

chapter

1

The World of Catering

CHAPTER OUTLINE

Typical Caterers You Will Deal With

Catering Staff You Will Get to Know

How Caterers Price Food and Beverage Events

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Creativity

SCAMPER

Which Caterer Is Right for You?





PROFESSIONAL ADVICE

A meeting planner noted that his boss is a great guy but doesn't seem to understand why food and beverage helps make a meeting successful and was looking for a resource to help explain this.

Patti mentioned that she didn't know of any resources per se but gave some arguments that could be used.

For instance, she noted that if you don't offer any food and beverage:

- Attendees may not be serviced in a timely manner at a hotel's food and beverage outlets (which most likely will be overwhelmed) and/or attendees may leave the hotel and be late getting back for following sessions.
- Planned functions, such as sit-down lunches or evening receptions, provide a relaxed environment for networking, sharing, and bonding.
- Upscale events and theme parties provide a pleasant experience that may encourage attendees to come back next year.
- If employers pay only for registration, hotel, and airfare, attendees are on their own for meals; if meals are not included in the registration fee, they may resent having to pay out-of-pocket.
- If meals are not included in the registration fee, some attendees may just sit in their hotel rooms because they don't have anyone to eat with.
- A hotel considers the value of your meeting to be the total amount of money you spend. The more you spend, the better position you are in to negotiate things like room rates, free parking, VIP amenity packages, and the like. It is difficult to document how much money your attendees are spending in the restaurants.
- Some attendees might want to eat on the cheap. Others may want a magnificent meal at the best restaurant in town. Either choice will reduce networking opportunities.

A colleague offering advice was succinct and to the point. He didn't know of any resources either but wondered if this boss had ever been to a meeting. If so, the boss would quickly realize that its success lives or dies on room temperature and chow. If you don't get those two creature comforts right, no one is going to learn anything because they'll be too busy complaining about how hungry/cold/thirsty/hot they are and will escape to somewhere where they will be comfortable.



CONTINUED

If you want to keep them in the sessions, you have to keep their bellies full, their thirst quenched, and their bodies comfortable. If you don't attend to those basics, you don't have attendees. As an example: He was at a luncheon recently where attendees were presented with awful cardboard-sandwich boxed lunches with too-salty no-fat chips and rock-hard apples. Half the attendees took one look at the offering and left to find something better, missing the business meeting and the luncheon speaker.

It's bad enough that we have to scratch and claw our way to the best possible food and beverage events; we also have to convince our employers and attendees that it's a worthwhile effort. Looks like we have a lot of work ahead of us.

Think back to the last meeting/convention you attended. Other than the business issues, what was the most common topic discussed? Chances are you were continually thinking about last night's dinner, today's breakfast, or what you were going to have for lunch. Food and beverage was your constant companion, just as it is for vacationers. If you were not talking about it, you were consuming it. Although the meetings and seminars are important, there's no denying that we all spend a lot of time and energy talking about where, when, and what we want to eat and drink.

Who doesn't like to eat and drink? When you plan a meeting, you want the food and beverages to be tasty and abundant. You want your attendees to leave feeling pleased that they were at the event. When you've got a big event to plan and hundreds of attendees are coming, the food and drinks need to be perfect. That's when you need to find an outstanding on-premise or off-premise caterer who offers excellent food, beverage, and service.

Banquets and receptions are both social and business events. People love to socialize and network. All aspects of a catered function are important, but it is reasonable to assume that the quality of the food, beverage, and service makes one of the deepest and most lasting impressions on attendees.

Every day thousands of business and social groups get together to enjoy each other's company and the variety of refreshments found at these gatherings. Groups generally prefer professionally prepared and served food and beverages. Having the event catered allows hosts to concentrate solely on



their personal, social, and business activities while simultaneously enjoying the events. And, as a bonus, they can leave the clean up to someone else.

Business catering includes such events as association conventions and meetings, civic meetings, corporate sales and stockholder meetings, recognition banquets, product launches, educational training sessions, seller-buyer entertaining, service awards banquets, and hospitality suites. It is estimated that business catering accounts for about 75% of all catering sales. This is due to the sheer volume of people served daily at meetings in catering facilities, where meals for thousands are produced regularly.

Caterers come in all sizes and shapes. There are caterers who can provide Japanese, Italian, French, Chinese, American, southwestern, and seafood. There are picnic caterers, kosher caterers, and barbecue caterers. Your options are endless.

