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# A passion for Cooking and the Investigation that leads to the Dream of Starting a Restaurant

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A passion for Cooking and the Investigation that leads to the Dream of  
Starting a Restaurant 1

Murray State University

**A passion for Cooking and the Investigation that leads to the Dream of  
Starting a Restaurant**

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BIS437-02-SP17

Dr. Brian Van Horn

April 19, 2017

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## **Inspiration**

In life there are multiple paths each leading to a new and interesting adventure, from school to work, from being single to getting Married, to having kids, or even having a dream for the future. Dreaming can either be a past time that takes up time as one day dreams or it can lead you on an adventure of a life time, as one puts action to the dream, setting the stage for the sweetest dream to come to life. One dream that has always been dear to my heart is the dream of me starting and running my own, well-known and very popular restaurant. I have worked in the food industry for over fifteen years. Starting out my adventure during High school at Hardee's in Marshalltown, Iowa and from there moving onto helping opening up the Wendy's when it came to Marshalltown in the late nineties. From there I went looking for adventure down the path of college where I got side tracked from my dream in life but still went on and helped out at church camp in the kitchen for the Iowa District United Pentecostal Church for about two year and then helped to start a community meal project at the Apostolic Pentecostal Church of Waterloo, Iowa, that is still going strong today. From there my adventure led me to Bishop's Buffet, a cafeteria style buffet in Waterloo, where I worked everything from wait staff and cashier when I started to moving into Baking and cooking where I was still working when they went out of business. The next chapter of this adventure led me to get married to a lovely young lady that loves to cook almost as much as I do. Leading me to move to Madisonville, Kentucky where I took on a job working as a cook at our local Hospital, Baptist Health Madisonville. It has at Baptist Health I got the honor

of working under a Chef that helped expand my knowledge of the culinary arts and thought me both catering skills as well as new cooking techniques. He was also very supportive of my desires to learn more, even suggesting that I consider going to Sullivan where he had gone to school.

From all this my desire grew deeper and deep inside of me. Thus leading me to want to cook more and inspired me to start down the path of higher education bringing me to the adventure of working on a Culinary Degree through the Kentucky Community & Technical College System, with my base school being in Paducah, Kentucky alongside my Bachelors in Integrated Studies at Murray State University. Yet just being able to cook is not the main dream that I have, the main dream would be the dream that has inspired me to dig deep to research what all is involved in starting up a restaurant and the different paths one can take as one looks at and jumps into the great adventure of food service.

## **Introduction**

Dream big and shoot for the stars, is what I have always heard and if you miss you will still be with the stars. And that my friends would be what dreaming of owning a restaurant would be, a big adventure and a huge responsibility, which could make or break a person. Starting or just owning a restaurant involves so many things, time, and money, and I plan to break down and explore each element that one would need to think about in their journey to operate a successful restaurant. Starting with the legalities of setting up a restaurant that would of course start with federal laws, guidelines, and

organizations that must be considered and what do they detail, even if they do not come into play until later, they must be remembered, so that your dream does not become a night mare with you having to face criminal charges, penalties, fines, and possible bankruptcy. Then the next step to consider would be the State laws, guidelines and organizations that have to be involved in your planning to set up and open your doors to the public, this would include the Food and Drug administration, the Health Department, and how to get a Tax ID. After the state, one must consider what town or city they plan to set up in and what that town requires for a person to set up a business in their town, such as permits, licenses, inspections, just to name a few of the fun steps one has to tackle to gain the approval of the city or town.

After legalities one must consider if they would like to be a part of a chain, a franchise, or jump out on their own with a Ma and Pa restaurant. Each one of these has benefits and disadvantages that have to be considered. Next one must make the decision on what type of restaurant to have and what is needed to keep them open. After you pick the type of restaurant you have the option to look into a liquor license or not based on if your town is wet or dry. Finally comes the fun part, what will be your selling point to draw people to your restaurant? As we journey along this path our dream will grow stronger and we will have the knowledge we need to make it a reality.

### **Legalities**

Laws, codes, and tons of paper work make up a huge part of the Legalities one must consider when looking into opening a restaurant or any other business for that

matter. Legalities stem from Federal, State, and local laws and guidelines. From the process of choosing to Incorporate your restaurant or not, to the hiring process, to fair pay, all play an equal part in a successful restaurant.

### **Federal Guidelines**

Even though most people do not look at Federal Guidelines first, since there are many steps that are taken to achieve the dream of starting a restaurant, I feel that before one can jump in with both feet running one must consider federal guidelines. Thus I will address these first since we want to live the dream and not fall into a nightmare. For the even the Bible states in Hosea, My people are destroyed from lack of Knowledge." ("Hosea 4 - NIV - Bible Study Tools", 2017). And a lack of knowledge of Federal guidelines will destroy a dream before it can grow. A Prime example was a friend of my family that had owned a restaurant in Missouri for many years in a town with fewer codes and guidelines. He ended up having to move to Iowa and decided that he was going to reset up shop in Iowa, sadly he did not wait to open his doors before the first inspection in a city that had strict guidelines. The Health department found out and shut him down so fast he did not see it coming and then they restricted his access to the restaurant for a certain time frame. It was in that time that the freezer broke down and all of his supplies ruined before he could reenter his restaurant. Sadly by that time his investment in his restaurant was spoiled and his dream had turned into a nightmare. His lack of knowledge ended up leading him to a perished dream.

### **Hiring process Legalities**

The hiring process is one of many federal regulated processes that a business has to work with. The hiring process seems easy to many, right all you have to do is put out an ad in the newspaper and as the interviewees walk through the door just set down ask a few quick questions the feel free to pick who ever your heart desires. Wrong, all it takes is one misstep and you could be facing fines, penalties, lawsuits and possible even loss of business due to press coverage, turning a dream into a nightmare. Agencies such as the U.S. Equal Employment Opportunity Commission (EEOC), U.S. Department of Labor, Office of Federal Contract Compliance Programs (OFCCP) and Wage and Hour Division (WHD) have been given authority by Congress to levy fines and penalties, and even approve settlements on behalf of employees. Even interviewees that feel they were not hired do to discrimination only needs a little evidence that discrimination had transpired can bring charges and inquiries. In 2008 the Wage and Hour Division recovered over one hundred eighty five million dollars in back pay for over two hundred twenty eight thousand employees and the added scary part is that does not even count in the cost of legal fees from litigation expenses that come with having to hire lawyers, court costs and settlement fees due to discrimination suits ("What Are the Consequences of Discrimination on the Job?", 2017). As for cases with interviewees even though no statistics are record by Mayhew, in today's age of technology it is getting easier to record evidence for the court to decide if discrimination has taken place or not, which either way leads to bad press coverage and then if the

courts decides fines and penalties will smash the dream ("What Are the Consequences of Discrimination on the Job?", 2017).

To avoid potential lawsuits due to discrimination employers need to remember to avoid questions in their interviews that might pertain to classes that are protected under discrimination laws. These classes would according to federal guidelines consist of race, national origin, gender, pregnancy, age, disability, or religion and one might even have more based on the state that one chooses to set up their business. But you still need employees to work for you so to avoid legal issues keep interview questions based on information that is needed to meet the job requirements, such as skills, experience, and any information that is required by law for the restaurant to report to the government, so that the interviewee can become a new hire and get to go to work ("Legal Rights During the Hiring Process - FindLaw", 2017).

After the interview and a candidate has been chosen to work for you there are things that need to be done for the government before an employee can start working for you. These consist of first attaining a federal employment identification number for the new hire, from the Internal Revenue Service (IRS). Second you have to register with the state's employment department for payment of unemployment compensation taxes. Third you have to set up the new hire's pay system so taxes will be withheld to be paid to the IRS, this means one cannot pay under the table. Forth you have to obtain the new hire's compensation insurance. Fifth you must prepare an Illness and Prevention Plan for the Occupational Safety and Health Administration (OSHA). Sixth, you are required to post notices in the workplace that are required by the Department of Labor (DOL). Seventh, you have to assist the new hire with registering for employee benefits

that you have to offer, this would include health insurance that is mandated by current law known as the Affordable Care Act. Lastly before a new hire can start work you must report federal unemployment tax to IRS (Legal Rights During the Hiring Process). These steps are normally met in an orientation class where management or a member of human services will gather the required information need to give the agencies above to achieve the needed documents for an employee to start and will go over any benefits including Health care at that time.

