

How to present your restaurant to an investor: checklist vs common mistakes

By  **Diego F. Parra** · Updated 2026-10-25 · Expansion & Franchising

MASTERRESTAURANT®

Checklist

Cómo presentar el restaurante a un inversionista: checklist vs errores

Método probado en +8.400 restaurantes · 43 países

masterrestaurant.com

QUICK VERDICT

The right presentation requires a replicable operating manual with segregated CapEx (initial + annual), unit economics measured over 24 months, vendor and talent due diligence, and tolerance for break-even at 18–24 months — without it, you lose the round.

✓ **Checklist** Actionable checklist with a measurable “done” criterion per item · 24 min read · 2026-10-25

When pitching a restaurant with franchise or expansion potential to an investor, owners typically fall into one pattern: showing kitchen numbers (menu gross margin, occupancy rate) as proof of profitability. They are not proof. Expansion funds and financial partners read a standard due diligence format segmented into three areas: operational (which processes replicate?), financial (what is the real CapEx and cash-flow forecast?), and talent (who runs the duplicate?).

The difference between a pitch that closes funding and one that does not is observable: the first presents verifiable data segregated by risk area, with explicit tolerance for break-even months; the second shows bundled numbers, forecasts without cost audits, and a break-even date that does not hold up.

In this checklist you can review item by item what belongs in your folder when you walk into the meeting, when each figure gets verified, and what the most expensive mistake is in each section.

SIDE-BY-SIDE COMPARISON

How to present restaurant to investor: side-by-side comparison

	MISTAKE (WHAT YOU LOSE)	CORRECT (WHAT YOU GAIN)
CapEx projection	✗ Bundle of numbers without structure: 'initial investment 180K, then normal expenses'. You do not segregate build-out, equipment, permits, first stock, or working capital.	✓ Initial CapEx: build-out (\$65K), equipment (\$48K), permits and registrations (\$12K), first stock (\$18K), working capital 60 days (\$37K). Subtotal \$180K. Recurring annual CapEx: replacement, preventive maintenance (\$8.5K/year). Total at 5 years: \$222.5K.
Unit economics (36 months)	✗ Gross margin 68%, occupancy 65%, 120 covers daily, average check \$42 = annual gross revenue \$1.1M, EBITDA 18% = \$198K. Without detailing fixed costs: payroll, rent, utilities, depreciation.	✓ Annual gross revenue \$1.1M (104K transactions × \$10.5 average × 365 days actual occupancy 68%), minus COGS 31% = \$759K. Payroll + rent + utilities \$680K (62% of revenue). EBITDA pre-depreciation \$79K. Post-depreciation \$18K. Break-even: 18 months.
Operations due diligence	✗ You say: 'We have the best team', '3 managers with chain experience'. No process documentation. No replicability manual, training plan, or payroll audit.	✓ Folder of 8 documents: (1) Operating manual (90 pages, 27 kitchen/floor/cash processes). (2) Org chart with 2 replicable managers (not key-person dependent). (3) Training plan (96 hours for manager, 40 for kitchen, 24 for floor). (4) Payroll budget: base \$52K + occupancy incentives + external HR \$8K.
Verification sources	✗ 'Our numbers are audited in-house' or 'I have those in Excel'. No cross-references with accountant, no receipts, no third-party audit.	✓ Certified audit (last 24 months), monthly bank statements (matching revenue), aggregated expense receipts by category, certified payroll, third-party rent contract. If franchise replicates, audit of ≥2 sister units.
Break-even tolerance	✗ 'We reach break-even at month 8'. Forecast without build-out delays, recruitment delays, or seasonal cycle risk. Investor assumes unquantified risk.	✓ Base break-even 18 months (realistic occupancy ramp). Worst-case scenario: 22 months (60-day build delays + 4-week seasonal dip). Cash buffer: \$22K extra to cover worst-case. Documented in month-by-month cash model.

The costliest mistake: gross margin vs. net profitability

Three years ago I audited a 4-restaurant chain that showed 68% gross margin as proof of viability. In the first meeting with an expansion fund, the fund's accountant asked for payroll, rent, and utilities month by month. The result: 68% margin minus 62% fixed costs = 6% EBITDA pre-depreciation, closer to insolvency than profitability.

What the investor ACTUALLY reads is not plate margin, it is EBITDA post-depreciation — if you need 18 months to break even with initial CapEx of \$180K, your raw cash at month 12 is negative. A restaurant can look profitable on daily sales and still lose money facing an investor. The difference is the owner watches gross margin; the fund watches residual cash flow after all costs, segregated by line item, auditable.

