

START & RUN A CATERING BUSINESS

George Erdosh

Self-Counsel Press

(a division of)

International Self-Counsel Press Ltd.

USA Canada

CONTENTS

Introduction: The Appetizer	xvii
Chapter 1: Entrée: The Ifs and Whys of It	1
1. Before You Decide to Start a Catering Business	1
2. Types of Catering	2
3. What to Expect in Catering	5
Chapter 2: How to Become a Caterer	7
1. Starting Out on Your Own	8
2. Purchasing an Existing Business	11
2.1 Buying a business directly	12
2.2 Buying through a business broker	15
3. Buying into an Existing Business as a Partner	15
Chapter 3: Personal Ingredients	19
1. Essential Skills and Knowledge	19
1.1 Cooking and food preparation	20
1.2 Planning and organization	24
1.3 Efficiency	25

1.4 Tension: If you can't stand the heat	26
1.5 Crisis management and problem solving	26
1.6 The artistic touch	28
1.7 Dealing with clients	30
2. Desirable Skills and Knowledge	31
2.1 Marketing and selling	32
2.2 Record keeping and bookkeeping	33
2.3 Staff management	33
2.4 Financing and budgeting	36
2.5 Dealing with seasonal highs and lows	36
2.6 The holiday season: Beyond a rolling boil	37
Chapter 4: From Gravy Boats to Wheels: Essential Equipment	39
1. Facilities and Major Equipment	41
1.1 Kitchen facilities	41
1.2 Refrigerators and freezers	42
1.3 Ranges and hot plates	43
1.4 Ovens	44
1.5 Dishwasher	45
1.6 Holding oven	45
1.7 Transportation equipment	46
1.8 Washer and dryer	48
2. Kitchen Furnishings	48
3. Other Essential Catering Gear	49
Chapter 5: Smaller Equipment	53
1. Small Appliances	53
1.1 Food processors	53
1.2 Mixers	54
1.3 Microwave ovens	54

2. Miscellaneous Electric Equipment	55
2.1 Coffeemakers	55
2.2 Electric kettles, heating trays, and crock pots	55
3. Kitchen Equipment	56
3.1 Knives	56
3.2 Cutting boards	56
3.3 Scales, pots and pans, and strainers	57
4. Serving Equipment	58
4.1 Serving ware	58
4.2 China, glassware, and linen	59
4.3 Baskets and other decorative items	59
5. Nonessentials and Other Small Tools and Equipment	60
Chapter 6: Menu Ingredients	63
1. Finding and Dealing with Suppliers	63
1.1 Retail versus wholesale outlets	63
1.2 Establishing relationships with suppliers	64
1.3 Ready-made versus half-ready items	65
1.4 Buying produce	66
1.5 Keeping tabs on prices and quality	66
2. Food Quality	67
3. Subcontractors	68
Chapter 7: Too Many Cooks	71
1. Selecting Your Staff	71
1.1 Part-time or full-time staff	72
1.2 Presentable, hardworking, and reliable	73
1.3 Your relationship with your staff	73
1.4 You make the rules	74
2. Paying Your Staff	75
3. How Many Staff?	77
4. Dress Code	79

Chapter 8: Selling the Sizzle	83
1. Selling Your Product and Services	83
1.1 Know your client	83
1.2 Create a photo portfolio to show clients	84
1.3 Business cards and menus	85
1.4 Choose your clients well	86
2. Responding to Requests	87
3. Marketing Your Business	88
3.1 Identify your market	88
3.2 Be sensitive to your client's needs	92
3.3 Letters of appreciation and testimonials	93
4. Pros and Cons of Advertising in the Yellow Pages	93
5. Client Feedback	94
6. Competition	95
Chapter 9: Pricing	99
1. Deciding How Much to Charge	99
1.1 What does the competition charge?	100
1.2 What are your costs?	100
2. Calculate Your Overhead	101
3. Preparation Time	102
4. Number of Guests	102
5. Perceived Value to the Client	103
6. Receptions and Buffets	103
Chapter 10: Getting the Contract	105
1. Safeguard against Cancellations	105
1.1 Always ask for a deposit	106
1.2 Always confirm the engagement	107
2. Establish a Refund Policy	112