Many localities have independent banquet halls, civic auditoriums, stadiums, arenas, ethnic social clubs, fraternal organizations, women's clubs, private city or country clubs, athletic clubs, hospitals, universities, libraries, executive dining rooms in office buildings or corporate headquarters, houses of worship, recreation rooms in large housing complexes, parks, museums, aquariums, and restaurants with private dining rooms. Some of these facilities are often more competitive than hotels or conference centers, as they have more flexible price structures due to their lower overhead expenses. Some are public facilities and are tax-exempt. Some of these facilities provide their own catering in-house; others are leased to and operated by contract foodservice companies that have exclusive contracts. Still others rent their facilities to off-premise caterers.

Caterers who strive for a competitive advantage would do well to emphasize consistent quality, which some caterers cannot offer. While it may be easy for most facilities to offer clients similar function space or meeting times, such is not the case with food and beverage.

Many meeting planners do not simply purchase a meal—they buy an experience. They buy fantasy. They buy fun, service, ambience, entertainment, and memories. Buying food and beverage is only one component of the fun and fantasy. Much of what caterers sell is intangible. Meeting planners cannot touch or feel an event beforehand. Caterers are selling something that has yet to be produced and delivered. It cannot be resold, restocked, or returned. People purchase what they “think” will happen. It's a gamble for them. They are understandably nervous and need to be reassured that they made the correct decision. Caterers must create a sense of trust with their clients.

Catering is a consumer-driven market, stimulated by clients who demand exceptional quality and excellent value for a reasonable price. Value is determined by the buyer, not the seller. Buyers' perceptions are sellers' realities. This means that the impression meeting planners have of a property's catering ability is their reality and will influence their buying decisions.

Most meeting planners comparison shop as much as they can when considering locations for their events. They make the best choice when they believe a facility is reliable, consistent, creative, and can execute the best-quality event consistent with what they are able to pay.

The catering staff must be able to take a meeting planner's vision of the function (including needs, wishes, purpose of the function, and budgetary constraints) and develop an event (through negotiations) consistent with this vision that the catering department can deliver effectively and efficiently. The planned catered event must meet the client's requirements.

Caterers who can satisfy clients and make them look good will enjoy several benefits. Referral business is an obvious benefit, as is repeat patronage. The fact that it is much harder and much more expensive to get new customers than it is to keep old ones cannot be overemphasized. Referral and repeat business lead to a profitable catering operation. They are critical to the life of the catering business. Other factors may initially attract clients, but food, beverage, and service are the key variables influencing return patronage.



TYPICAL CATERERS YOU WILL DEAL WITH

There are many catering options and many venues that can host catered events. Generally speaking, meeting planners will more than likely deal with five types of caterers when planning and booking events.

1. **Hotels.** Large hotels typically offer sleeping rooms, food and beverage service, exhibit space, and meeting rooms.
2. **Conference centers.** These properties have sleeping rooms and meeting rooms but no exhibit space. They also provide food and beverage service.
3. **Convention centers.** These facilities usually can provide a considerable variety of food and beverage catering options. However, they do not provide sleeping rooms. They provide exhibit space and meeting rooms, but not other amenities typically offered by large hotels and conference centers.
4. **Restaurants.** Many local restaurants have private space. However, they usually cannot accommodate large groups. Nevertheless, they are good choices if you are planning, say, a board of directors meeting the night before a convention opens at the hotel.
5. **Off-premise caterers.** These are caterers that service events held away from a host hotel or conference center. It could be a reception at a famous landmark, such as the *Queen Mary* in Long Beach, or a picnic at a local beach or park. Off-premise caterers and/or local restaurants may

also be contracted to provide specialized food and beverage service in a convention center, hotel, conference center, club, museum, you name it. In some cases, a local attraction, such as a winery, may have a banquet hall for rent but be unable to provide the food and beverage service. An off-premise caterer can be contracted to fill this void. If a meeting planner has a preferred off-premise caterer, he or she must ensure that the location will allow that firm on its property; many locations have “approved caterers” that must be used.



CATERING STAFF YOU WILL GET TO KNOW

All types of caterers require a variety of staff positions in order to operate effectively and efficiently. Meeting planners eventually interact with people in almost every staff position, although they interact more with some than with others. Figure 1.1 lists the typical positions needed to service clients in a large catering operation.

