

Diversification Evaluation Framework

Instructions

Score every proposed revenue stream before committing capital. Apply this to private events, catering, retail lines, subscriptions, late-night pivots – any opportunity that takes resources away from the core dining room.

Proposed Revenue Stream

Describe the opportunity in one sentence.

open text

Scoring Table

| # | Criterion | Description | Score (1–5) |
|----|------------------------|--|-------------|
| 01 | Identity alignment | Does it reinforce or contradict the brand? A Thai restaurant running a pad thai masterclass is extending its brand. The same restaurant offering a generic Italian pasta night is diluting it. | |
| 02 | Margin potential | Does it yield more than 25% net margin after all hidden costs – including management time, packaging, delivery logistics, and platform fees? | |
| 03 | Operational complexity | Does it use existing kitchen capacity, staff, and supply chains, or does it require new equipment, new suppliers, or new skills? | |
| 04 | Capital requirement | Does it demand significant upfront investment, or can it be launched with existing resources? | |
| 05 | Cannibalization risk | Does it steal prime-time covers from the dining room, or does it reach a non-competing audience during non-competing hours? | |
| 06 | Scalability | Can it grow without proportional increases in labour? Or does doubling the revenue require doubling the staff? | |

Scoring

Total: _ / 30

Interpretation

- **22 or above:** Proceed. The opportunity aligns with the operation and has strong margin potential.
- **16 to 21:** Adjust. The concept needs structural modification before launch – identify and fix the weak dimensions.
- **Below 15:** Reject. The risk of diluting the core product outweighs the potential return.

Critical Check

If the executive chef is spending more than 30% of their operational week managing this revenue stream, the core dine-in menu will suffer regardless of the score.