Chapter 11: It Takes More Than a Hot Oven	115
1. Planning and Organizing an Event	115
2. Thinking Ahead	116
3. Checking the Site Beforehand	117
4. The Supply List	119
5. The Work Schedule	120
5.1 Minimize preparation time	120
5.2 Organize your equipment	121
5.3 Coordinate your staff	124
5.4 Other details	124
6. Transportation	125
Chapter 12: Executing the Event — It's Show Time!	127
1. Arrive Well Ahead of the Guests	127
2. Receptions	128
2.1 Setting up	128
2.2 Unloading	129
2.3 Staff pep talk	130
2.4 Keep everybody busy	131
2.5 Hot and cold foods	131
2.6 Keep small batches circulating	132
2.7 Replenish some items, ration others	133
2.8 Clean as you go	134
2.9 Leftovers	135
3. Self-Service Meals	136
4. Full-Service Meals	137
4.1 Full staff	138
4.2 Kitchen facilities	138
4.3 When to take the plate away	139
5. After the Event	140

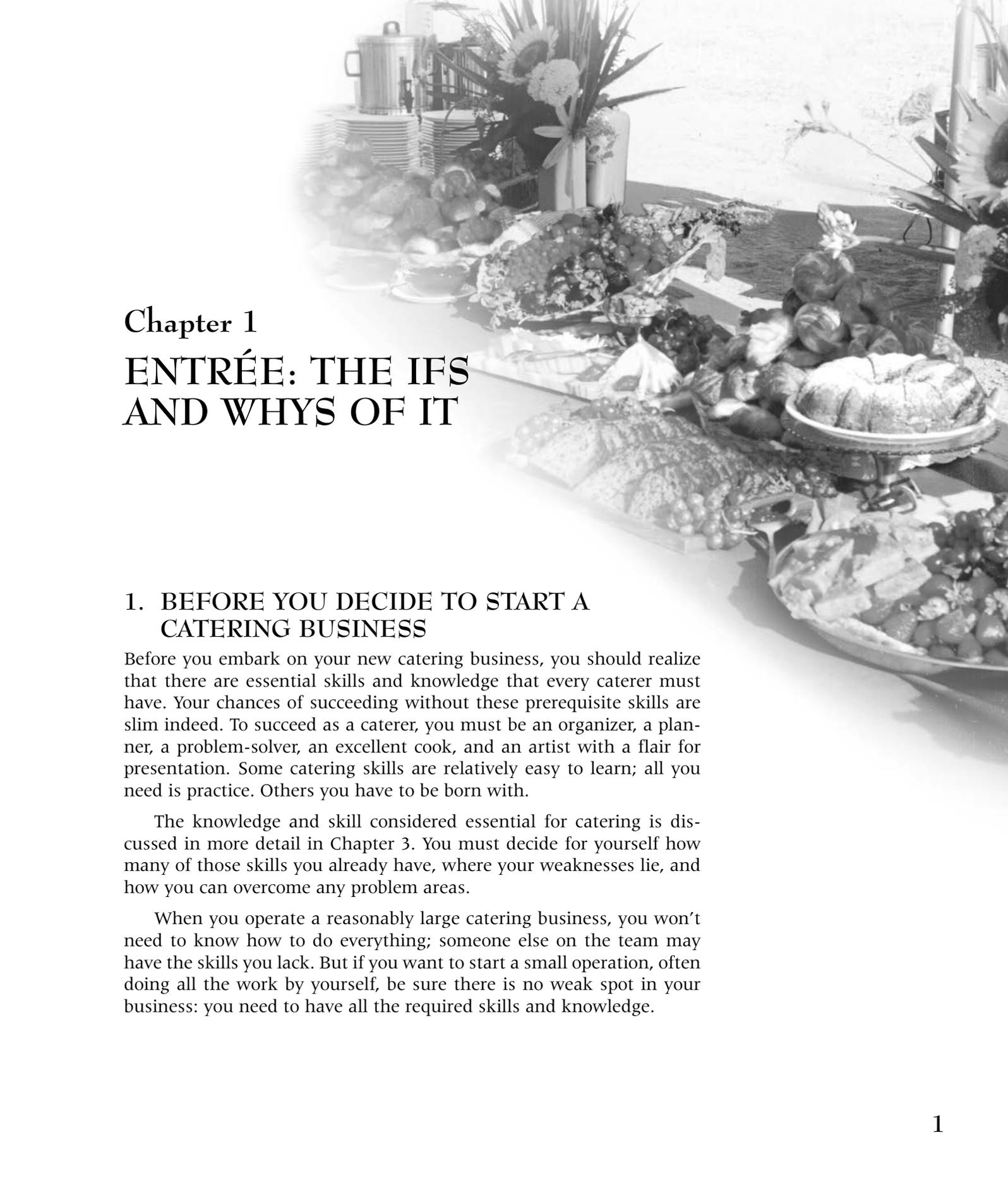
Chapter 13: Diary of a Caterer	143
1. Event 1: A Reception	143
1.1 The beginning phase: Client-caterer contact	143
1.2 The middle phase: Planning and organization	147
1.3 The final phase: Day of the event	151
2. Event 2: A Full-Service Dinner	153
2.1 The beginning phase: Client-caterer contact	153
2.2 The middle phase: Planning and organization	155
2.3 The final phase: Day of the event	159
Chapter 14: The Cookhouse: It's Not All a Picnic	167
1. Running a Small Catering Kitchen	167
2. Recipes	167
3. Labeling	171
4. Continuing Your Education	172
5. Sharpening	174
6. Kitchen Supplies: Shelf Life	177
7. Waste Reduction	179
7.1 Supplies	180
7.2 Staff	181
7.3 Space	181
8. Cleanliness and Cleanup	181
8.1 Avoid contamination	182
8.2 Staff	183
8.3 Utensils and equipment	183
8.4 Work space	184
9. Health Department Code	185
Chapter 15: The Office: No Picnic at All	189
1. Planning the Office Space	189
2. Basic Equipment for the Office	190

