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## Introduction to Catering

**W**henever people gather together for several hours, they're going to require food and beverages. At business meetings, coffee, tea, and bottled water—at the very least—are made available for attendees. Celebratory occasions such as weddings, christenings, birthday parties, bar and bat mitzvahs, and anniversaries call for special food and drink to complete the festivities. These are all prime occasions for catering.

From a meal in a prestigious stadium skybox to a mobile lunch wagon on a movie set, catering can be bone-china elegant or paper-plate casual, but it always means serving good-quality food and drink to many people.

Several things distinguish a catering operation from a restaurant. Catering is usually done by prearranged contract—food and drink provided at a certain cost to a specific number of people. The menu at a catered event is usually more limited than a restaurant menu and is chosen in advance by the client. The way the food is prepared is different, too. Although both restaurant and catering chefs do the *mise en place*, or prepare the food ahead of time to a certain extent, catering chefs prepare their food so that it only needs brief final cooking, reheating, or assembly prior to service.

There are two main categories of catering:

- 1. Institutional:** These caterers at hospitals, universities, airlines, large hotels, and retirement centers provide a wide variety of food and drink to a large number of people on an ongoing basis—usually at the institution itself. The institution usually contracts with a catering company to have this service provided.
- 2. Social:** These caterers provide food and beverage services to civic groups, charities, corporations, businesses, and individuals on-premise at a catering or banquet hall or off-premise at a selected location.

The opportunities for a catering business multiply every year, given the right demographics—individuals, groups, or businesses that are able to pay for the service.

### **Who Uses Catering Services?**

- Convention centers
- Hospitals, universities, retirement centers, nursing homes
- The entertainment industry: musicians on tour, movie sets, plays in production, professional sports events
- Businesses: For meetings, openings, special sales events, corporate retreats, team-building exercises, awards banquets, executive dining, employee meals, galas, and so on

- Community groups: For fund-raisers, donor or sponsor lunches, galas, and so on
- Individuals: For special in-home dinners, bridal and baby showers, wedding receptions, birthdays, anniversaries, funerals, and so on

## Career Outlook for Catering

The catering segment of the hospitality industry continues to grow every year. During the mid-1990s, catering was actually the fastest-growing sector of the foodservice industry. Overall, the catering industry's revenue increased approximately 100 percent from 2001 to 2011.<sup>1</sup> Based on the 2013 *Restaurant Industry Forecast*, the catering sector will grow faster than all other foodservice segments; 5.6 percent growth was predicted in 2013, with total sales expected to exceed \$45 billion.<sup>2</sup>

Projected 2013 revenues include the following:

Large independent catering companies	\$8.3 billion
Hotel catering, banquet, and hospitality operations	\$5.7 billion
Sports, entertainment, and cultural venue catering	\$3.9 billion
College/university foodservice catering (self-operated)	\$1.5 billion
Contract managed foodservice catering	\$5.4 billion
Restaurant private dining catering	\$7.1 billion
Delivery, QSR, retail, supermarket	\$12.4 billion
Military foodservice catering	\$1.5 billion

Total sales may not include total revenue from bar services or incremental sales revenue generated from additional services provided by caterers such as space or venue fees, event rentals including equipment, vehicles, tabletop, décor, and other needs, including staffing, entertainment, wedding, and event services.

<sup>1</sup> US Census, Catersource CCU, IBIS World, National Restaurant Association.

<sup>2</sup> National Restaurant Association, 2013 *Restaurant Industry Forecast*.

Why is catering growing at such a strong pace? Contract catering allows institutions to keep costs down. And in the case of social catering, a home-building trend that includes large kitchens with upscale appliances inspires owners to entertain more often. In addition, the increase of cooking and lifestyle programming on television has led the average person to learn more about food products, wine, and cooking, and thus want a more sophisticated approach to home, business, or community entertaining than ever before.

## Profile of a Successful Caterer

According to the *Princeton Review*, more than 70 percent of all catering services are owner run. Thus, a successful caterer usually marries the culinary talents of a chef with the business savvy of a CEO.

