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MONEY

5 Things Restaurants Need to Know Before Expanding Into Catering

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With food quality that's next level, more customers have been begging you to cater their events. But where do you start with running catering out of your restaurant? In this article, get advice from first-rate experts who've been there, done that and offer their advice on essentials to know before beginning a catering operation.



1. Is Catering Right For Your Restaurant?

Although customers may demand it, it's your decision whether catering will work for you and if you want to commit to this brand new enterprise. First, consider shadowing or doing a mentorship with other successful caterers, or catering a friend or family event to see if you even like the work. Then decide on your concept vision.

"Do you want to cater everything and anything? Are you trying to have a very specific custom menu where you have options that you're giving people? How can you start with what you're offering?" says Melissa Johnson, Managing Director of Cameron Mitchell Premier Events. Is the demand high enough to support catering expansion?

Understanding that you're selling food for an event that may be months or years away and knowing how that's going to work for you is key, Johnson adds. And starting small, "not biting off more than you can chew," can help you craft all the necessary framework pieces.

"If you're going to go out, you've got to put your best foot forward, but you have to have your kitchen crew in top form because you're not going to be [at the restaurant] for hours," Ed Lee, co-founder of Wahoo's Fish Taco explains, "In case of fire, you're out catering, and you're not going back; your kitchen has to be humming perfectly."

Think deeply on whether your kitchen and staff are up to the tasks of extra orders, serving at events, and handling the restaurant without you during busy times. Lee says if you can operate a catering business well, it's profitable. But that means putting capital into trucks, equipment, a kitchen facility, staff, training, possibly a new point-of-sale (POS) system, and more. Is there funding available for catering, paying staff, uniforms, packaging, plating, and presentation?

Johnson says getting the food restaurant-quality ready to serve on time can be tough. Customers ask you to cater because they know your restaurant's brand, reputation, and signature items, but can you deliver quality that matches your restaurant?

"I always tell the younger restaurateurs...if you don't have your restaurant in order, you shouldn't do catering," says Lee, "Once you get that, then you can actually become more profitable based on the same square footage."

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2. Logistics

If you decide that catering's for you, tackling logistics is next. Because refrigerated trucks can cost more than \$200,000, and driving large vehicles has a learning curve, Johnson recommends starting out by renting box trucks. Learn how to load and unload them, and analyze how your team and food are prepared for travel, including overcoming elements like rain, snow, or humidity.

"How are you keeping everything at the proper temperature? Are you renting a refrigerated truck, or keeping some things on ice in coolers? What are you doing to make sure everything stays food safe as well as [maintaining] the integrity of the food itself?" explains Johnson. What works in a temperature-controlled restaurant may not function for catering.

When it comes to payment, is your restaurant's current POS system up to the task of expansion? While Moulin, a restaurant/bakery owned by Laurent Vrignaud, uses POSitouch for everything, Johnson utilizes Caterease for catering orders and Aloha in the restaurants. Lee uses one system for pre-orders and then Square for on-site sales. Whatever system you employ needs the capability to handle your catering operation.

With loading, unloading, processing, and order taking, restaurant owners need to invest time into training staff specifically for catering as well. How to pack, serve, set tables, refresh dishes, maintain food safety, dress, explain dishes, and deal with complaints are a few training tidbits to start with. At Cameron Mitchell, in addition to twice annual and pre-event meetings, they send a monthly newsletter with tips, recipes, accolades, and surveys to inform staff.

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3. Building Your Menu

"Start with what you think you do best because you can always add to it," explains Johnson, "Your menu doesn't mean it's the only thing you offer. It just means it's the first thing you're going to talk through with someone."

Experts agree showcasing dishes the restaurant does best is the top place to start for menu creation. At Moulin, Vrignaud caters for crowds including the Oscars and Grammys. Yet he only does cold dishes like sandwiches, salads, baked goods, and pastries because they travel well and showcase his restaurant's top delicacies.

"You might have to look at some of your signature items and think about if that [item] had to sit for a little bit longer...or if this [item] didn't get eaten right away, or if this [item] was in a temperature a little bit lower than at the restaurant, or [at a temperature] a little bit higher than the restaurant, how would I adapt this item?" says Johnson.

Lee built Wahoo's catering menu from restaurant favorites, but now does custom orders including high-end seafood and alcohol. "I always tell [owners] to have the basic menu the same as the restaurant, that way you're also marketing the fact that, 'Hey, if you come to the restaurant, this is what we're going to have,'" he explains.

4. Pricing and Costs

Although catering is profitable, the amount of profit comes down to pricing and costs. For Johnson, the best strategy is pricing per-line item so clients can easily customize the event to their budget and needs.

Lee takes a different approach by charging the same as the in-house menu plus an additional 15 percent to cover travel charges. And Vrignaud charges the same prices as in the restaurant multiplied by the number of people being served at the event. Doing the math early shows which

multiplied by the number of people he's serving at the event. Doing the math early shows which pricing model works with your business needs.

For costs, experts say to expect investing tens of thousands of dollars to over \$250,000 to get your catering off the ground. Johnson recommends starting small, "but you have to understand as it starts to get busier, or the restaurant's busy and the events start to get busy, you're vying for the same kitchen equipment, the same prep, the same prep people."

Cross-utilizing ingredients, staff, kitchen space, walk-ins, and trucks can help reduce costs, but owners should recognize that this is an investment venture. Set the margins to create more than 20 percent return on investment and monitor food costs, recommends Lee.

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5. Marketing and Promotions

Efforts for marketing your newly minted catering company can range from all digital implementations (website and social media), to signage at the restaurant and on menus. And promotions, such as seasonal specials, liking or sharing social media pages, or using a special hashtag, work well says Johnson.

Wahoo's Fish Taco has "marketing galore" including flyers and catering promotion on their website. Lee also recommends that restaurant owners consider giving out restaurant gift cards at events or other appropriate times to encourage potential catering customers to dine. This allows those who use the gift cards to sample cuisine, hopefully hire you for catering, and helps you avoid lost profit margin by discounting catering orders.

Word-of-mouth coupled with a strong social presence can also yield huge results. "Now, people take pictures...they take beautiful pictures of all their food, and then they eat it...they post pictures on Instagram, Facebook, they send it to their friends," says Vrignaud, "You'd be surprised at how many people walk in here with a picture on their iPhone going, 'This is what I want.' They don't know the name. They don't know what it is. They don't know what it tastes like. But a friend of theirs said, 'You've got to have that.'"

When is a Catering Venture Successful?

You'll know you're succeeding when you have a ton of inquires and the positive feedback is rolling in, explains Johnson. "I actually love it because if you're a for-profit caterer it's profitable, but at the same time you're connecting with your clients in ways that you never really could have in the restaurants," she says.

Catering Considerations

- ✓ Determine if catering is right for your restaurant
- ✓ Consider logistics, such as temperature control, order/payment processing and staff training
- ✓ Build a menu right for your operation
- ✓ Evaluate costs and set pricing, considering investment and incremental operational costs



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