Yet there is even more, that one needs to consider during the hiring process. As an employer you should avoid making promises to the prospective new hire, due to the fact that any false statements could be seen as a breach of an "implied contract" under the eyes of the law. For example, a promise that stock options or free meals will be given when only certain positions get these benefits, that the new hire has a job for their lifetime, or that the new hire will receive pay rises at set times may be seen as an implied contract. This could lead to you as an employer having legal issues if these promises are not kept, due to a breach of an implied contract ("Legal Rights During the Hiring Process - FindLaw", 2017).

### **U.S. Equal Employment Opportunity Commission**

In the dream of owning a restaurant the U.S. Equal Employment Opportunity Commission is one of the many agencies a business owner will encounter, they oversees the enforcement of the Title VII of the Civil Rights Act of 1964, The Pregnancy Discrimination Act, The Equal Pay Act of 1963, The Age Discrimination in Employment

Act of 1967, Title I of the Americans with Disabilities Act of 1990, Sections 102 and 103 of the Civil Rights Act of 1991, Sections 501 and 505 of the Rehabilitation Act of 1973, and The Genetic Information Nondiscrimination Act of 2008 (GINA) acts ("Laws Enforced by EEOC", 2017). All these acts are very important to remember throughout the course of the hiring process and tenure of work time of individuals that one has working for them.

Title VII of the Civil Rights Act of 1964 (Title VII), which prohibit the discriminate against a person on the basis of class be that race, color, religion, national origin, sex or even the score because they filed a complaint or lawsuit against them. It is also under this act that requires that employers rationally accommodate interviewees' and workers' religious practices, with the only exception of doing so would inflict an unnecessary hardship on the operation of the business ("Laws Enforced by EEOC", 2017). So to put it in layman's terms under this act a business owner must hire individuals based on their job skills and ability to do a task not by the groups they are connected with.

The Pregnancy Discrimination Act, which was an amendment to Title VII making it unlawful to discriminate against a woman just because she is or has becomes pregnant, had a birth of a child, or any medical situation related to pregnancy or birth of a child ("Laws Enforced by EEOC", 2017) or simply one cannot fire a young lady on the grounds that she is with child.

These first two acts help to keep a restaurant or business diverse and will allow one to focus on the dream of a smooth business should they be followed. Yet if they are

not followed, even by the slightest accident, it could lead a dream into a night mare of litigation, fines, and bad press. That in turn could ruin a business.

The Equal Pay Act of 1963 (EPA), under this act it makes it unlawful to pay different salaries to males and females if they carry out equivalent work in the same workplace ("The Equal Pay Act of 1963 (EPA)", 2017). Pay is a huge thing in business; it is the key to others dreams as well as the foundation of one's business dream. With this act it should make it easier to make the pay scale for the different positions one plans to have due to the simple fact there will only be one scale and not two separate ones based on a person's sex.

The Age Discrimination in Employment Act of 1967 (ADEA), with this act the U.S. Equal Employment Opportunity Commission protects individuals who are 40 and over from any discrimination based on age or retaliation from a business from a filed complaint or litigation due to age discrimination ("Laws Enforced by EEOC", 2017). As an owner one needs to remember about this act so that one does not face issues in either the hiring process or later on by making a servile mistake of trying to force our elders into retirement and out of the work force to make room for younger cheaper labor.

Title I of the Americans with Disabilities Act of 1990 (ADA), this law allows the U.S. Equal Employment Opportunity Commission to oversee that a company does not discriminate against a person who is qualified for the job but also has a disability, this goes both for the private sector as well as in the state and local governments. The ADA also makes it unlawful for a business to even the score with an individual because they filed a grievance or lawsuit against the company, filed a charge of discrimination, or if

the individual took part in a work place discrimination inquiry or litigation. The regulation also requires that establishments within reason provide accommodations for the known physical or mental restrictions of an otherwise qualified individual who is an interviewee or employee that has a disability, unless making such accommodations would in turn inflict an unjustifiable hardship on the operation of the proprietor's business ("Laws Enforced by EEOC", 2017). A prime example here was when I worked a Bishops Buffet in Waterloo, Iowa we had a lady who rolled our silverware. She was disabled but worked had to see that the restaurant did not run out of silverware.

Sections 102 and 103 of the Civil Rights Act of 1991, where simple amendments to the Title VII of the Civil Rights Act of 1964 and the ADA to permit jury trials and compensatory and punitive damage awards in deliberate discrimination cases ("Laws Enforced by EEOC", 2017).

Sections 501 and 505 of the Rehabilitation Act of 1973, in this law takes the ADA to the federal level and makes it unlawful to discriminate against an individual who is qualified for the job in the federal government but also has a disability. The law also makes it unlawful to get revenge against an individual because that individual complained about discrimination, filed a charge of discrimination, or partook in a work place discrimination inquiry or litigation. The regulation also requires that establishments within reason have to provide accommodations for the known physical or mental restrictions of an otherwise qualified individual who is an interviewee or employee that has a disability, unless making such accommodations would in turn inflict an unjustifiable hardship on the operation of the proprietor's business ("Laws Enforced by EEOC", 2017).

The Genetic Information Nondiscrimination Act of 2008 (GINA), this law prohibits the discriminate against employees or interviewees on the grounds of genetic information. Under this law the U.S. Equal Employment Opportunity Commission oversees that a business does not use Genetic information which would include information about a person or their family members' genetic tests, as well as a person's family medical history. The law also makes it unlawful to even the score against an individual because the individual complained about discrimination, filed a charge of discrimination, or partook in an work place discrimination inquiry or lawsuit ("Laws Enforced by EEOC", 2017).

Following these Acts insure that a business will focuses on skills of the labor forces instead of bringing divide to the nation and work place due to discrimination of any kind. Step out and try to break one and your dream could be up in smoke like burned toast.

### **U.S. Department of Labor**

The U.S. Department of Labor is another agency that could cross the path to our dream, with its mission's statement of:

"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights." ("Our Mission", 2017).

The U.S. Department of Labor is the enforcer of The United States Labor Laws or codes, which of course have to be followed to maintain a happy dream. Some of the main codes that would affect a restaurant would be:

785.5 Section 6 which require the payment of a minimum wage to be paid by a company to the members of their workforce who fall under the guidelines based on the position they are in, such as hourly workers, exception are made based on certain position such in the case of certain wait staff. Section 7 forbids workers to be in employment for more than a stated number of hours a week without appropriate overtime being compensated for those hours ("eCFR — Code of Federal Regulations", 2017). Another concern one might face that the U.S. Department of Labor oversees would fall under the code 785.12 Work performed away from the premises or job site. Or basically do you want your workers to do any work from home or not. If you do not mind your workers working from home or believe that they are doing work related tasks at home and you choose not to tell them not to then as a restaurant or business owner you are required to count those hours as worked hours. It is your duty to either keep track and pay for those hours or make it clear that you are not going to assign work to do at home and that any task that are work related are to be done on the work site ("The Code of Federal Regulations of the United States of America", 2017)

This next federal code on the norm will not affect most restaurants but on the rare case that a restaurant owner should want to have on-call workers, it is of course the U.S. Department of Labor that oversees that through Code 785.17 On-call time. This is defined below as:

“An employee who is required to remain on call on the employer's premises or so close thereto that he cannot use the time effectively for his own purposes is working while “on call”. An employee who is not required to remain on the employer's premises but is merely required to leave word at his home or with company officials where he may be reached is not working while on call.” (“The Code of Federal Regulations of the United States of America”, 2017)

The benefits of having an on-call worker would be should someone call in sick an owner can have a replacement worker on site with little to no disruption to operations of the restaurant allowing for a relaxing dream to continue to transpire. The second benefit would be, should the restaurant get busier than the owner or manager had expected help would only be a call away. Yet the down side to on call workers by law should on-call be a part of your dream service those workers have to be paid for their on-call time as if they are actually onsite doing work which could affect the budget of a restaurant.