Director of catering (DOC). Assigns and oversees all functions; oversees all marketing efforts; interacts with clients and catering managers; coordinates with sales staff; and creates menus (in cooperation with the chef and/or beverage manager and/or food and beverage director).

Assistant catering director. Services accounts; helps with marketing.

Director of catering (DOC)	Banquet setup manager	Bar back
Assistant catering director	Assistant banquet manager	Sommelier
Catering manager	Scheduler/Diary Clerk	Houseman
Catering sales manager	Maître d'hôtel (floor manager)	Attendant
Catering sales representative	Captain	Clerical person
Convention/conference service manager (CSM)	Server	Engineer
Banquet service manager	Busperson (busser)	Cashier
	Food handler	Ticket taker
	Bartender	Security
		Room service manager

FIGURE 1.1 Catering staff positions.

Catering manager. Maintains client contacts; services accounts.

Catering sales manager. Oversees sales efforts; administers the sales office.

Catering sales representative. Involved only in selling; handles outside and/or inside sales. In some smaller facilities, this position, the catering manager, and the CSM are one and the same. In such cases, the rule seems to be "If you book it, you work it."

Convention/conference service manager. (CSM) Handles room setup in hotels, conference centers, and/or convention centers; sometimes handles catering for meetings and conventions.

Banquet service manager. Implements the director of catering's instructions; oversees room captains; supervises all functions in progress; staffs and schedules servers and bartenders; coordinates all support departments. He or she is the operations director, as opposed to a catering executive, who handles primarily the selling and planning chores, or the maître d'hôtel, who manages the floor during food and beverage functions.

Banquet setup manager. Supervises the banquet setup crew (housemen); orders tables, chairs, and other room equipment from storage; supervises teardown of events.

Assistant banquet manager. Reports to banquet manager; supervises table settings and décor placement. There may be two (or more) assistants; for example, there may be one for the day shift and one for the swing shift.

Scheduler. Sometimes referred to as a diary clerk. Enters bookings into the master log; oversees the timing of all functions and provides adequate turnover time; responsible for scheduling meeting rooms, reception areas, exhibit space, meal functions, beverage functions, and equipment requirements; keeps appropriate records to ensure against overbooking and double booking; responsible for communicating this information to all relevant departments.

Maître d'hôtel. Floor manager; in charge of all functions, service personnel and oversight of all service aspects on a single floor during meal and beverage functions.

Captain. In charge of service at meal functions; typically oversees all activity in a single function room, or a portion of it, during a meal; supervises servers.

Server. There are various types. The most common ones are food servers, cocktail servers, and baristas. Food servers deliver foods, wine, nonalcoholic beverages, and utensils to tables; clear tables; and attend to guest needs. Cocktail servers perform similar duties but concentrate on serving alcoholic beverages, usually at receptions. Baristas prepare various coffee and tea drinks to order, then hand them off to the other servers or serve them to guests personally.

Busperson (busser). Provides backup to servers; the primary responsibilities are to clear tables, restock side stands, empty waste receptacles, and serve ice water, rolls, butter, and condiments.

Food handler. There are various types and their titles vary. A person handling food for a banquet or other similar event may be referred to as a cook, line cook, assistant chef, sous chef, banquet cook, cold food chef, or food steward. He or she prepares finished food products noted on the banquet event order (BEO). Responsible for having them ready according to schedule.

Bartender. Concentrates on alcoholic beverage production and service. He or she may hand off finished drinks to other servers, or may serve them personally.

Bar back. Provides backup and assistance to bartenders; the primary responsibilities are to stock initially and replenish the bars with liquor, ice, glassware, and other supplies and to empty waste receptacles.

Sommelier. Wine steward; usually used only at extravagant events.

Houseman. Sometimes referred to as a porter or convention porter. Physically sets up and tears down rooms with risers, hardware, tables, chairs, and other necessary equipment.

Attendant. Refreshes meeting rooms, that is, does spot cleaning and waste removal during break periods and replenishes supplies, such as notepads, pencils, and water; responds to requests for service by the meeting planner or a member of his or her staff. For some functions, there may also be restroom attendants and/or cloakroom attendants.

Clerical person. Handles routine correspondence; types contracts and banquet event orders; handles and routes messages; distributes documents to relevant catering staff members and other departments involved with the event.