For anyone who wants to be a caterer, a passion for entertaining is a prerequisite, because without it, the long hours and hard work will seem tiring rather than exciting and rewarding. Many caterers start out as people who simply love to cook and entertain. Their guests are always complimenting them on their abilities and telling them that they should entertain for a living. Some very successful caterers have begun their career this way; however, the passion for cooking and entertaining alone is not a recipe for success.

Before starting a catering business, you should attend formal classes on catering and business management or work for one or more caterers until you have a high level of understanding and a sense of the business.

Some people try to turn their hobby into a small catering business from home, in kitchens that are not licensed by the local health department. There is a big risk in operating this way. Home-based caterers may find themselves in trouble with the health department if their guests become ill from their food. In addition, home-based caterers usually do not understand the realities of running a for-profit catering business with many fixed expenses, such as business licenses, separate business phone and fax lines, and a website, all of which are necessary for continued business growth.

If you think that catering might be a great career option for you, check your skills against the qualities that a successful caterer ought to have (see sidebar on page 5). See how you fit in, or find those areas in which you'll need more education or help.

Some of these qualifications could be a natural part of your personality or education; you might have to learn others. Or you could hire a person or company to handle a part of the business that is not your strong suit.

Here are several examples:

- If your culinary creativity soars, but your spelling and grammar are not the best, contract with a high school English teacher or a professional food writer to proofread your letters, contracts, and menus on a case-by-case basis. You may have the best-looking and best-tasting food in your city, but if your contracts, letters, and menus have spelling mistakes, that tells your customers that you aren't top-notch.
- If you're a talented chef with a sense of style but you don't have a clue about accounting practices, take a noncredit adult education class at your local community college, hire an accountant, or shadow a restaurant or catering manager to see how the book work is done.
- If your food and business skills are terrific but your style sense suffers, either concentrate on an area of catering in which this doesn't matter as much (institutional or outdoor barbecue catering), hire an assistant or catering manager with a sense of style, or hire an independent designer to help you create a professional, appealing style.
- If your food sense, style, and business skills are all great, but you can't fix anything, offer a retainer to a full-time (more expensive) or retired (less expensive)

## Qualities of a Successful Caterer



Excellent organizational skills  
Time-management skills  
The ability to multitask  
A friendly, hospitable personality  
The ability to manage stress  
An extensive knowledge of ingredients  
A high level of written and verbal communication skills  
Natural leadership and motivational skills  
A knowledge of social and religious cultures and customs  
Excellent networking skills  
Proficiency in basic accounting principles  
Basic mechanical skills  
Good negotiating skills  
Quick thinking and problem-solving skills  
Basic knowledge of social media use

handyman or refrigerator and appliance repairperson to be on call. Then pay the hourly rate for any service call. For a major function, include the cost of this person's services as an insurance policy against culinary disaster. If you can't get the blowtorch to work and you need to make crème brûlée for three hundred, his or her services will be worth the extra money—especially if you have already figured the cost into your per-person price.

The bottom line: a successful caterer has all the bases covered.

## What Do You Want to Do? Finding Your Catering Identity

Catering is a popular but competitive field. If you develop an identity or a signature style, you can create the competitive edge you'll need to succeed. Most people associate caterers with mainstream events such as weddings and holiday parties. Caterers who seek out a specific group or niche market have the opportunity to become the preferred caterers when that specific style of catering is needed. And caterers who know how to customize their services to appeal to a specific group or type of event usually continue to grow their businesses.

For example, you might decide to specialize in outdoor barbecue catering and market your business accordingly. You would set up your business with the specific equipment needed for this type of catering and create a customized barbecue menu. If you perform well at the initial events that you contract, you'll have good word-of-mouth referrals. You'll earn back your initial investment for the specialized barbecue equipment quickly, making it difficult for other mainstream caterers who need to rent equipment to compete for this type of party.

