of your progress and plans for opening. Issue a press release to local media about your opening plans.

[Hold a soft opening](#). Invite friends, family, investors, media and others to an opening party to test out your systems and operations. Survey people to get their comments and suggestions.

Congratulations! Buy yourself a drink. You're in the bar business.