No matter how big your dream is the U.S. Department of Labor require that a business owner give their workforce breaks which is defined by U.S. Code 785.18  
Rest

“Rest periods of short duration, running from 5 minutes to about 20 minutes, are common in industry. They promote the efficiency of the employee and are customarily paid for as working time. They must be counted as hours worked. Compensable time of rest periods may not be offset against other working time such as compensable waiting time or on-call time. (Mitchell v. Greinetz, 235 F. 2d 621, 13 W.H. Cases 3 (C.A. 10, 1956); Ballard v. Consolidated Steel Corp., Ltd., 61 F. Supp. 996 (S.D. Cal. 1945))”.

("The Code of Federal Regulations of the United States of America", 2017) As well as under U.S. code 785.19 Meal, which as the code states is considered to be different from rest or as most work places would call it breaks. U.S. code 785.19 Meal breaks it down as:

(a) Bona fide meal times are not worktime. Bona fide meal times are not coffee breaks or time for snacks. These are rest periods. On a Bona fide meal time workers are required be entirely relieved from responsibility for the purposes of eating regular meals. As a norm 30 minutes or in some places longer is given for a bona fide meal time. According to code a worker is not relieved if they have to complete any responsibilities while they are eating.

(b) If during working hours a worker has no permission to leave premises. A business does not necessary have to permit the workers to leave the grounds as long as they are otherwise entirely freed from responsibilities during the mealtime.

While the U.S. Equal Employment Opportunity Commission regulates equal pay, the U.S. Department of Labor oversees that a business keeps records of hours worked, wages paid and other conditions of employment under U.S. code 785.46 Section 11(c) Applicable regulations governing keeping of records ("The Code of Federal Regulations of the United States of America", 2017). (1984)). This can be done using a time clock or a time card that is punched at the start and ending of shifts and at lunch time if lunch is not paid.

While breaks do help keep workers refreshed and help to keep them happy there is an element to consider that is the whole reason they are working for you and that

would be pay, without pay we would not have a workforce. Which brings us to U.S. Code 785.49 also referred to as the Applicable provisions of the Fair Labor Standards Act, that states that unless a worker is exempted based on certain criteria in the law they have to receive a specified minimum wage decided by the government and that if they work over the government mandated number of stated hours (here in Kentucky it is 40 Hours) in a week. Then overtime pay equal to at least one and one-half times of an employee's regular pay rate must be paid, but excludes any hours that were willfully volunteered by the employee as defined by the law ("The Code of Federal Regulations of the United States of America", 2017)

### **Office of Federal Contract Compliance Programs (OFCCP)**

Office of Federal Contract Compliance Programs (OFCCP) is a part of the U.S. Department of Labor which partners besides the U.S. Equal Employment Opportunity Commission (EEOC) in the overseeing and enforcement of *The Americans with Disabilities Act of 1990*. Which as stated earlier basically employers and unions, be they private or government cannot discriminate against individuals with disabilities who are qualified for a job application procedures, in looking at advancement, in compensation, and other terms of employment.

The Office of Federal Contract Compliance Programs (OFCCP) also oversees and enforces certain Directives, which includes the Notice of Rescission also known as Directive 2017-01, the Handling Individual and Systemic Sexual Orientation and Gender Identity Discrimination Complaints of April 16, 2015, the Directive 2014-02 of

2014 based off of Gender Identity and Sex discrimination, the TRICARE Subcontractor Enforcement Activities, Directive No. 310 that oversees the calculating back pay due to Employment Discrimination, Directive 307 also known as the ADM Notice/Compensation or the procedure for reviewing the Contractor Compensation Systems, Directive 306 the observing of the Nondiscrimination Provisions based from criminal record, Race or National Origin, Affirmative Action Programs as seen indirective 2013–01 Revision 1 of April, 2016, the notification of Employee Rights both listed under Federal Labor Laws, and the Department of Labor's Implementing Regulations ("Office of Federal Contract Compliance Programs (OFCCP) - U.S. Department of Labor", 2017), just to name the ones that might affect a dream of owning a restaurant.

The Office of Federal Contract Compliance Programs (OFCCP) job does not stop there, they are also responsible for overseeing and enforcing President Lyndon Johnson's *Executive Order 11246 on Equal Employment Opportunity* which forbids any federal contractors as well as all federally–assisted construction contractors or subcontractors, that do over \$10,000 in business with the Government over the course of one year from discriminating on the basis of race, color, religion, sex, sexual orientation, gender identity even national origin in any employment decisions they make as well as requires all Government contractors to guarantee that equal opportunity is provided in all aspects of their employment to use affirmative action. In Addition, Executive Order 11246 forbids federal contractors and subcontractors from taking aggressive employment actions against interviewees and workers for asking about,

conversing, or even sharing information about their pay. ("Office of Federal Contract Compliance Programs (OFCCP) - U.S. Department of Labor", 2017)

### **First step: Secretary of State**

The Secretary of State will be your first stop in starting a restaurant or any business for that matter as long as your dream is not being a Sole Proprietorship with your structure, which I will define more in-depth since it is an option to consider. When going to the Secretary of State you will need to know what structure you want for your restaurant. According to the Secretary of State department of Kentucky there are two main structures that are chosen, a limited liability company (LLC) or an Incorporation. There are others also but these are the two most common, the Secretary of State department highly suggest that you consult a lawyer or an accountant before coming to them or their web site, [www.sos.ky.gov/](http://www.sos.ky.gov/) which will help build your dream and again help keep it from becoming a nightmare .

Here is a list of contact numbers by state:

#### Alabama

State of Alabama Office of the Secretary of State  
Suite 1500 Administrative Code  
Room S-105 Alabama State Capitol  
Montgomery, Alabama 36130  
(334) 242-7476