Here are a few more examples of catering niches:

- **Party platters:** Whether dropped off by the caterer or picked up by the customer, party platters are a great way to create a buzz. Sales reps find they can get more attention from a medical or editorial staff when they provide a free lunch. Automobile dealers often want finger foods for potential customers coming to their showroom during a special promotion. Real estate agents may provide food and beverages to potential buyers during an open house showcasing a property.
- **Five-star dining at home:** Although popular, this service is still a niche market in large cities. Instead of going to a high-style restaurant, clients want a

five-star experience in the comfort (and, usually, elegance) of their own homes, often for a special dinner for either business or pleasure.

- **Special dietary catering:** Your identity might be gluten-free or weight-loss foods, if the demographics in your area can support it. Vegetarian or even vegan catering is popular with entertainment-industry professionals. If your catering operation can travel to movie sets or rock concerts, or deliver meals to customers, so much the better.

## How Do You Want to Do It? Finding the Right Catering Scenario

The big question is: Do you want to be employed as a caterer by a larger organization or start your own catering business?

The benefits of being an employee of a larger catering organization are that you do not take the financial risk of starting a business, you have a guaranteed salary and fewer job responsibilities than a catering business owner, and you gain valuable experience. The downside is that your earning potential is more limited.

As a caterer owning your own business, there is no guaranteed salary. You risk the money you use to start your business, your job responsibilities cover all aspects of the business, and any mistakes you make affect you directly. The upside is that your earning potential is virtually unlimited.

A medium-size catering business grossing \$500,000 per year (about \$10,000 in receipts every week) can realize a profit ranging from 10 to 20 percent, or \$50,000 to \$100,000. Top caterers can gross \$1 million or more with a similar profit margin—\$100,000 to \$200,000 per year. Keeping expenses in line and factoring profit into your pricing are the keys to that profit. (See Chapter 3, “Pricing for Profit.”)

Whether you want to start your own business or be employed as a caterer or catering manager, there are many types of catering to consider.

## On-Premise Catering

An on-premise catering operation is made up of a food production area (kitchen) and a connected area where people dine. Examples of on-premise catering operations include restaurants, hotel banquet departments, cruise ships, country clubs,

catering halls, and even some religious structures. On-premise operations should be located in desirable, safe locations and have ample parking. Whenever possible, the operation should be easily accessible by car and visible from the road. There should be a drop-off area for guests to allow for valet parking and protect the guests in bad weather. The entrance should have wheelchair accessibility and even an automatic door.

The downside to this scenario is that the larger the facility and the closer it is to a downtown area, the more expensive it will be to launch. However, on-premise catering businesses are a great place to gain valuable experience or a steady income as a salaried employee.

Many on-premise caterers start off renovating former movie theater space in a shopping mall, renting space in an existing school or church, adding on a private banquet room to their existing restaurant, or building a catering hall close to a metropolitan area, but far enough away to find good real estate values.

The following are some examples of the many levels and styles of on-premise catering.

## **RESTAURANTS**

Many restaurants have a private area or areas that can be used for parties. Some restaurants cater parties at their establishments on days that they are normally closed. Some operators even book their restaurant for catered events during normal business hours and close the doors to the public. (Restaurant operators should not turn away their regular clientele too often by closing their entire operation for such private parties.) If you already own or run a restaurant, this is a good way to get started in catering, as all the basics—your overhead expenses, kitchen facility, linens, glasses, and wait staff—are already in place.

## **HOTELS AND RESORTS**

Hotels and resorts depend on their banquet departments to achieve profitability for their overall food and beverage operations. Banquet net profits can range from 15 to 40 percent, while hotel room service and restaurants often lose money. Many hotels have a variety of banquet rooms of different sizes and styles. This allows them to market their catering services to corporate clients for meetings and conventions as well as to private clients for social engagements, such as weddings and bar mitzvahs. Most hotels charge for the rental of the banquet rooms as well as for food, beverages, and service. This rental fee is partly responsible for the banquet's profitability.



Most hotels and resorts have large banquet kitchens specifically designed for high-volume catering. There is usually a separate group of cooks and prep people, headed by a banquet chef. The executive chef oversees this department and collaborates with the banquet chef and event-planning personnel when developing banquet menus or planning individual events. While working in such a venue is a good way to get catering experience, establishing one is a difficult and expensive way to start your own business.