3. Bookkeeping and Other Records	191
3.1 Records	192
3.2 Records of employee hours worked	193
3.3 Events and appointments	193
3.4 Client and event records	193
3.5 Invoicing events	194
3.6 Accounts of events	195
3.7 Notes on past events	195
3.8 Inquiries and requests	195
3.9 Paying your bills	196
4. Monthly Summary	196
5. Payroll	197
6. Annual Summary	197
7. Income Taxes	198
Chapter 16: Legality: As Necessary as Dishwashing	199
1. In the United States	200
2. In Canada	203
Chapter 17: Kitchen Hints for Caterers	205
1. Spices, Herbs, and Flavorings	206
2. Onions	207
3. Breads	208
4. Legumes	208
5. Stocks	209
6. Vegetarian Cooking	211
7. Using Your Freezer	212
8. Blanching	213
9. Browning Meat and Chicken	213
10. Extra Food	214
11. Brand-Name or Store-Brand Products	215

12. Flavoring Foods	215
13. Defrosting	216
14. Safe Eggs	216
15. Wine in Cooking	217
16. Exotic and Rare Ingredients	218

SAMPLES

1 Letter of Agreement	78
2 Cover Letters	89
3 Questionnaire Cover Letter	96
4 Client Questionnaire	97
5 Pricing a Recipe	101
6 Contract and Order Forms	109
7 Event Checklist	123
8 Proposal Letter: Reception	146
9 Reception Menu	149
10 Supply List and Detailed Schedule	150
11 Proposal Letter: Full-Service Dinner	156
12 Preparation Schedule for the Full-Service Dinner	158
13 Order List	160
14 Recipe for the Novice Cook	169
15 Recipe for the Professional Cook	170



Chapter 1

ENTRÉE: THE IFS AND WHYS OF IT

1. BEFORE YOU DECIDE TO START A CATERING BUSINESS

Before you embark on your new catering business, you should realize that there are essential skills and knowledge that every caterer must have. Your chances of succeeding without these prerequisite skills are slim indeed. To succeed as a caterer, you must be an organizer, a planner, a problem-solver, an excellent cook, and an artist with a flair for presentation. Some catering skills are relatively easy to learn; all you need is practice. Others you have to be born with.

The knowledge and skill considered essential for catering is discussed in more detail in Chapter 3. You must decide for yourself how many of those skills you already have, where your weaknesses lie, and how you can overcome any problem areas.

When you operate a reasonably large catering business, you won't need to know how to do everything; someone else on the team may have the skills you lack. But if you want to start a small operation, often doing all the work by yourself, be sure there is no weak spot in your business: you need to have all the required skills and knowledge.