#### Alaska

550 West Seventh Avenue  
Anchorage, AK 99501-3567  
(907) 269-8160

Arizona

Arizona Secretary of State Tucson Office  
Tucson, AZ  
(520) 628-6583

Arkansas

Arkansas Secretary of State  
1401 W Capitol Ave #250  
(501) 682-3409

California

California Secretary of State  
Sacramento, CA  
(916) 657-5448

Colorado

Secretary of State  
Denver, CO  
(303) 894-2200

Connecticut

Secretary of the State  
30 Trinity St  
(860) 509-6200

Delaware

Secretary of State  
Townsend Building  
Dover, DE  
(302) 739-3073

Florida

Secretary of State  
500 S Bronough St  
(850) 245-6500

Georgia

Secretary of State  
Macon, GA  
(478) 207-1300

Hawaii

Business Registration Division

Honolulu, HI

(808) 586-2727

Idaho

Secretary of State

450 N 4th St, Boise, ID 83702

(208) 334-2301

Illinois

Secretary of State

Carbondale, IL

(618) 457-0488

Indiana

Secretary of State

Indianapolis, IN

(317) 232-6531

Iowa

The Iowa Secretary of State's Office

Iowa State Capitol, 1007 E Grand Ave #105

(515) 281-5204

Kansas

Kansas Secretary of State

120 SW 10th Ave # 1

(785) 296-4564

Kentucky

Kentucky Secretary of State

Kentucky State Capitol Building,

700 Capital Ave #152, Frankfort, KY 40601

(502) 564-3490

Louisiana

Secretary of State

Baton Rouge, LA

(225) 922-2880

Maine

Secretary of State

111 Sewall St #4, Augusta, ME 04330

(207) 626-8400

Maryland

Secretary of State

16 Francis St # 1, Annapolis, MD 21401

(410) 974-5521

Massachusetts

Secretary of State

Boston, MA

(617) 727-7030

Michigan

Secretary of State Office

Livonia, MI

(888) 767-6424

Minnesota

Minnesota Secretary of State - Business Services

60 Empire Dr #100

(651) 296-2803

Mississippi

Secretary of State

Jackson, MS

(601) 359-1633

Missouri

Secretary of State Missouri

Jefferson City, MO

(573) 751-4628

Montana

Secretary of State Montana

1301 E 6th Ave #2,

Helena, MT 59601

(406) 444-2034

Nebraska

Secretary of State

Nebraska State Capitol, 1445 K St # 2300

(402) 471-2554

Nevada

Secretary of State

Carson City, NV

(775) 684-5708

New Hampshire

State of NH Legislative Services

State House, 107 N Main St #112,

Concord, NH 03301

(603) 271-3246

New Jersey

Secretary of State

125 W State St,

Trenton, NJ 08608

(609) 984-1900

New Mexico

Secretary of State Office

325 Don Gaspar Ave #300,

Santa Fe, NM 87501

(505) 827-3600

New York

NYS Department of State Division of Licensing Services

333 E Washington St,

Syracuse, NY 13202

(315) 428-4258

North Carolina

North Carolina Department of the Secretary of State

2 S Salisbury St, Raleigh, NC 27601

(919) 807-2225

North Dakota

N. Dakota Secretary of State

600 East Boulevard Avenue

Dept. 108

(701) 328-2900

Ohio

Ohio Secretary of State

Continental Plaza, 180 E Broad St

(877) 767-6446

Oklahoma

Secretary of State

421 NW 13th St #210

(405) 521-3912

Oregon

Secretary of State

Salem, OR

(503) 986-1523

Pennsylvania

Secretary of the Commonwealth

Harrisburg, PA

(717) 787-6458

Rhode Island

Secretary of State

Rhode Island State House

Providence, RI

(401) 222-3040

South Carolina

Secretary of State's Office

1205 Pendleton St #525

(803) 734-2170

South Dakota

Secretary of State

South Dakota State Capitol,

500 E Capitol Ave #204

(605) 773-3537

Tennessee

Secretary of State

312 Rosa L Parks Ave #6,

Nashville, TN 37243

(615) 741-2819

Texas

Secretary of State

Austin, TX

(512) 463-5555

Utah

Corporations & Commercial Code

160 300 S, Salt Lake City, UT 84111

(801) 530-4849

Vermont

Secretary of State

128 State St, Montpelier,

VT 05633

(802) 828-2363

Virginia

Virginia Secretary of Commonwealth

1111 E Broad St, Richmond,

VA 23219

(804) 786-2441

Washington

Washington Secretary of State

Corporations Division

801 Capitol Way S, Olympia, WA 98504

(360) 725-0377

West Virginia

Secretary of State

1900 Kanawha Blvd E,

Charleston, WV 25305

(304) 558-6000

Wisconsin

Secretary of State

State Capitol B41W,

Madison, WI 53703

(608) 266-8888

("Google Crome")

Wyoming

Wyoming Secretary of State's Office

Suites 600 and 700, 2020 Carey Ave,

Cheyenne, WY 82002

(307) 777-7311

## **Sole Proprietorship**

A sole proprietorship is a business structure that is unincorporated, which has a single owner. Some might call this a Ma and Pop shop. The owner pays personal income tax on the profits that is earned from their business and has little government regulation. This structure of business has been seen as the simplest to set up and take apart, with this simple fact alone makes the dream of being a sole proprietorship popular among self-contractors and small business owners of today ("Risks in Starting a Sole Proprietorship", 2017).

Yet there are risks that come with this dream of a Sole Proprietorship that have to be considered should one chose to go with that structure. First would be Personal Liability which unlike a corporation or even a limited liability company (LLC) there is no legal separation between one's personal and their restaurant assets. Meaning that should one gets sued, or defaults on business commitments, creditors might have a right to claim not just business assets for payment but assets like one's home, car, or other property. One could also be held legally responsible for the negligent actions taken by ones employees or one-self. The second risk would be difficulty attaining financing, which could include financing start up or something as simple as the weekly food order. The third risk would be if the owner would get sick, who then would keep the restaurant running while the owner is recuperating. Yet the biggest risk would be, should the restaurant ever go under it could bring financial ruin to one as the owner and

as the business grows the risks will not go away but will grow along with the restaurant ("Risks in Starting a Sole Proprietorship", 2017), thus turning a dream into a nightmare.

## **Incorporation**

Is another option when it comes to structures of your business dream? What is Incorporation you might ask? Well Incorporation is the legal procedure that is used to form a corporate body or company when it comes as a business. As a corporation and the owners' rights and obligations are separated legal entity from each other, thus ones assets cannot be gone after legally should the other have legal issues. In lay man's terms if your dream of a restaurant goes up in smoke you still have a home and personal belongings to go to. Corporations have been created in almost all the countries of the world and are regularly recognized as such by the use of the terms "Inc." or "Limited" that are in their names. All through the world, a corporation is the most commonly used legal structure for operating and building a dream business. Even though the legal details of a company's construction and organization are different from one jurisdiction to another, almost all have certain elements in common (Staff, 2017).

Incorporation consists of drafting legal documents which are called "Articles of Incorporation". This official document will state the primary purpose of the company as well as what its name is, and where it is located it will also include the number of shares and type of stocks that are being issued, if any at all. Incorporation also includes jurisdiction-specific registration information and fees (Staff, 2017). Such as here in Kentucky there will be a \$40.00 "Article of Incorporation" fee as well as a \$10.00

“organization Tax Fee” if your company has less than 1,000 shares (United States of America, Commonwealth of Kentucky Secretary of State Division of Business Filings., 2017).

Incorporation has many advantages for a business and its owners, including protection of the owner's assets, because the company is liable for its own debts. Other advantages include easy transfer of the business ownership to another party through the sale of shares; the possibility of tax planning for the owner through the use of a lower tax rate than ones for personal income; and access to financing for business activities through, among others, the sale of stock (United States of America, Commonwealth of Kentucky Secretary of State Division of Business Filings., 2017).

The advantage of Incorporation would be it forms a corporate veil often seen as a protective shield, for the company's shareholders and directors. With such an incorporated businesses has the ability to take risks that allows it to grow without the shareholders, owners or directors facing any personal financial legal responsibility outside of their original investments in the business (United States of America, Commonwealth of Kentucky Secretary of State Division of Business Filings., 2017) or as some would say their dream.

### **Limited liability Company (LLC)**

Another popular structure chosen by many to build their dream would be the limited liability company structure option. Which according to Limited Liability Company – LLC would be defined as a corporate structure where not a single one of the company

members can be held personally liable for any of the company's debts or legal responsibility. Limited liability companies are basically a cross between of a corporation and a partnership or sole proprietorship. While the limited liability feature is similar to that of a corporation, the availability of flow-through taxation to the members of an LLC is a feature of partnerships (Staff, 2017).

Limited liability companies must be filed through the state in which you plan to set up your restaurant. Which will in turn afford certain liability securities; with the exception were fraud or legal reporting requirements were not met. But the down side to Limited liability companies when it comes time to sale or transfer of the business, a business continuation agreement is the only way to guarantee the smooth transfer of interests when one of the owners dies or choses to leaves the business. Without a business continuation agreement, a LLC is required to dissolve in the event of a bankruptcy or the death of one of the partners (Staff, 2017).that fact alone could bring a death to a dream when considering this structure option.

In comparison to Incorporations the fees are not much different for a Limited liability company. The perk at least here in the State of Kentucky of chosen a Limited liability company would be a \$10.00 savings since there is not a tax imposed on a company who have less than 1,000 shareholders (United States of America, Commonwealth of Kentucky Secretary of State, Division of Business Filings, 2017).

## **Tax ID**

Although tax ID's are not a requirement for Sole Proprietorships. They are needed if you choose to Incorporate. According to the Secretary of State of Kentucky they can be obtained here in the state of Kentucky By calling the IRS Frankfort's office at 502-564-3306, the Hopkinsville's office at 270-889-6521, or going online.

The benefit of applying for your tax ID or what the IRS calls Employer Identification Number (EIN) online is that you can start using it right away, with the only exception of having to wait two weeks after getting your number to file an electronic tax return, make an electronic payment to the IRS, or pass an IRS Taxpayer Identification Number (TIN) matching program ("Online EIN: Frequently Asked Questions", 2017).