## **CRUISE LINES**

Most cruise lines offer catering services aboard their ocean liners. Event planning aboard a cruise liner is similar to that in a hotel. Some additional challenges are providing lodging for all the affair's guests and the inability to receive additional products once at sea. Cruise lines do have wonderful banquet rooms and other spaces that, along with the natural attributes of the environment, make a great venue for parties. Again, this is a good way to get catering experience, but a difficult and expensive way to start your own business—unless you already own a cruise line!

## **COUNTRY CLUBS**

Most country clubs have banquet facilities. While many clubs only allow their members to hold events there, others allow member-sponsored events or even offer their banquet services to the general public. Country clubs often have golf courses and other sports facilities that lure businesses and organizations to host company-wide meetings or conventions where the participants enjoy a day of activities as well as a meal. Working at a country club can be a great way to gain catering experience and develop your identity before you start your own business—or it can simply be a great job.

## **PRIVATE CLUBS**

Private clubs located in urban areas also provide catering opportunities for their members or the public. These “city” clubs have meeting rooms and dining areas that make them viable catering venues, which can provide valuable (and usually upscale) catering experiences. But unless you want to start your own private club, they are not an option for a practicable start-up business.

## BANQUET HALLS

The most obvious of all on-premise catering operations is the banquet hall. These businesses specialize in catering social events. Most banquet halls have the capability of producing multiple events simultaneously. This is important, as the banquet hall usually has no other income-producing functions. It is possible, however, for banquet hall operators to do off-premise catering for the same reasons that restaurant operators can. The downside to a banquet hall is that the start-up expenses are very high. The banquet hall needs to be located in an area with good visibility and accessibility. A good location will mean higher rent—or purchase price and taxes—for the facility. Overall operating expenses, or overhead, will also be high due to the large size of the operation.

In order to be profitable, a banquet hall should be large enough to accommodate anywhere from five hundred to one thousand people at any given time. The dining area can be set up as one or two very large banquet rooms with the ability to be partitioned in order to create more banquet rooms for multiple smaller events. Many banquet halls also have outdoor areas where events can be held. This can increase the overall capabilities of the hall and generate higher revenues. The kitchen, therefore, must be set up to accommodate the needs of the banquet hall when all its dining areas are booked. The event planners for the banquet hall should try to sell similar menu items to patrons holding events simultaneously. This helps streamline production in the kitchen and prevent chaos during banquet service.

Many people decide to host their events at a banquet hall because the experience can be like one-stop shopping. Most banquet halls offer all-inclusive pricing that can include food, service, entertainment, photography, floral arrangements, and anything else typically needed for a catered event. It is therefore important to find people or companies that aspire to the same quality standards as your own when subcontracting for services you do not provide.

## RELIGIOUS GROUPS

Some churches and synagogues have banquet facilities. They are operated either by members of the congregation, private catering businesses with an exclusive right to work on the property, or an off-premise caterer brought in by a member of the organization on a party-by-party basis. If your style of food and beverage service fits with the religious requirements of the church or synagogue, this can be a great option for a beginning caterer. If you're the kosher caterer with exclusive rights to serve food at synagogue events, for example, it's a win-win situation. If, however, you have clients who want a catered wedding reception dinner with wine and your

church forbids alcohol, you won't be able to store the wine, cook with it, or serve it on the premises. And although the rent you pay helps defray the operating expenses of the church or synagogue, you will not own your space and could be subject to the opinions—and criticisms—of church or synagogue members who feel they do.

## Off-Premise Catering

An off-premise caterer has a production facility but holds events somewhere else. The caterer transports all required food, beverages, personnel, and equipment for an event to a location usually chosen by the client.

The biggest benefit to an off-premise catering business is that it usually requires significantly less capital to establish. The production facility, or kitchen, does not need to be in a highly visible location. Because no dining facility is attached, minimal parking is needed. Most off-premise caterers conduct their consultations at the event site in order to assess the venue and plan ahead. This eliminates the need for a fancy office or showroom, although some off-premise caterers choose to maintain them anyway in order to enhance their presence in the marketplace.