CAN YOU LEARN
TO BE EXTREMELY
ORGANIZED AND
EFFICIENT, OR HAVE
THESE ALWAYS BEEN
ALIEN CONCEPTS
TO YOU?

By the time you are ready to spread the word about your new catering service, you should be fully confident about your abilities. Of course, you'll learn through trial and error and through the day-to-day experience of running your business, but it will take years before you can call yourself an expert.

Even if you have employees or partners who complement your weak areas, you should not neglect those skills. After all, when your part-time food preparer with an artistic touch in food presentation cannot make it into the kitchen for a last-minute lunch order, you will have to take his or her place and attempt an almost equally glamorous presentation.

Even if your business is large enough to employ workers who can take over the various tasks required to successfully execute an elaborate wedding, your expertise in the different fields will make you a better manager, a better judge of your employees' work, and a better person to coordinate the event.

If you look at the list of essentials and find you're lacking several that won't be easy to acquire, perhaps it is time to reconsider. Maybe this avocation is not meant to be your next career. Can you learn to be extremely organized and efficient, or have these always been alien concepts to you?

Since you're now considering catering as a profession, chances are good that you already have a number of skills you'll need.

For now, let's assume that you consider yourself an excellent potential caterer and proceed to the next step.

2. TYPES OF CATERING

There are at least a dozen different types of catering niches or styles. Some are not exactly catering (e.g., preparing and serving food to clients) but they are closely related. All of them deal with food and food preparation. Decide which type of catering best fits your personality, skill level, interest, and expectations, and focus on that. As you learn more, you can expand into other areas without much effort, either slowly, gradually, or all at once.

First of all, catering services have two broad areas: corporate and social catering. Corporate catering is fairly routine, concentrating on breakfasts, luncheons, and occasional dinners. Corporate receptions, however, are not routine at all — they are often very lavish — and they let you express your full artistic creativity with food presentation.

Social catering (i.e., catering for private clients) calls for every type of food service imaginable. Most of these events are receptions, breakfasts, luncheons, and dinners. There are relatively few guests for full meals, and social receptions are not as large as corporate receptions. The difference is in the budget. Most corporations can be more lavish with their budgets. However, large private parties, such as weddings and bar mitzvahs, may also have substantial budgets and a large number of guests.

There is another catering niche that is less easy to classify: institutional catering. It includes off-premise catering for any institution or government agency, including schools, hospitals, various other public institutions, and government offices. Many of these catering jobs are routinely done in-house, but if the requirement is for better quality catering or if the in-house staff cannot accommodate catering needs, an outside contractor is called in.

The main difference between institutional and corporate catering is the budget. The budget for institutional catering is usually lower, sometimes far lower, than for corporate catering. It is a catering niche in the low-end or medium-quality sector.

Nearly all caterers do both corporate and social catering, but how much of each varies widely from business to business. On average, surveys indicate that caterers do about 60 percent corporate to 40 percent social catering.

Even if a caterer attempts to work in corporate catering entirely, never marketing to social clients, he or she will find that guests attending corporate events may call to request catering for social events. This kind of solicitation is hard to refuse. The same applies if you try to restrict your business to private parties. However, the two types of groups make a pleasant blend. Each requires a different approach and different types of service, and each poses different problems. They complement each other on your calendar, too. Corporate events are generally scheduled on weekdays, social events on weekends.

What separates caterers most from each other, however, is what class of catering they choose to do. The field varies from low-end to high-end (or low-budget to high-budget) with a complete spectrum in between. Decide where you want to be, but never attempt to span the complete spectrum. That is simply not good business philosophy. Large caterers may have a low-budget division along with their medium-budget business. Small caterers, however, should specialize in a narrow band of the spectrum.

IF YOU PREFER TO
HAVE WEEKENDS TO
YOURSELF, DIRECT
YOUR MARKETING
EFFORTS TOWARD
CORPORATE CATERING.

In low-budget catering, expect much higher volume, more competition, more production-line food preparation, and little leeway for creativity. Your business will be more in demand (though this also depends on the state of the economy), and you can expect lower profit margins, higher volume, better overall profits, and longer working hours.