There are three main areas where an EIN is used. The first would be in opening a bank account in the restaurant's name, which helps to keep the owners assets separated from the restaurant's assets. Next while some cities and towns do not require one to obtain any business licenses others do and may require an EIN in the application process. Lastly but probably very important when it comes to being able to keep your dream alive is an EIN will be needed to file taxes for one's restaurant, either online or by mail ("Online EIN: Frequently Asked Questions", 2017).

There are two things to remember when applying for an EIN. First the principal officer, general partner, grantor, owner, trustor etc. must have a valid Taxpayer Identification Number such as a Social Security Number, Employer Identification Number, or Individual Taxpayer Identification Number to be to use the online application. Secondly you cannot apply online if your business is incorporated outside of the United States or the U.S. territories ("Online EIN: Frequently Asked Questions", 2017).

## **Health Department**

When you feel that you are ready to open the doors to your dream you must go to the Health Department and request an opening inspection by their food safety specialist. This will come in two inspections the first being the plumbing inspector who will make certain all plumbing modifications and additions to the building has been done by a certified plumber and that it has been installed appropriately. Next the food safety specialist will then proceed to do your opening inspection of your restaurant. Upon passing the opening inspection of your dream you will receive your permit to operate. Take note though this permit to run your dream will remain valid only as long as you renew it yearly and that you operate your establishment in compliance with pertinent food safety laws and regulations ("Kentucky: Cabinet for Health and Family Services - Grocery-Restaurant", 2017)

Each County will vary in guidelines a little so for now we will base our findings off of the Hopkins County requirements for a health department permit. This will require the owner, and the head of each shift to go through a Food Safety training that is provided by the Health Department. There is no extra cost to these classes put on by the Health Department but should one move to or start up a new restaurant that is not in the same county then one might risk having to retake the class. There are some exceptions and one would be taking the Servsafe test put out by the National Restaurant Association.

This test or I should say class can be taken online or through a local college that has a Culinary Program.

According to Barry Franklin of the Hopkin County Health Department everything one needs to know in the eyes of the Health Department can be found in The FDA Employee Health and Personal Hygiene Handbook which is basically the 2005 FDA Food Code since Kentucky along with many other states have opted to join the U.S. Health Department instead of staying on their own. Barry went on to break down the different key components that a person dreaming of owning a restaurant will face through the Health Department process. First off was our you going to have a brick and mortal store or a mobile restaurant such as a food truck for example, since both have deferent options for the purchase of health department Permits. ("Health Department Food Safety Inspector", 2017).

Barry shared that should one chose to have a food truck or a mobile restaurant of some kind that your options for permits to purchase would be \$50.00 for a one to three day permit, \$75.00 for a four to seven day permit, \$100.00 for a permit good for up to fourteen days, and \$160.00 for the year, here in the state of Kentucky. That is also, upon passing inspection and having access in the mobile unit to a three compartment sink, hot and cold water that is under pressure, with a water tank that is 50% larger than the portable Water tank and access to a public restroom even if it is only an outhouse. As for the brick and mortal option there are some differences for permits based on the number of seats the restaurant will have, will it have a drive through or not, will one be catering of not, as well as pass an inspection and having a three compartment sink with drain boards, a hand sink, an Utility sink, a sink to wash vegetable, and that the floors

and walls are easily cleanable and smooth. This Health Department permit is good for a year and will cost the owner somewhere in between \$100.00 to \$500.00, depending on the factors above when it comes to your restaurant. Yet there are some ways around parts of the cost should a business desire to cater to the public, they can take the delivery approach and not have to pay an extra fee, as long as you just cook the food and drop it off without putting a utensil into the food when you get to the drop off site ("Health Department Food Safety Inspector", 2017).

Once contact has been made and one has met the Food Safety Class requirement one must then pass an onsite inspection in which one must pass with a 60% or higher or no permit will be issued until score can be raised. This will take at least ten business days based on time open by the inspector to be able to return and the amount of time the inspector feels that it is needed to correct the issues that were found. According to the Hopkins County Health Department all inspections below an 85% will have to have a follow up inspection but can continue running as long as no critical violations have taken place. No matter ones score a critical violation will led to a break in either the startup of ones dream if in a later inspection could lead to an interrupted dream at the very least. Barry stated that after one passes the startup inspection scores must be posted where customers can see until the next scheduled inspections that come about every six months and will be posted in the paper as well ("Health Department Food Safety Inspector", 2017).

If you are worried about inspections the class offered by the Health Department or Servsafe will keep you on the right path as long as one follows their training. Over all the main concerns to making sure that one's dream of opening up and running a

restaurant would be in the eyes of the Health Department would be keep food safe in other words keep hot foods hot and cold foods cold. Next Run a clean business and make sure workers who may not be feeling well will not be a risk to spread their sickness to others by working with food. The maintain maintenance of water, sewage, and preventative pest control (Commonwealth of Kentucky Cabinet For Health And Family Services Department For Public Health, 2017).

According to Barry, since the Health Department switched to The FDA Employee Health and Personal Hygiene Handbook should a restaurant chose to serve raw foods such as some sushi and partly cook foods such as an over easy egg or a stake cooked to order, there must be a notice on the menu that eating raw and undercooked foods could be harmful to one's health ("Health Department Food Safety Inspector", 2017).

The Health Department as a whole knows that from time to time issues will slip into ones dream and they are not going to go out of their way to crush a dream. Inspectors when they find issues that need fixed will set a time frame to fix the problem and after that time will come back to reevaluate the issues. After which if requirement are most met then a hearing will be called and based on the case must of the time more time will be granted as long as appears that a business is trying to correct the issues in question, but if not a permit could be pulled ("Health Department Food Safety Inspector", 2017).

So no matter where you are at in your dream process one must remember that they are doing their job and if one treats them with kindness, not bribes. They will work with you but should ones attitude turn ugly, I have seen first-hand where the inspector

will pull out the white gloves and start looking deeper which could and in that case did end up in a worse inspection report. So be a wear and keep your dream alive.

### **Servsafe®**

Servsafe® is one method of certification that is approved by the Health department as an excepted alternative of training for food safety for owners and managers in charge of shifts outside of classes taught by the Health department. It also has a perk in that once certified one does not have to retake classes for five years and should one move restaurants or start up another one the certification moves with them, unlike the classes taught by the Health department.

So what is the Servsafe® program one might ask? That is a great question; Servsafe® is a food safety training program that offers exams and educational resources to foodservice managers. Servsafe® is accredited by the American National Standards Institute (ANSI)-Conference for Food Protection (CFP). Students can earn other food and beverage food safety certifications with the Servsafe® program, but the Servsafe® Food Protection Manager Certification is the main certification needed to operate a restaurant ("ServSafe® Food Safety Program for Managers - ServSafe®", 2017).

In this program one will cover a combination of the most up-to-date FDA Food Code, food safety studies and many years of food sanitation preparation knowledge. Under this class supervisors learn to implement critical food safety practices while creating a philosophy of food safety. Servsafe® content and resources are centered on

actual job responsibilities recognized by foodservice industry professionals ("ServSafe® Food Safety Program for Managers - ServSafe®", 2017).

ServSafe® is trusted nationwide as one food safety program with origins in the foodservice trade that will help one protect their customers' health, increase one's employees' performance as well as preserve one's dream by safe guarding ones business reputation ("ServSafe® Food Safety Program for Managers - ServSafe®", 2017).

ServSafe® training and tests can be done either online or in a classroom setting. Another reason that ServSafe® might meet ones needs better than the Health Department classes is that ServSafe® can be offered in four different languages and the test offered in six languages for any that English might not be their native tongue ("ServSafe® Food Safety Program for Managers - ServSafe®", 2017)

### **City Ordinances**

Many City Ordinances vary from city to city, based on each city Government so be sure to check with the city or town that you are desiring to build your dream in.

#### **Madisonville, Kentucky**

Just like the Health Department, Madisonville has ordinances based on if the restaurant will be a brick and mortar and mobile like a food truck, but either way one must double check to make certain that the zoning of the area that one want to locate is

zoned for commercial use and in the case of a food truck that one stays within the area allowed by the city to park and operate ones truck ("Madisonville Kentucky City Ordinance for starting a Restaurant", 2017).