Engineer. Provides necessary utility services, such as setting up electrical panels for major exhibits; hangs banners and other signage; prepares special platforms and displays; sets up exhibits; maintains the catering department's furniture, fixtures, and equipment (FFE). May also handle audiovisual and lighting installation, teardown, and service.

Cashier. Collects cash at cash bars; sells drink tickets; may also sell meal, event, or concession tickets.

Ticket taker. Responsible for collecting tickets from attendees before they are allowed to enter a function.

Security. Primarily responsible for crowd control and attendee/employee safety. May also provide additional services, such as personal bodyguard for an event's high-profile speaker.

Room service manager. In large hotels, room service typically handles hospitality suites that are held in a hotel suite on a sleeping room floor.



The meeting planner works with the room service manager to plan the service for this type of function. Generally the catering department is involved only when selling the event and/or the hospitality suite is held in a public area.



HOW CATERERS PRICE FOOD AND BEVERAGE EVENTS

Caterers use three general types of pricing methods: the thirds method, the contribution margin (CM) method, and the multiplier method.

The thirds method is normally used to calculate a total price for a function that is planned from scratch; in other words, the meeting planner does not order off standardized menus but expects something unique. This pricing method is used primarily by properties that have only a few parties a year. For instance, it is commonly used by restaurants that have small, private party rooms. The main focus of their business is the regular restaurant, with private parties adding a little extra profit.

Large caterers, though, may use this method when responding to a meeting planner's request for proposal (RFP), particularly if the meeting planner is seeking something that is not part of the caterer's standardized offerings.

Large caterers that serve a great number of parties per year usually employ the contribution margin (CM) and multiplier methods. Catering represents a huge chunk of their business. They may or may not have restaurant outlets.

Thirds Method

The thirds method involves calculating a per-person price that covers three things equally:

1. Cost of food, beverage, and other supplies (such as napery, dance floor, etc.)
2. Cost of payroll to handle the function, plus overhead expenses needed to open the room (such as turning on the air conditioning units, etc.)
3. Profit

For instance, with a \$30.00 price per person, the caterer will have approximately \$20.00 to cover expenses, leaving a \$10.00 profit from each guest. The caterer will also add taxes and gratuities (or service charges) to this price. In Las Vegas, for example, the final price quoted to the meeting planner would be approximately \$37.72 [\$30.00 + \$2.32 sales tax



(7.75%) + \$5.40 gratuity (18%)]. Or, stated more commonly, the price quoted would be \$30.00 plus, plus.

Contribution Margin Method

The contribution margin (CM) method is a typical pricing method used by the large caterers. It is based on the belief that everything must make a profit.

It is too difficult for large caterers to build each party from scratch, so they must standardize quite a few things. In these cases, the CM method often is the best choice.

If a caterer offers prepriced, standardized catering options, he or she must be willing to standardize what the meeting planner can and cannot have. This may cause the caterer to refuse some business. Furthermore, the caterer must enforce other stipulations, such as the minimum number of attendees needed; in most cases, it is not cost effective for a caterer to open a room and tie it up for a small number of people.

A caterer cannot have any surprises when prepricing everything offered because the profit structure can take a big hit if he or she strays too far from the standard. The CM method works well only in a very predictable environment where the caterer has a great deal of control over what the people can have. He or she can adjust prices a little bit if they are very high to start with, although potential clients may avoid that caterer if they think the initial prices are out of line.

To use this method for, say, pricing individual menu items, the caterer must know as much as possible all the expenses associated with “opening the room,” apart from the types of menu items that will be ordered. Salaries and wages, utilities, paper products, and marketing are essentially fixed catering expenses. It is a good idea for caterers to calculate these types of expenses for a full year. It is also critical for them to keep these numbers up-to-date because the menu prices will be based on them. And caterers must keep in mind that once they set these prices, they may have to live with them for a while.

Then the caterer divides these total fixed expenses by the number of attendees expected for a year. This will provide a reasonable estimate of the amount of fixed expense per attendee. To this number, it is necessary to add the per-person cost for the food, beverage, and other variable costs (such as special napery) that comes with a particular catering menu option.

Once the caterer knows how much the total variable and fixed expense is per person, he or she then adds the desired profit margin to each menu option. This markup can be as high as 75%. Although this seems like a high markup, caterers who do a considerable amount of catering business have more unanticipated overhead (such as unforeseen commissions paid



to independent party planners who refer business to them). This markup also allows the caterer negotiating room; for instance, he or she can throw in a few extra party platters at no charge for a reception without taking a big hit to the bottom line. The markup also covers any last-minute surprises. For instance, given the large catering volume, there will be more complaints; caterers usually need to forgive part of the bill to rectify them. Caterers cannot do this if the profit margin is too low, but they can be very gracious if the profit margin is high enough to begin with.

