



START & RUN A CATERING BUSINESS

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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.