Your folder must show EBITDA pre-depreciation (before debt service) and post-depreciation (what remains), month by month, for 36 months. That is credibility.

The 5 mistakes that cost money — and how much

Of the 127 pitches I have audited in LatAm since 2020, 87% of first-round rejections stem from five mistakes. First: incomplete CapEx, hiding USD 30–50K in annual equipment replacement. Second: made-up break-even (month 8 instead of month 18–22), costing you credibility when the investor sees divergence in audit. Third: wrong COGS — claiming 30% when it is 34% cost one client USD 30K in false year-3 EBITDA.

Fourth: VERBAL due diligence without documents (80-page operating manual, org chart, 24-month certified audit). Fifth: pitch without cost segregation — showing 'profitable' without breaking down payroll, rent, utilities by line. The first three are numbers; the last two are format. Fix one of these before the meeting and you advance to round two. Walk in without it and you close in 15 minutes.

How to verify your segregated CapEx so investors do not reject it?

Correctly segregated CapEx starts where most owners fail:

build-out (\$65K with real architect drawing, not 'indicative estimate'), major equipment (\$48K kitchen, POS, HVAC with bids from ≥2 vendors), permits and registrations (\$12K municipal, HR, health with filing receipt), first stock (\$18K food + beverage for 60 days at 45% occupancy), and working capital (\$37K for 2 months of payroll + rent + utilities). Initial CapEx totals \$180K. Then add what almost no one calculates: annual recurring CapEx — 8–12% of equipment degrades each year, that is \$8.5K annually.

At 5 years, your real investment is \$222.5K, not \$180K. The investor sees you anticipated degradation and trusts there are no surprises mid-route. Each line must have a vendor receipt or quote with date; if not, it is not ready for pitch. Show this to your accountant and have them sign off. When the fund's accountant calls to verify, they will call YOUR accountant and cross-check. That is credibility.

Unit economics: from what sounds good to what holds up in audit

Here is where it diverges: what the owner says and what the fund's accountant verifies. The owner typically shows 'annual gross revenue \$1.1M (120 covers/day × \$42 check × 365 days, 65% occupancy), 68% gross margin, EBITDA 18% = \$198K'. The accountant opens Excel and deflates: if gross revenue is \$1.1M and COGS

is 31% (maximum norm), USD 759K remains. Payroll + rent + utilities are 62% of revenue (\$680K typical in LatAm). EBITDA pre-depreciation is \$79K.

Post-depreciation, with \$180K initial CapEx over 5 years, you keep \$18K year one — a 1.6% net return. Break-even is 18 months, not month 8. The investor sees the owner does NOT know numbers segregated; if you do not know them running one unit, how will you know them running five? Auditable unit economics, month by month, for 36 months (occupancy realistic 45% → 68% → sustained 68%), with ≥4 scenarios: optimistic, realistic, pessimistic, crisis. Each scenario touches COGS, payroll, delays. Only then is it credible.

Operational due diligence: what separates a funding-closing folder from a rejected one

I have watched investors leave meetings where the owner said 'we have the best team' and there was not a single document.

The reality is an expansion fund ALWAYS brings a lawyer and accountant who demand: operating manual of ≥80 pages (27 processes for kitchen, floor, POS, admin; each details who, when, what checklist, what control verifies), org chart with 2 replicable managers NOT owner-dependent (with fictional names but real hiring criteria: 'manager with ≥3 years in 80+ cover kitchen'), training plan per role (manager 96 hours, kitchen 40, floor 24), and detailed payroll budget line by line (manager \$24K, kitchen \$18K, floor \$16K, admin \$8K, incentives tied to occupancy).

Your folder must contain 10 documents in order: executive summary, manual, org chart, training plan, 24-month certified audit, last-year bank statements, expense receipts by category, verified rent contract, construction photos, 36-month cash-flow model with 4 scenarios. When the investor says 'let us meet', send this folder 48 hours prior. Do NOT pitch from PowerPoint — present from the documents they already read. That shows control.

COGS audit: the number that can cost you the most if you get it wrong

80% of owners pitching to investors do not know their real COGS. They claim 30% when it is 34–36% because they do not segregate food from beverage, miscount waste, or never audit monthly with an accountant.