In high-budget catering, you will have more fun, less competition, possibly less work, more exacting demands, and more tension. Your clients will be much more particular and expect more from you, but they will pay to have those demands met. Your business will be vulnerable to economic downturns because high-end catering is slashed quickly from both corporate and social budgets. Events are less frequent, but if you price them right and watch your costs, they can still be very profitable.

In addition to the broad catering areas outlined above, here are niches that are possible for a small caterer:

- Picnics
- Barbecues
- Vegetarian catering
- Cooking with organic foods
- Kosher catering
- Subcontracting to large caterers
- Selling to retail outlets
- Subcontracting to hotels, banquet halls
- Corporate gifts
- Coffee breaks, meeting breaks
- Breakfasts and brunches
- Food styling
- Fundraising
- Catering for small groups only
- Last-minute catering
- Producing private-label food items

The last item, producing private-label food, is not strictly catering, but if you find the right food item, it can be very profitable. Thousands

of new food items hit the market every year, but only a small number make it to long-term profits. The other niches are fairly obvious and can be profitable. Food styling is not exactly catering but is an artistic niche you may consider. Some caterers hire food stylists on a consulting basis to present their food displays for particularly fancy events.

Two areas are in great demand: catering for small groups and last-minute catering. Few caterers want to do either. Small groups are simply not profitable unless this is your niche and you are set up specifically to do such events. Caterers get many calls for small events, such as lunch or dinner for five to ten guests, but are reluctant to take them unless they are for good, steady clients.

Similarly, there are many last-minute calls, mainly from corporations, when unexpected events call for a meal in the boardroom. Many caterers take such contracts reluctantly or refuse them. If you decide to market yourself as a last-minute caterer, you may find another niche here. Advertising in the Yellow Pages and letting other caterers know your niche will help in getting small and last-minute events.

3. WHAT TO EXPECT IN CATERING

Today, more than ever before, buyers expect excellent service. Diverse industry surveys consistently have found that buyers prefer businesses that offer good service even over those that offer good quality and low price. Catering is a pure service industry; with excellence in service, a catering business has a good chance of success.

What's more, catering is one of the rare businesses in today's world of superstores and mega-warehouses where small means personal and yet can be competitive. While small drugstores, grocery stores, and hardware stores are absorbed by impersonal big-box stores with no staff in sight to ask questions of, catering businesses can still remain small and yet be competitive by focusing on service.

The industry is characterized by small- and medium-sized businesses, with very few large ones. Large caterers mainly offer mass-produced, airline-type food; the quality suffers due to the huge volume produced. There are exceptions, but in general, large caterers are unable to provide high-quality food. Have you ever had high-quality catered food from hotel and banquet establishments?

Your small operation can successfully compete with any large caterer in your area. You can offer competitive prices and far better quality than they can.

DO YOU PREFER LESS
STRESS AND LESS
WORK, AND ARE YOU
CONTENT WITH LESS
MONEY? WORK IN
HIGH-END CATERING.

What can you expect in catering? Briefly, long hours and little profit, at least in the beginning. As you establish your business, the profits will slowly creep up and the number of working hours hopefully will slide down. Yet a survey by the Department of Food and Beverage Management at Cornell University School of Hotel Administration, responded to by 340 US caterers, showed the following frightening answer: average work week for caterers is 58.7 hours but ranging up to 100 hours.

Don't expect catering to be a get-rich-fast business. However, if you find just the right niche for yourself and you are good at what you do, there is no reason not to expect a very handsome profit.

Be warned that the burnout rate in the food business is very high, in both restaurants and catering. If you put all your energy into the business for several years, you are likely to feel the symptoms. In the beginning the business will demand all your energy and enthusiasm, but eventually you have to channel your life in other directions as well or burnout will come even sooner. Mike Roman, president of Catersource, a respectable Chicago-based catering education institution, states in one of his 10 catering rules: "Caterers have the right to a personal life away from business ... make time for yourself, burnout is worse than bankruptcy."

In spite of these gloomy warnings, there are bright aspects to catering. If there weren't, the business would not have any interested followers. It can be a glamorous, show business-type world if you are in medium- to high-end catering. It is varied, rarely monotonous, and whenever there is a lot of routine work to do, it means you have a large party that will bring in a good profit if you priced your event right. That prospect surely brightens the hours of messing with unruly phyllo dough.