

	Restaurant Business	Used Car Dealership
Startup Costs	\$250K - \$1M	\$50K - \$250K
Success Rate	20% after 5 years	Significantly higher; many operate 30+ years
Primary Reason for Failure	Market saturation, margins, labor, rent, food waste	Owner-operator failure (inventory mistakes, poor discipline, weak marketing)
Market vs Operator Failure	Primarily market-driven; even skilled operators struggle	Primarily operator-driven; market demand remains stable
Net Profit Margin	3–5% typical; 7–10% strong; 10–12% elite	10–25%+ net possible when well run
Annual Net on \$1M Revenue	\$30,000–\$70,000	\$100,000–\$250,000+ 100 Cat Lot upto \$1,000,000
Risk Profile	High risk; capital largely sunk	Moderate risk; inventory is liquid and recoverable
What Is Actually at Risk	Lease guarantees, buildout, equipment, personal time	Capital improvements and operational decisions
Inventory Value if Business Fails	Little to none; equipment resells at discount	Vehicles can be liquidated wholesale or retail
Competitiveness	Extremely competitive; low perceived barrier; oversupply	Moderately competitive; competence creates advantage
Barrier to Entry	Low perceived barrier (everyone can cook)	Higher operational and regulatory complexity
Operational Intensity	Daily, hands-on, schedule-sensitive	Process-driven; scalable systems
Time Flexibility	Very limited; owner presence required	Owner can step away with systems in place
Employees Needed to Scale	20–40 employees for meaningful profit	4–6 employees for strong profitability
Public Perception	Glamorous, lifestyle-driven	Unglamorous, transactional
Scalability	Difficult; margins compress with growth	High; volume increases efficiency and profit