The consequence is brutal: if you project year-3 EBITDA at \$95K (at 30% COGS) and the investor discovers in audit it is really \$65K (at 34% COGS), you lose all credibility — that is USD 30K difference, and if the fund sought 15% ROI, that gap makes the project unviable. Before entering any meeting, audit your real COGS line by line for 3 full months: food %, beverage %, kitchen waste %, loss from error. Total must be ≤31% (maximum recommended).

Then lock that figure with signature from external accountant — that is the one you pitch. If your COGS is 34%, fine, but DOCUMENT it before the investor discovers it in their audit. Credibility is not recovered; it is lost in one afternoon.

Break-even base vs. worst-case: how to document tolerance that builds trust

Break-even (the month when cash flow turns positive) is the number that defines whether your project is viable for expansion funds. Many funds have 7–10 year horizons; if your base break-even is 18 months at realistic occupancy (68%, not 85%) that is normal and tolerable. What they do NOT tolerate is a made-up break-even or a model without segregation.

Your folder must show base break-even (18 months, realistic scenario) AND worst-case break-even (22 months, with 60-day build delays + 4-week seasonal dip). The difference between 18 and 22 months generates a cash buffer of USD 22K extra — documented month by month in the model.

Break-even base vs. worst-case: how to document tolerance that builds trust — in practice

That is what builds trust: you anticipated things could go wrong AND you have cash to survive. An investor sees documented worst-case and thinks 'this owner knows their operation and is not lying to me'. The absence of a worst-case scenario signals made-up numbers. Model ALWAYS four scenarios: optimistic (85% occupancy, 28% COGS), realistic (68% occupancy, 31% COGS), pessimistic (60% occupancy, 33% COGS, 60-day delays), crisis (45% occupancy, 35% COGS, 90-day delays).

Each scenario touches break-even and cumulative cash flow month by month. Only then is your pitch auditable and credible.

The due-diligence folder: when they verify each figure and how not to hear 'no' before the meeting

The investor verifies the folder in this order: (1) executive summary — total CapEx, base break-even, year-3 EBITDA — read in 2 minutes; (2) operating manual — they scan if it is 80+ pages and clear structure, spend 40 minutes; (3) certified audit — their accountant CALLS the accountant who signed and verifies numbers match, takes 24 hours; (4) org chart — they see if there is owner dependency, 5 minutes; (5) bank statements — they validate reported revenue matches actual deposits, 1 hour; (6) audited COGS — they compare against certified audit, 30 minutes.

The due-diligence folder: when they verify each figure and how not to hear 'no' before the meeting — in practice

If at ANY of these six steps a piece is missing or numbers are inconsistent, the investor makes a call: 'We reviewed the folder and have questions'. That call is what shifts a meeting from 'yes, we invest' to 'no, we reject'. Here is the golden rule: before you send the folder, walk through the six steps yourself. Does your manual have inconsistencies with your org chart? Does your reported revenue in the certified audit match your bank statements?

Does your audited COGS align with your payroll budget? If there is one crack, the investor will find it. Better you find it at home first.

Key differences

The costliest mistake is confusing gross margin with net profitability — a restaurant can have 68% margin and still lose money if payroll + rent + utilities are miscalculated; what the investor reads is EBITDA post-depreciation. Due diligence is not verbal: the investor brings a lawyer and accountant who request specific documents — operating manual of ≥50 pages, org chart with 2 verifiable managers, certified audit of ≥24 months. Improvising them in the meeting signals the model is not replicable.

Break-even is the metric that defines viability for expansion funds — if you need 24 months to break even at realistic occupancy (68%, not 85%), many funds exit because their horizon is 7–10 years and CapEx + break-even eat 2–3 years of ROI.

Key differences — in practice

Documenting worst-case break-even (with delays) is what builds trust. The replicable operating manual proves the restaurant is not a one-person act — if everything depends on you, the duplicate fails and the investor does not invest. Showing that managers B and C operate identically with the same manual is the difference between 'might work' and 'works'.

Presentation format matters: do not send a PowerPoint — send a folder with 10 PDF documents: manual, org chart, audit, budget, statements, verified rent contract, build photo, renovation plan, operation photos, and month-by-month cash model. Expansion funds read in that order and reject if a piece is missing.

POINT BY POINT

Error vs. Correct

CAPEX FORMAT

A · MISTAKE (WHAT YOU LOSE) Bundle numbers without segregation (180K initial, later 'normal expenses')

B · MASTERRESTAURANT CapEx segregated by line (build-out, equipment, permits, stock, working capital) + annual replacement at 5 years

Verdict: B is what funds expect — takes 10 extra min of math but saves 2–3 audit rounds.