According to Madisonville's city clerk, Kathy Knox, should a person desiring to set up a brick and mortar restaurant they must check with zoning, be inspected by the city's building inspector, and pay a twenty five dollar fee for a license that is good for a year and then must be renewed yearly. After the license is issued the restaurant agrees to collect a three percent tax from their patrons and submit it to the City of Madisonville for their tourism tax as well as collect a one and a half percent tax from each employee's wage as an occupational tax. Then at the end of the year the restaurant will have to fill out a Net Profit Report and pay the City a one and a half percent tax on the reported profit at the end of the year ("Madisonville Kentucky City Ordinance for starting a Restaurant", 2017).

As for mobile restaurants such as a food truck, they are either to stay in the city completely or be in the city for special events only even though there license is good for the year. The cost of a mobile business license is one hundred dollars a year, even though it cost more the perk to this is one does not have to report their net profit or collect the employee wage tax. Yet one still has to collect the three percent tourism tax and turn it over to the city ("Madisonville Kentucky City Ordinance for starting a Restaurant", 2017).

Kathy went on to say do not try to start a business without getting the business license because the utility companies work beside the city and will not turn on a business utilities without one ("Madisonville Kentucky City Ordinance for starting a

Restaurant", 2017). Thus to make sure your dream is not delayed should you decide to set up in Madisonville be sure that you have your licenses in order.

### Hanson, Kentucky

Hanson, Kentucky is probably one of the friendliest to businesses. According to City Clerk Libby Butler there are no city business licenses. One just needs to meet health department code and make sure they are in the right zone and you are ready to let your dream take wing and soar ("Hanson, Kentucky's Ordinances to start a restaurant", 2017).

### Murray, Kentucky

In Murray, Kentucky one will need to go through the Building Department for a building permit should you be building a new structure, going to perform any renovations or be changing the use of the building one is planning on using. Next you will have to go through the Planning Department for a sign permit. Then one will have to go through the Calloway County Health Department (Kentucky Lake Productions, 2017) and that is just for a brick and mortar restaurant.

Should one desire a food truck that would be deemed a Transient Business which is limited to B-2, B-3, B-4 as well as Industrial zones and with some conditions may also set up in B-1 zone. Each Transient Business must remain at least five hundred feet from another one and must acquire a business license. Each application

cost seventy-five dollars for every location to set up and the Transient Business License is only good for one location for no more than ninety days in a year. One will also need a copy of the agreement to rent the property from its owner and of course go through the Calloway County Health Department (Kentucky Lake Productions, 2017).

### Lexington, Kentucky

To obtain a business license in Lexington, Kentucky one first has to register your business with the state, have a certificate of occupancy, and have gotten a federal EIN already. Then one can either submit an application and one hundred dollar check for a business license in person or by mail to the Division of Revenue. Of course do not forget the tax, as soon as your business has been licensed, you will be required to start paying occupational tax based off what your restaurant makes you will either be paying monthly or quarterly. In addition, you will have to submit your end of year filings with the city. ("How to start a business in Lexington", 2017).

As one can see just from these four cities, every town has their own path to take based on laws and codes for one to follow. This stresses the point to check with every city you are looking into as you prepare to unfold your dream, so that it is the sweetest dream you have ever had.

## Liquor Licenses

Many people think that I have my business licenses so I am good to go and run with my dream. This for the most part would be true as long as one is not planning on serving any alcoholic beverages. Should one decide that they would like to serve alcoholic then they must observe the Alcoholic Beverage Control regulations that have been put into place by the city, county, or state to protect the community. These regulations are also in place to fight underage consumption of alcoholic beverages ("Ask Paducah - Alcoholic Beverage Control (ABC) Laws within City of Paducah | City of Paducah", 2017).

Restaurants are one of many businesses that must be licensed through the Kentucky Department of Alcoholic Beverage Control and in many cases also with the city one desires to serve alcoholic beverages in. Paducah, Kentucky is one such city where servers are required to take a training course if they sell alcoholic beverages by the drink, according to their Code of Ordinances. Learn to Serve, ServSafe Alcohol, STAR, and TIPS are four programs that are recognized. STAR is the training program that is offered through the State of Kentucky, one may take the training either online or in person and must be recertified every three years ("Ask Paducah - Alcoholic Beverage Control (ABC) Laws within City of Paducah | City of Paducah", 2017).

Through training, skills that benefit servers, the business, and the patrons are acquired, such as of how to recognize fake id's and assists servers identify when an individual has reached an intoxication level that might pose a legal responsibility to the restaurant and a possible safety risk to the community. The training class furthermore

covers the variety of regulations concerning alcohol and expounds the health concerns associated to alcohol ingestion particularly how consuming alcohol can affect a pregnant individual ("Ask Paducah - Alcoholic Beverage Control (ABC) Laws within City of Paducah | City of Paducah", 2017).

The City of Madisonville has a similar policy as Paducah. If your dream is to set up in Madisonville one must contact the Alcoholic Beverage Control Administrator at City Hall and apply for a liquor license from both the local and state licenses. As long as everything goes efficiently one should have their liquor license in approximately thirty to fifty days (User, 2017).

With the exception of the individual who is the owner of their own building, one will have to have a copy of their lease when applying for a license. Madisonville does not stop there in the requirements to get a liquor license. The applicant must be a United States, more specifically a Kentucky resident who is at least twenty-one years old and have had no felony convictions in the past five years (User, 2017).

Throughout the country when a person goes into a restaurants that serve alcoholic beverages, one will see a sign that states something to the line of "we ID, you must be 21 years or older to consume alcoholic beverages". This sign serves as a reminder to both the servers to check ID's and as a friendly reminder to patrons that our establishment will follow the laws of the land.

## **Chain, Franchise, or Ma and Pop**

By this time one already knows if they would like to be a part a of a chain, a franchise, or set up there one's own rules and not be under anyone else's thumb by operating what others would call a ma and pop shop. For those that are still exploring options we will take a closer look at each to help guide in the decision making of your dream.

So what is a Chain restaurant? A Chain Restaurant would be any restaurant that has a "headquarters" (frequently located in another state). A Chain restaurant as a norm tends to have more than ten entities and has corporate governing structures. Chains are popular due to the simple reason that they are consistent. They are easily recognized by their branding and tend to have longer hours of operation. Nonetheless they are seen as a downfall of great cuisine ("Independent Restaurants Of America - What Is A Chain?").

Some of the more common Chain Restaurants would be: Applebee's, Chili's, Denny's, IHOP, Joes Crabshack, McDonald's, Outback, Texas Roadhouse Wendy's, and Village Inn, just to name a few ("Independent Restaurants Of America - What Is A Chain?").

Which leads us to our next question, what is a Franchise? A franchise restaurant is a restaurant where the restaurant's franchisee or in layman's terms the current operator of the restaurant has a contract with a restaurant's corporate owner or in restaurant terms the franchisor. Centered on this affiliation, the brand's owner will licenses out a restaurant to a franchisee who will own and operate the restaurant but

then will pay for use of the property that are owned by the brand such as the trademark and their marketing plan. Using this codependency allows someone to be able to open a restaurant and start their dream without trying to come up with a business model on their own while gaining an existing plan for operating and have access to support and future management training. All this is covered by the fees from license which also helps the corporate owners grow the brand. Thus in turn tend to lead to success to both franchise and franchisor ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

There are three types of restaurants that fall tend to fall under Franchises.