Some off-premise caterers have retail spaces, such as gourmet shops or delicatessens, that provide additional income, and special products from catering production—your special barbecue sauce or vinaigrette, for example—can be utilized and sold in these spaces. A retail space can further expose your catering business to the public. Most off-premise caterers, however, market themselves through word of mouth and by advertising in print and on radio and television.

Many restaurant operators also do off-premise catering. They already have a production facility and can easily modify their operation for off-site events. Many restaurateurs get into catering inadvertently by honoring requests from regular customers. After becoming a de facto caterer in this fashion, a restaurateur will often continue to offer this service to other customers.

Of all the challenges to off-premise catering, transporting all food, equipment, and personnel to the event site is the biggest. Physical strength, coordination, and organization are necessary qualities for any off-premise catering crew. Endurance is paramount, as transportation adds many work hours to any given day. Forgetting even the simplest item—such as a corkscrew—can sabotage an event and create chaos. The weather can cause further challenges. Even if an event is scheduled indoors, inclement weather is still an obstacle when transporting goods from an off-site production facility.

A positive aspect to off-premise catering is the potential for handling much larger events—and finding the perfect settings for them. All banquet rooms have occupancy limits set by the local fire marshal, to which the event planner and caterer must adhere. Off-premise caterers often operate in outdoor spaces and on private property, which do not have the same restrictions. The changes in venue from party to party often stimulate creativity. A good caterer will assess the physical attributes of the venue or property and coordinate menu items and decorations accordingly.

Most off-premise caterers offer pickup or drop-off catering, regardless of whether they handle full-service events. For example, sandwich platters and salads can usually be ordered from delicatessens in bulk for delivery or pickup. Some operators provide their customers with some equipment, such as chafing dishes and paper goods, and even set up the food for the party for an additional charge. By operating at many different price points, however, the caterer may risk being too much of a generalist by not establishing a specific identity and defining a target market.

Off-premise caterers also rent equipment for the majority of their events. (Chapter 4, “Setting Up the Catering Kitchen,” discusses rental equipment and other subcontracted services in detail.) It is therefore important for a caterer to establish good relationships with reputable party rental companies to ensure the quality of any rented items. Clients who seek off-premise caterers for a specific venue understand that there will be additional charges for party rental equipment. Typically, the rental company will give a caterer a 10 to 15 percent commission on items rented for a specific event. This commission will increase overall profitability for the caterer and compensate for the time needed to coordinate and order the equipment.

Off-premise caterers need to have vehicles for transporting goods and product to the event site. While most own one or more trucks or vans, many rent additional vehicles for larger, more complicated affairs. The cost of vehicle purchase, rental, and maintenance must be accounted for when pricing events.

## Institutional Catering or On-Site Catering

With this type of catering business, an institution such as a hospital, nursing home, college, or office building or complex hires a contract feeder or catering corporation to handle its foodservice needs. Aramark, Compass Group, and Sodexo are examples of contract feeders. For example, a college might build a student cafeteria and employee dining room, and then pay a contract feeder a set amount per month to operate them. It is the contract feeder’s responsibility to order and prepare all of the food, hire and manage the staff, and maintain the facilities. The institution pays

all bills directly through its accounting department. The contract feeder makes its profit from the monthly fee that it receives for its managerial services or runs it as a profit- and loss-based account.

Institutions using contract feeders save money because contract feeders know how to streamline production and purchase product in a very efficient manner. Creative individuals may not enjoy working for contract feeders, as they often have specific operating procedures that must be adhered to. But before you start your own catering business, you can learn some great lessons in food safety management, organization, efficient service, and cost management from a contract feeder or institutional caterer.

## Mobile Catering

Mobile catering means taking food to where the market is, and there are many levels of this type of catering. At the low end, small trucks carry breakfast and lunch items to patrons at construction sites or office parks. These trucks usually have a quilted, brushed stainless-steel facade and open in the rear to reveal a small refrigerator, display area, and coffee urn. Pastries, coffee, sandwiches, and cold beverages are the typical fare. When operated in premium locations, these vehicles can become very lucrative. A mobile caterer needs permission or a permit to solicit on both private and public property.