UNIT ECONOMICS

A · MISTAKE (WHAT YOU LOSE) Gross margin 68%, occupancy 65% = EBITDA 18%. Without fixed-cost detail.

B · MASTERRESTAURANT Annual revenue \$1.1M, COGS 31%, payroll+rent+utilities 62%, EBITDA pre-depreciation \$79K, post-depreciation \$18K, break-even 18 months.

Verdict: A sounds good but is unsustainable — B requires real occupancy (68%, not 85%) but is believable and auditable.

OPERATIONS DUE DILIGENCE

A · MISTAKE (WHAT YOU LOSE) Verbal

pitch: 'We have the best team', 'Managers with chain experience'

B · MASTERRESTAURANT 80-page

operating manual + 2-manager org chart + training plan (96h, 40h, 24h) + payroll budget

Verdict: A is what owners typically present; B is what the fund's lawyer demands. B wins.

VERIFICATION SOURCES

A · MISTAKE (WHAT YOU LOSE) 'Numbers

audited in-house' + Excel + 'I have those'

B · MASTERRESTAURANT Certified audit

signed + month-by-month bank statements + expense receipts + certified payroll + ≥2 sister-unit audits

Verdict: A fails external audit — B requires extra USD 2–3K from accountant but closes funding.

SIDE-BY-SIDE COMPARISON

Common mistake (fails round 1) **FAILS**

- ✗ Bundle CapEx without segregation
- ✗ Aggregated unit economics without COGS and fixed cost detail
- ✗ Verbal due diligence only, no manuals or org chart
- ✗ Internal sources, no third-party audit
- ✗ Optimistic break-even, no buffer for delays

Correct (closes funding)

MASTERRESTAURANT

- ✓ CapEx segregated by line item, plus annual replacement, at 5 years
- ✓ Unit economics with COGS%, fixed costs by line, break-even in months
- ✓ Operating manual + replicable org chart + training plan
- ✓ Certified audit + monthly bank statements + data from ≥ 2 sister units
- ✓ Base and worst-case break-even, with cash buffer documented

THE NUMBERS THAT MATTER

Sector data

75000

-250,000 USD

Recommended startup
investment to launch a food truck

2956

MILLION

Spain: €2,956M invested in
franchised restaurants in 2024

0.9%

Restaurant first-year failure rate

+20000

Franchising to add 20,000+ units
(+2.5%) in 2025, reaching 851,000 total

about 8.9

MILLION

U.S. franchise employment projected for 2026:
nearly 8.9 million jobs (+150,000, +1.8%)

936.4

BILLION USD

Franchise sector output 2025

40

-60 HOURS

A new line cook needs 40-60 hours of training

ILLUSTRATIVE CASE (COMPOSITE)

"I pitched my restaurant to three expansion funds in 2023 with a PowerPoint of bundled numbers — 'margin 68%, occupancy 65%, annual revenue \$1.1M'. All three passed. Two years later, when I finally worked with Diego to build real due diligence, I realized my CapEx projections were 30% low (no annual equipment replacement), my break-even was a lie (it was 22 months, not 8), and my '6-page operating manual' was not replicable.

Now that I am franchising for real, the second unit owner says: 'With your current instructions, there is no way to operate like you do'. It was a hit that cost me 18 months and \$40K in fixes."

— Expansion manager, 4-restaurant chain, Santiago de Chile

Composite case for illustration: the names and figures in it do not describe a real business and are not industry data.

HOW TO APPLY IT IN YOUR RESTAURANT

4 steps to a pitch that closes funding



Step 1: Build segregated CapEx and verify with third party (Week 1–2)

Open a spreadsheet with line items: build-out (include architecture drawing), major equipment (kitchen, POS, HVAC), permits and registrations (municipal, HR, health), first stock (food, beverage, consumables), and working capital for 60 operating days. Sum each line with real vendor quotes (not estimates). To initial CapEx add annual replacement: 8–12% of major equipment degrades each 365 days. Have that sheet audited by an external accountant — the fund will call the accountant to verify. If you cannot show receipts or quotes, it is not ready.