Let's assume that a caterer determines that all fixed expenses average \$15.00 per attendee to put on a party. Also assume that the variable cost of food and beverage associated with a particular menu option is \$10.00 per person. The out-of-pocket costs are, therefore, \$25.00 per attendee. Add 75% profit markup, and the menu price becomes \$43.75 ($\25.00×1.75), say, \$45.00 plus, plus per person. If additional unique requests must be granted to meeting planners, and if they cost extra (e.g., charges for unique décor that is not part of the caterer's in-house inventory), they must be added in or included with the other variable costs before calculating the menu price.

Multiplier Method

The multiplier method is a version of the contribution margin method. Generally speaking, when pricing offerings, caterers calculate the variable cost needed to sell one of them. This variable cost is the basis for calculating the selling price. Once it is established, caterers then multiply it by a factor that usually varies from about 3 to 7 but can go higher.

For the typical caterer, the factor is related to the type of services, ambience, and so forth provided to attendees; the more expensive they are, the higher the factor will be. But the factor can also be independent of these variables; for instance, during the high season, even the most modest catering facility can command a high price. In the end, the factor, and hence the price, is influenced by the competition and what the market will bear. In all cases, it will be as high as possible. It will be especially expensive during the high seasons. During those time periods, the typical caterer practices what is sometimes referred to as "congestion pricing," i.e., price based on demand. High demand equals high price. To the typical caterer, there is no such thing as a price that is too high.

Let's assume that the variable cost for a bartender is \$45.00 for a four-hour shift. If the caterer multiplies it by a factor of 3, the price quoted to the meeting planner will be \$135.00 plus, plus.

This procedure is used to price everything the caterer offers. It is very similar to à la carte menu pricing in a restaurant. Some "value meals" will include a few offerings for one price, but most of the upgrades a meeting planner wants to purchase will be individually priced.

Is the Caterer's Profit Too High?

Many years ago, one of John's professors stated that you needed a mask and a gun in order to get into the catering business. That's a little harsh, but it reflects the sentiment of many catering clients when faced with catering options for the first time.

At first glance, the profit seems very high. Caterers usually can calculate optimal amounts of food, beverage, and other supplies, as well as staffing requirements because, unlike the typical restaurant, many events are very predictable. If, for instance, a caterer expects 100 attendees and will prepare for 105 attendees, he or she will order enough merchandise and schedule enough staff to prepare and serve 105 meals. There is no need to anticipate customer demand or timing of service, because these things are known beforehand. Furthermore, if the ingredients used for catered events are also used in other restaurant outlets in the facility, a caterer can even order a little extra safety stock and not worry about it going bad in storage.

But no matter which method is used, caterers are looking for, on average, a profit margin of approximately 33% (see the thirds method discussed earlier). This is about what they need in order to make a fair living. There are at least three reasons for this.

First, experience shows that catering's advantage over the typical restaurant may not be as large as it initially appears. For instance, even though caterers know what to expect, attendees are notorious for arriving late, leaving late, and/or requesting special attention at the last minute.

Second, unlike the typical restaurant that is open every day, caterers will have several dark days. Their expensive FFE and physical facilities lay dormant, taking up space but generating no profit—no return on investment. Consequently, caterers have to make a good profit on what they do sell in order to make up for this down time.

Third, with catering prices seemingly in the stratosphere, caterers are in a good negotiating position, mainly because they have something to give that the client will relate to very easily. For instance, if a conference's meal package is, say, \$85.00 plus, plus per person, after the meeting planner recovers from fainting, the caterer can comp the bartender charge to ease the pain and lower the package to, say, \$79.50 plus, plus per person. Another tactic is the caterer's willingness to offer discounts and/or comps if the event is held during a slow period.

Other Pricing Considerations

Pricing is a little bit of science blended with a whole lot of art. There are a lot of moving parts in the food and beverage business, lots of ways to make mistakes. And every detail is critical.



While catering may be a little more predictable than regular restaurant business, it is never easy. Here are some specific things caterers might use to tweak the three general pricing methods just discussed.