At the high end of mobile catering is the film caterer. Mobile caterers hired by film production companies need to be flexible and operate very smoothly. Their units, often large trailers, have state-of-the-art equipment for food preparation and storage. The side of the unit opens up, a canopy is extended, and tables are set up underneath for dining. Because film companies shoot in many locations, a mobile catering unit should be able to pack up and move with them—quickly. Time constraints, changes in schedule, and varied personalities make this niche in catering one of the most stressful, although it can be very lucrative.

## Kosher Catering

Some caterers specialize in designing and executing events for observant Jews who keep kosher. *Kashrut*, or Jewish dietary law, prohibits the consumption of certain foods completely while also prohibiting eating some foods in combination with others.

Other food products may not be consumed during specific times of the year or on holidays such as Passover when, for example, eating leavened bread is forbidden.

## CHALLENGES OF KOSHER CATERING

Operating as a kosher caterer is challenging because it requires procuring ingredients from reliable kosher food suppliers and ensuring that all preparation and handling of food comply with kosher law. Kosher caterers are also required to be

### Kosher versus Traditional Catering



#### EQUIPMENT

Kosher caterers require two sets of everything so that meat and dairy/nonmeat preparations can remain separate, including pots, pans, utensils, cutting boards, sinks, and a minimum of two stovetop ranges and ovens.

#### INGREDIENTS

Many ingredients cost more than non-kosher equivalents. The main reason for this is the extra handling and care associated with growing, packing, and distributing kosher products so that they do not come in contact with anything that would render them not useable in a kosher kitchen.

In addition, many kosher meat and poultry products are *kashered* by adding salt to the product, thus extracting the maximum amount of blood. This extra processing step adds to the selling price.

Kosher caterers have much fewer ingredients to choose from when creating a repertoire of menu items over their traditional counterparts. They are forbidden to use the hindquarters of beef, veal, and lamb; they cannot use pork products and can use very few game meats. In addition, some plant-based products must be kosher, such as wine and processed items (e.g., peanut butter).

#### STAFFING

Kosher caterers employ a rabbi in either a full- or part-time position where the rabbi serves as mashgiach (supervisor) to inspect and confirm that all of the ingredients and preparation follow the rules of kashrut. Typically, the mashgiach does not perform the duties of a food production supervisor. Therefore, kosher caterers have to incur the extra cost of funding this position whereas traditional caterers do not.

under strict rabbinical supervision of all aspects of their business. A *mashgiach* is a person who supervises the kashrut status of a kosher establishment and is usually employed by the caterer. The procurement of kosher food and the extra expense of paying for supervision significantly raises the expense for a kosher caterer as compared to one who is not. It is not uncommon, however, that customers who desire the kosher experience understand these constraints and are prepared to spend more for their event.

## KOSHER BASICS

The laws of kashrut are complicated, and many areas of practice vary, based on the beliefs of specific Jewish groups and certification authorities. In general, all of these groups agree that only certain animals can be consumed, meat and dairy products should not be mixed, virtually all blood must be removed from meat before eating, and most plant-based foods are neutral and can be consumed with meat or dairy.

## THE KOSHER KITCHEN

A commercial kosher kitchen must have separate areas for the preparation of meat and dairy. This includes ovens, cutting boards, sinks, and utensils. Service ware, such as china, glassware, and flatware, must also be allocated for use for either meat or dairy and stored in separate areas to avoid unintentional misuse. In the case where a food handler may have used a piece of equipment for the preparation of both meat and dairy, the product must be disposed of and the equipment heated or cleaned under the direction of the *mashgiach*.

Some nonobservant Jews and even non-Jews prefer to hire kosher caterers for their events because of the more rigorous requirements attached to the handling of food products. These requirements in themselves may increase food safety and also the customers' perception that the food is of a superior quality. Subsequently, some caterers elect to operate as kosher caterers to capture a market niche and possibly to give them a competitive advantage.

## The Bottom Line

As in any business, the bottom line in catering is whether you can make money at it. In Chapter 2, you'll learn about starting your catering business the right way, then continuing on the path to success.