The first being Fast Food or as I call them eat on the go restaurants. These restaurants will not offer table service to patrons. They allow patrons to purchase food that are prepared in advance and after food has been purchased patrons have the option to choose either to take their food on the go with them or relax a little bit and eat their meal at the restaurant ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

The second type of Franchises would be Fast Casual dining. This class would include cafés and takeout restaurants that are seen to have service that would fall some in the middle of fast food and a full service restaurant. In this type of restaurant Patrons generally order their food over a counter which normally has a larger menu in comparison with a fast food restaurant. Even though meals still come in throwaway dishes Fast Casual dining takes service up a step from Fast Food by offering a limited table service to patrons ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

The third type of Franchises would be Full Service dining. With this type of franchise restaurants a patron will be offered table service as well as a full selection of food and drink options. Patrons to Full Service dining franchise restaurants will normally pay for their meal after they have finished their dining experience ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

A key reason individuals working on a dream of owning their own restaurant choose to become owners of a franchise is because of the benefit they tend to get from instantaneous brand recognition. This in turn gains the trust of customers that would have normally taken multiple years to establish all the while with little risk since the franchisor has previously learned the ropes, taken and tackled the risks, and managed to survive allowing a new restaurant not to have to face these challenges ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

Yet In spite of the numerous benefits of an already established reputation immediate brand recognition can come back as a nightmare. In the franchise system there might be some franchise owners that are "bad apples" that could obstruct your dream of success since community opinion and consistent quality is what the patrons expect. All it takes is one poor experience at one of the other restaurants in your franchise organization and it could influence patron not to visit ever again, produce negative reviews, and lead to poor community outlook for the brand as a whole, in due course affecting the reputation of your restaurant as well ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

Another advantage Franchisees gain would be a very all-inclusive training course given to Franchisees before they are able to launch the startup of their restaurant. This

in turn allows a restaurant owner to acquire all the crucial steps that will lead them to a sweet dream in the restaurant industry, something that a Sole Proprietorship restaurant proprietor will likely not ever obtain. Training programs provide the beginning Franchisee with absolutely the whole enchilada as I would say that they will need to own and operate a successful and gainful business, and can consist of Class work, job shadowing, and on-the-job training. This training could last anywhere from a just a few days to multiple number of months. Through franchise training a future owner will learn all the ethics that a franchisor requires, not to mention the history of the company, accounting, and the goals of the company, corporate model, food preparation procedures, customer service, and employee structuring all helping to build a successful dream ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

Another perk of restaurant franchises is the fact that they are turnkey, or at least in part turnkey, with many franchisors offering a turnkey package. Turnkey packages are an owner's time and money saver since they can jump right in and start running. Nevertheless with every perk there is a disadvantage, in this case in a full turnkey restaurant the proprietor can anticipate to pay more since a proprietor will not only be responsible to pay initial franchise fee, but will also to continue to pay royalties for as long as they are partnered with the franchise ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

As a whole the number one discouraging factor a franchise proprietor will have to learn is to deal with with is the nonexistence of independence and creativeness that comes with owning a franchise ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

A factor to consider when looking into opening a Franchise would be the cost, which many would see as a pretty penny even though there is not an “average cost” when it comes to purchasing a franchise. There are so many factors to consider but should one be considering this options one the initial franchise purchase to be in the range of \$20,000 and upwards and that is not even counting the cost before one prepares to sign the contract. Proprietors will also face the cost for an attorney and accountants, fees for advertising and promotional expenses, building maintenance, compliance with local zoning ordinances, kitchen equipment, landscaping, product inventory, insurance, employee uniforms, salaries, and benefits, rent and utilities, annual royalties, and ongoing interest if money was borrowed. Not to mention any travel expenses that occurs during training ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

Now that we looked at chains and franchises now it is time to look into Ma and Pop or a restaurant that is Independent owned. Generally start up includes finding a location that is within the right zoning area of a town or city. Then one must either buy or rent a building and set up its design style for one’s restaurant. The third step would be to create the menu and purchase inventory and the final steps is to go through the steps of planning and what does one want to do to market for the grand opening that will appeal to the community and entice them to come inside of your restaurant ("Advantages And Disadvantages Of Owning A Restaurant Franchise").

"Mom and pop" has been a phrase that has been around for years, the term is typically given to smaller stores, restaurants, and other businesses that are independently. Looking into History, the term "Mom and pop" was used in reference to a

local drugstore or general store, due to the simple fact that they were frequently owned and operated by family members. Then they were handed down generation to generation. Nowadays, a mom-and-pop could refer to a multiple number of different businesses, including but not limited to a restaurant, an auto shop, a corner grocer or a local bookstore. During the 1980s and 1990s numerous mom-and-pops were not able to compete in the market of the bigger box stores that were larger and accessible and many mom-and-pops had little choice but to shut down. When it comes to our dream, mom-and-pop restaurants by the same note have had a hard time being able to compete with chains and franchise restaurants, as well as fast food joints that tend to serve food faster with lower prices (Staff, 2017).

Yet in recent days Mom-and-Pop businesses are making a comeback with the help of tool such as the internet. Several customers like to support local companies and small businesses. With the help of the internet Mom-and-pop proprietors can operate or market their companies predominantly online without the cost involved of operating a brick-and-mortar. Now a day's most restaurants will have their own fan page on Facebook where they can market their company or just enjoy the positive feedback about their business. With customers' desire to get out of the norm and for something unique as well as high quality, has been the key factor that has driven mom-and-pop companies to make a comeback and to be successful. Another factor that has helped Mom-and-pop business is the simple fact they have a tendency to have a greater level of commitment to their patrons as well as a more personal feel, since they tend to know many of their faithful patrons. This alone makes is hard for bigger businesses to

duplicate, due to their size and nature, thus bringing patrons back to the Mom-and-Pop companies (Staff, 2017).

The downside to a Mom-and-Pop is that they have to come up with their own training, both of manager staff and for their workforce. They also have the disadvantage of having to plan out and set up their own promotions and marketing technics. Then there is the big one the can take many years to accomplish is they do not have name recognition when they start out in business.

### **Pop Up**

A pop up restaurant is a new style of restaurant that has been a big hit with the teenagers and collage age crowd that one might consider as an option when looking to start up ones dream of owning a restaurant. In fact in all of my experience I had never heard of one until I was watching TV one day and heard about one that set up in parks that somehow can block cell phones so that patrons can truly enjoy the food and each other company. So what is a pop up restaurant? Basically a pop up restaurant according to many teenagers has no set location so it moves from place to place. This would make it difficult for someone to find without social media informing fans and patrons where they will be next.

Pop ups have a lot of of the same benefits that a modern brick and mortar style restaurant would but, minus the higher cost when it comes to opening. Several chefs see the use of pop up restaurants as a creative tool to expand and develop their personal culinary careers. While still other chefs use pop up restaurant to offer gourmet

food at prices people can afford as a technique to level the dining field. Most people see the set up and operation as no more difficult as that of a modern brick and mortar style restaurant ("7-Step Guide To Launching A Pop-Up Restaurant").

When it comes to setting up a Pop up restaurant it breaks down into seven steps. The first step would be what the purpose of ones Pop Up. There have been numerous different reasons that could call for opening up a pop up restaurant. Some specialized chefs want to build their culinary reputation so they use their pop ups to use their freedom and creativity to wow the guests and expand their own skills. While others would like to test out a restaurant idea, they open a pop up restaurant, as an opportunity to attract investors as well as having the community to try it out. Yet there are some thinking people more philosophical by using pop up restaurants as a means to offer a gourmet dining experience at a reduced price, giving everybody an opportunity to enjoy it. Last but not least some people have used pop ups as a tool for fundraising by church and civic groups ("7-Step Guide To Launching A Pop-Up Restaurant").

The second step would be to pick ones location or locations. With a pop up style of restaurant its location can be set up anywhere, as long as it meets Health Department standards for safe cooking and serving of food. As one looks for locations one must consider size of the restaurant, as well as the logistics when it comes to setting up a portable kitchen as well as a provisional dining room. Other things that one must consider as well would be does the location have electricity, sewer and running water? Do you have a plan in place to work around these situations, if not? Probably the easiest option for a pop up restaurant would be to partner with a currently existing restaurant. For example, a chef partners with a local restaurant by renting the building

when they are not normally in service. This partnership is good for both the owner of the local restaurant and the owner of the Pop up, with the owner of the restaurant being given a percentage of the proceeds to help cover expenses and the Pop up has all the tools they need to run their operation. Yet there is another perk for the local restaurant that is hosting a pop up restaurant which is the novelty of the Pop up could just bring in additional patrons that they would not have had before ("7-Step Guide To Launching A Pop-Up Restaurant").