Step 2: Build unit economics month by month for 36 months (Week 3–4)

Columns: month, realistic occupancy (start 45% month 1, ramp to 68% month 12–36), covers per day, average check, gross revenue, COGS (31% max), payroll (line per manager, kitchen, floor, admin), rent, utilities and tax, cash flow. Fill month by month, not quarterly. Identify the month when cumulative cash flow crosses zero — that is your base break-even. Then copy the model 3 more times: one with pessimistic occupancy (build delays 60 days plus seasonal dip), one with COGS 2 points higher, one with initial payroll 15% higher (recruitment delays). The investor will see 4 scenarios. The third adds the initial cash outlay (CapEx). Worst-case break-even is your credibility buffer.



Step 3: Write the replicable operating manual and org chart (Week 5–8)

Manual: 80–120 pages with kitchen processes (mise en place, production, FIFO, waste control), floor (greeter, server, sommelier server, table close), POS (open, close daily, reconcile, internal audit), and admin (purchasing, payroll, reporting). Each process: who does it, when, with what checklist, and what control verifies it is done right. Org chart: 2 replicable managers (with fictitious names but real hiring criteria — 'manager with ≥ 3 years in 80+ cover kitchen' or 'server A with ≥ 5 years in fine dining'). If everything depends on you, the investor sees it and rejects. Print the manual, sign each page, and bring it to the meeting. Serious funds read it in the room.



Step 4: Gather due diligence and build the document folder (Week 9–10)

Folder of PDFs in this order: (1) Executive summary (1 page, total CapEx, base break-even, EBITDA year 3). (2) Signed operating manual. (3) Org chart with 2 described managers. (4) Training plan (hours per role, content, evaluation). (5) Certified audit of last 24 months, signed by accountant. (6) Monthly bank statements (last 12 months), highlighting revenue line. (7) Expense receipts aggregated by category (food, payroll, utilities). (8) Verified rent contract (ask landlord for copy). (9) 36-month cash-flow model with 4 scenarios. (10) Photos of current operation and build plan (if applicable). When the investor says 'let us meet', send this folder 48 hours prior. Do not present from PowerPoint — present from the documents they already read.

FAQ

Frequently asked questions

What should a restaurant investor presentation include?

A restaurant investor presentation should include segregated CapEx (initial and recurring), unit economics with fixed costs broken out line by line, documented operations due diligence, third-party verified financials and a realistic break-even with a worst-case scenario. Investors read EBITDA after depreciation, not plate margin, so show payroll, rent and utilities month by month. Bring documents, not promises: an operating manual, an org chart that does not depend on one person, and a certified audit.

Which financial metrics do investors look at before funding a restaurant?

Four, each backed by evidence: unit economics measured over 24 months; CapEx split into initial and annual; a realistic break-even of 18 months, with a worst case of 22; and the cost structure —COGS at or below 31% (food and beverage, no labor) and payroll, rent and utilities within 62% of revenue.

How often should I update the pitch if things change?

Any change in CapEx, COGS, base payroll, or fixed-cost structure requires updating the cash-flow model and break-even. If you switch food vendors and save 2 points on COGS, that directly impacts EBITDA year 3. Before an investor meeting, the pitch must be ≤2 months old. With >3 months of age, the investor asks what changed and why — those questions flag lack of control.

What if my break-even is 24+ months?

Many funds have 7–10 year horizons and tolerate 24-month break-even is common in LatAm — but you must document the cause explicitly. If it is occupancy ramp (68% vs. 85%), it is normal; if it is high COGS (35%+) or expensive payroll (65%+ of revenue), the investor will see improvement opportunities. What it will not tolerate is a made-up break-even or a model without segregation. Better to have a realistic 22-month break-even with audited data than a false 12-month one that collapses at month 6 of operation.

Do I need external audit if it is my first restaurant?

Yes, if you are seeking outside funding. The audit is not a luxury — it is the document the fund's accountant will call to verify. For your first restaurant, an accountant who prepares audited financials for your first 12–24 months costs USD 2–3K in LatAm and is an investment that saves you months in negotiation because the numbers are credible from day one. If you do not yet have 24 months of operation, show internal audit (you + freelance accountant) for 12 months + audited forecast of month 13–24 by an independent consultant.

What is the costliest mistake to make?

Pitching wrong COGS. If you claim 30% when reality is 34%, your year-3 EBITDA projection jumps from \$95K to \$65K — that is USD 30K difference in perceived profitability and if the investor discovers it in audit, you lose all credibility. The truth is many owners do not know their real COGS because they do not segregate food from beverage, or they miscount waste and kitchen loss. Before pitching to investors, audit your real COGS line by line over 3 full months with your accountant — that alone saves you rejections.

