Ag Decision Maker

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Catering – Events and Festivals*

Any catering business will require someone with excellent cooking and management skills to run the operation. Most locations in the United States will not let anyone start a catering business from a home kitchen without modifications to meet codes. Many locations require an institutional kitchen be established in a separate area, such as a garage or basement, with a separate entrance. Health permits will need to be obtained from local, county and/or state health departments. For health code purposes, most locales consider a catering operation a restaurant.

Whatever the type of catering operation started, it will require:

- a consistent high quality product
- labor to prepare and deliver meals
- skill and expertise to manage and run a food preparation kitchen
- a sales effort to find the accounts
- someone to do the ongoing marketing

Three Client Groups

There are primarily three avenues for catering.

Social Catering - Targets weddings, anniversaries, parties and other special events revolving around celebrations. These are sometimes the more challenging events to cater since many people for social events will not have used a caterer before or because it is a special occasion that may have unrealistic expectations. Much time is spent educating the customer about possibilities for food, pricing and arrangements. For this type of catering, the business will want to network with bridal shops, halls rented for events, churches, bakeries and other contact points for special events.

Corporate Catering - This includes the mobile industrial catering business. Corporate catering takes in corporate lunches in the boardroom, breakfast meetings, box lunches, food delivered for noon breaks and other special occasions such as the annual summer family corporate picnic or winter holiday party. This type of catering is conducted in a more business-like manner, usually with one or two people in the business. Price, service and quality are the main issues and most businesses are experienced in this area, know what they want and are working from a budget.

Community Affairs - These include special events hosted by city or county governments, nonprofit organizations or other groups. Often the group will need a caterer to provide food and assist with other aspects of the event. These public events are a good way to generate publicity about your business.

Financial Information

Conduct a financial analysis to determine start-up costs and do a projection of expected income after start-up.

Start-up investment - You can spend from a few thousand dollars to modify an existing kitchen to meet codes up to $75,000 to build a professional kitchen. A low-cost alternative is to rent a kitchen, such as from a church, or a school kitchen when school is not in session. However, if you do so, you will need to ensure that the kitchen has been inspected.

Time until breakeven - Breakeven can be achieved in less than one year depending on the fixed investment.

Annual revenues - A few thousand dollars to a few million with pretax profits in the 40 percent of gross revenue range. One caterer estimated she kept up

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to two-thirds of the total revenue from a catering job after paying expenses. Catering has the reputation for the best profit potential in the food and beverage industry. Catering allows for a start-up matched to your pocketbook. Kitchen facilities and items such as china, linens and other staples can be rented. It is estimated that 70 percent of the business activity is related to business activities of marketing, cooking, transporting food, serving, clean-up and arranging for help, while only 30 percent of the effort is food related. These percentages are the opposite of restaurants.

Soliciting Business

A good way to start is to talk with the business receptionist who handles the catering. The plant managers or top person's secretary might also be a starting point. Different departments may need to be targeted. Human Resources workers handle such things as safety award and employee luncheons; the President's or General Manager's office handles special events and sales and marketing events for sales staff or customers.

Resources

Kahn, Sharon, and The Philip Lief Group, "Catering Events and Festivals," 101 Best Businesses to Start; pp. 173-189; Main Street Books; Doubleday; New York, NY. 1998.

Vivaldo, Denise, How to Start a Home Based Catering Business, 3rd Edition; The Globe Pequot Press; Guilford, CN; 2000.

http://webfoodpros.com

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