The key to any successful restaurant is to always apply for the necessary permits and licenses through the City, State and Health Departments that are needed to operate a restaurant. Plus even if one is going to be partnered with another restaurant it is always a great idea to have one's own insurance. Sadly a lot of pop-up restaurants do work through the underground network and in doing so don't typically bother going through the steps to get licenses or insurance. To be legal though, one will need both licenses and insurance to avoid any possible legal issues should any problems arise. I cannot stress enough to double check with local, state, and health authorities for what permits either temporary or other, one might need before jump into your dream full throttle and open your doors ("7-Step Guide To Launching A Pop-Up Restaurant").

The next step for a successful Pop-Up Restaurant would be to write up and price the Menu. This is where one's talent and skills must shine since the patrons who tend to go to pop up restaurants want adventure, something unique and creative, and something totally different than what can be found at local restaurants. Since most Pop up restaurants have limited space for any storage and cooking, one will find that they

tend to feature a prix fixe menu. With this type of menu one can charge a set amount per individual ("7-Step Guide To Launching A Pop-Up Restaurant").

The fifth step for a pop up restaurant would be to establish a portable kitchen which is the heart and soul of any Pop up restaurant. When it comes to one's portable kitchen the design will be determined by the space and what utilities are available at the location of the Pop up, since hot water is a requirement by the Health Department. A Pop up restaurant gives one a chance to acquire and building in the culinary field opening the door to take the leap into one's dream of opening one's own restaurant ("7-Step Guide To Launching A Pop-Up Restaurant").

The sixth step would be how to set up a temporary dining area. Are you going to rent table and chairs or are you going to have your own to use? Either way ones design should be welcoming and comfortable when it comes to seating capacity. With a fix price and in many cases having a good idea in advance from social media one does not have to pack the house to turn a profit, one can run a more relaxed atmosphere ("7-Step Guide To Launching A Pop-Up Restaurant").

The last but certainly not lest step, is probable the most important step as well, would be to advertise your Pop-Up restaurant. Things to consider before one advertises will your Pop up be open to the public or will it be by invite only. Social media has been the key advertising source for Pop ups ("7-Step Guide To Launching A Pop-Up Restaurant").

## **Food Trucks**

Food Trucks or as I prefer to call them meals on wheels are another option one might consider in the food industry. Food trucks run between \$29,990 and \$51,990 according to "Concession Food Trailers | Food Vending Trailers For Sale".

Yet even food trucks have to Comply with health-department, city, and state rules where permits can also add up in addition to buying food to prepare each day. At least advertising is cheap since most of the time it is done on social media. Yet the overall cost compared to a restaurant is considerably better for starting a business (The Staff of Entrepreneur Media).

As for health department codes and city codes one can contact the city they are in at the time since city and health department codes vary from city to city and state to state.

## **Style of restaurant**

Styles of restaurant vary from restaurant to restaurant. There is fast food dining where the food is ready and just needs to be assembled. Then the patron can eat on the run or find a seat in the limited space provided to eat their meal. The next style would be casual dining where one can seat down to eat but most likely end up using throw away dishes. Then there is my favorite style which is the family friendly style, in this style it is a set down restaurant with real dishes even though in many cases they are plastic. Meals are friendly priced to meet a family's budget and service as a whole is done at the table. Yet some prefer the fancy high class dining of gourmet or as some

call it first class, with fine china, fancy silverware and multiple course meals. These are all choices to consider when looking into starting up a restaurant on which style you want to serve.

## **Themes**

As one dreams start to fall into place one must make a final decision on what ones theme will be. From all my dining experiences I have seen multiple themes running from the “Sixties” at both of the Tommy D’s in Madisonville to western themes at Longhorn Steak house and Texas Road House. Themes can help set the atmosphere of a restaurant, just like the Rainforest café’s jungle theme flows through out their restaurant. So what will your theme to your dream be?

## **Michelin-star**

Every great Chef Dreams of not only owning a restaurant but also earning the most Michelin-stars that they can, but what is a Michelin-star? The term "Michelin Star" is a trademark of fine dining excellence and restaurants around the world proudly promote their Michelin Star status (McConnell, 2017). Each "Michelin Star" is awarded by non-other than the Michelin tire company on a Three Star rating.

A One star restaurant is considered a respectable place to stop on your trip, representative of a very respectable restaurant in its category, offering cuisine prepared to a consistently high standard (McConnell, 2017).

While a Two stars restaurant is well worth the long way around to eat there. A Two star rating indicates superb cuisine and skillfully and cautiously created plates of exceptional quality

Three stars: A restaurant worth a special journey, indicating exceptional cuisine where diners eat extremely well, often superbly. Distinctive dishes are precisely executed, using the best ingredients (McConnell, 2017).

Then comes the coveted Three stars, which indicates that your restaurant is only worthy of a special trip to eat there but also indicates outstanding cuisine where patrons eat exceptionally well. Three stars restaurants serve distinguishing dishes that are precisely implemented using unmatched ingredients. Only the best will do (McConnell, 2017).

Yet it is difficult to earn Stars since according Pascal Rémy, a former Inspector for Michelin and reliable insider for Huffington post shared in all America there are only seven Inspectors. So the odds are slim that even with an outstanding restaurant one will ever earn a star ("What Does It Take To Earn Michelin Stars?").

### **What my dream would look like**

Dreams are had to allow one to dig deeper and seek to make them a reality. As I dug deeper into the research it made me look closer to my own dream and how I would set it up. The location I am looking at is either just off of the interstate in Hanson, Kentucky or in Hanson's downtown area. I like Hanson, Kentucky for two main reasons,

the first is that the city does not require a business license unless one would like to sell alcohol and the second is I live in Hanson so I would be close to my dream. Next I would be a Ma and Pop shop but I would get Incorporated to protect my family and I should something cause my dream to turn into a nightmare.

My menu would be simply, consisting of soups, sandwiches, and deserts all homemade of course. I have been looking into the use of Ionized/ Alkaline water system for the source of my water. Which would be a blessing should issues arise with the city's water. The system I got can filter out ninety-nine point nine percent of all impurities, chlorine, fluoride, and medicine particles found in drinking water. I would offer a detox tea and weightless coffee along with the common sodas, with free refills on the sodas and water.

My dining area would be a two parts set up an indoor option and outdoors under an umbrella option so that patrons can enjoy the great outdoors. I would have wait staff on hand that would take patrons order at the table and work to deliver their meal in a fun but fast timing. I like a modern design for the interior of the restaurant dining area.

My kitchen would have a bread baking section so that all breads are made fresh every day. Four large steam kettles to make soups in. As well as a sandwich station with a panni press, a bun toaster, and a cold table to hold all the sandwich fixings. Next it would have a prep section with a sink to wash vegetables and it will have two prep tables to work on. Then of course every restaurant has a dish room. Mine would have an industrial dish machine to make washing dishes easier but due to code as well as back up in case the dish machine would happen to go down, I would have a three compartment sink.

As for my staff I would be the Chef but I would have a soup cook and a sandwich cook. Of course a kitchen would not be complete without a good prep team to help the cooks and keep things ready for the next day. Depending on the weather I would have two teams of wait staff one for the indoors dining room and one for the outdoor dining room. My dish crew would on busy days consist of four members, one to scrub pots and pans, one to feed the machine, one to pull the dishes from the machine as they come out, and one to bus dishes to their storage spaces. As a safety net I plan on looking into an incorporating an on call for half a day system in case someone calls in or possible goes home sick I just have someone a call away causing little interruption to service of the restaurant.

### **Conclusion**

Now that I have shared the ends and outs of what it takes to start a restaurant from legalities to Permits that might be needed, to some of the cost as well as my dream I hope that this gets your mind thinking. With so many adventurous path options to go down from a Chain or Franchise to a Mom and Pop, to a food truck or even a Pop Up restaurant. I hope you dream big and shoot beyond the stars and let dream soar. Just remember to be mindful of all the legalities, have fun, and keep your dreams sweet.

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