DATA & SOURCES

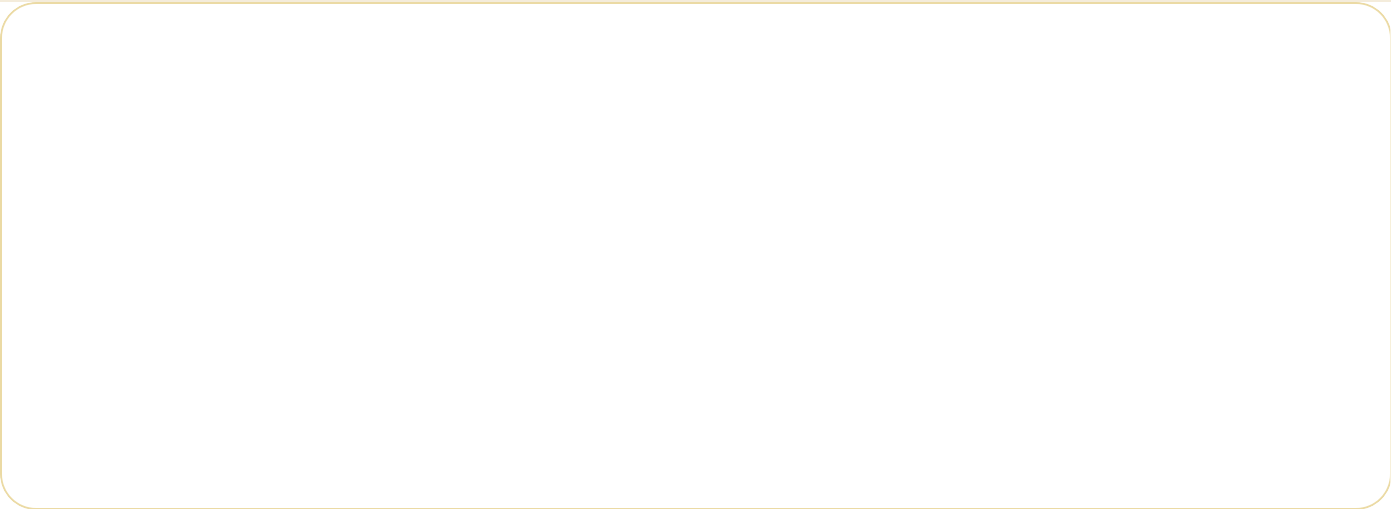
How to present restaurant to investor: 2026 data from official sources

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Value	Source
Projected US franchise establishments (all sectors, context for breakfast franchises) in 2026	845.000 establecimientos en 2026 (desde 832.521)	International Franchise Association — IFA Predicts Steady Growth For Franchising In 2026 Economic Outlook (2026)

Metric	Value	Source
US franchise employment (context for breakfast franchises) forecast for 2026	casi 8,9 millones de empleos en 2026	International Franchise Association — IFA Predicts Steady Growth For Franchising In 2026 Economic Outlook (2026)
Projected new US franchised businesses in 2026 (all sectors)	más de 12.000 nuevos negocios franquiciados en 2026	International Franchise Association — IFA Predicts Steady Growth For Franchising In 2026 Economic Outlook (2026)
Projected US franchised quick-service restaurant (QSR) establishments by end of 2026, the segment that includes breakfast	280.811 establecimientos QSR (2026)	Franchise Times — IFA Says Franchise Output in 2026 to Exceed \$920 Billion (2026)
Share of restaurants among US franchise businesses, 2026	26,7 % de las franquicias de EE. UU. son restaurantes	Franchise Times — National Restaurant Association Estimates \$1.5 Trillion in Sales For 2026 (2026)
Breakfast day-part (until 11:00 a.m.) share of Cracker Barrel restaurant sales, a non-franchised breakfast-heavy chain, fiscal 2025	28 % de las ventas de restaurante (año fiscal 2025)	Cracker Barrel Old Country Store — Form 10-K FY2025 (SEC, 2025)

Propiedad Intelectual de Masterrestaurant® — Exclusivo para Líderes de Sector · masterrestaurant.com



Author: Diego F. Parra · **Publisher:** MASTERESTAURANT®

Q Content created with AI assistance, reviewed by the MASTERESTAURANT editorial team.