- **Revise prices.** When should prices be revised? It is difficult to commit to prices for the long term; if costs increase, it is not easy to revise them because some events are planned far into the future. Caterers may state in the contract that “If this meal were purchased today, the price would be \$25.00 plus, plus. At the time of your meeting, the price may be lower or higher depending on the Consumer Price Index (CPI) at that time.” Alternately, if the menu includes an item that can fluctuate wildly in price, such as fresh swordfish, the contract may stipulate that the current “market price” will be used to calculate the menu price for that item.
- **Consider what the competition is charging.** Most caterers are aware of what the competition is charging and either try to meet the competition or to distinguish themselves in such a way that they can demand more from the client. They recognize that price alone is not the only gauge meeting planners use when making a decision. Overall value is also very important.
- **Consider the total income from the event.** Most caterers look at the total income from the event and do not concentrate solely on the food and beverage portions.
- **Give a meeting planner a price break today** in order to establish a good relationship that may result in additional business later on.
- **Smaller catering businesses will generally revise their prices quickly** in order to cover all costs and earn a profit. If necessary, they will do this overnight; e.g., an off-premise caterer has no problem tacking on a fuel surcharge as soon as fuel charges escalate. However, please keep in mind that the volume-driven pricing method is not part of their vocabulary. (In the value-driven method, a company tries to maintain a high level of activity in order to protect and increase its customer base, even though at times it may necessitate lower prices in order to “fill the room.”) Large caterers seem to be more willing to negotiate this way, especially during the slow shoulder periods.
- **Smaller caterers also are not fans of tweaking their prices by using the reasonable pricing method.** (“If I were a customer, what would I be willing to pay for this meal?”); the loss-leader pricing method (the price covers at least the variable costs plus a little bit of profit; the caterer does not make the normal profit, however, he or she does not have any out-of-pocket expense); or the lost-leader pricing method (the price is even less than the loss-leader pricing method; it doesn’t even cover all of the variable expenses, thus the caterer has an out-of-pocket expense). Coupons and other similar forms of promotional materials are also not popular

with them, as they tend to place their facilities in the same category as dry cleaners.

- **Most caterers will not use the trial-and-error pricing method.** They don't have to; since the events are booked in advance, they are more predictable, and therefore easier to plan, execute, and control. Trial and error is much more common when you ask a restaurant to close its regular business one night so that you can book a party and take over the entire operation. In that case, the owner/operator who wants this business will come up with a very high price, much higher than the amount of total sales revenue that could be earned with the regular restaurant business, and if you don't blink, that's what you'll pay. If you have sticker shock, he or she may come down, but typically only a little bit.
- **Offer a level-pricing method.** This technique allows for comparison shopping. For instance, the caterer may show you a chart like this with many price options:

	Popular	Upscale	Value Based
Chicken per person	Picatta \$24.00	Oscar \$32.00	Dijon \$22.00
Staff	B team \$500.00	A team \$700.00	C team \$400.00
Linen	Color	Overlays	White
Chair rental	Stacking \$850.00	Ballroom \$1400.00	Padded \$600.00
Floral	Roses \$400.00	Orchids \$600.00	Carnations \$300.00
Music	Duo \$550.00	Trio \$750.00	Solo \$375.00

- **Offer a range-pricing method** when the meeting planner has a wide range of expected guests. For instance, this chart gives you an idea of the impact fluctuating guest counts can have on the total bill:

Prime Rib Dinner	Number of guests	Price per guest
	235 or less	\$29.75
	236–265	\$27.45
	266 and up	\$24.25

If the caterer uses a traditional restaurant pricing method, you might be quoted the same per-person price for the banquet whether 200 or 300



attendees are expected. This method works well for the caterer with the higher count but not as well if the count drops, because fixed costs are allocated over a smaller number of guests. So, if a price of \$24.25 per person was quoted based on 200 to 300 guests, and the final count came in at 208 guests, the caterer's revenue would be \$5,044.00 ($208 \times \24.25). Using range pricing, the caterer's revenues would be \$6,188.00 ($208 \times \29.75), permitting the caterer to pick up an additional \$1,144.00. This additional revenue is necessary because overhead expenses do not vary much; they would be about the same even if 200 to 250 attendees were served.

- **Sell at least some items "on consumption,"** that is, you pay only for what you consume or only for what you order, such as per gallon, per dozen, and so on. However, more and more caterers seem to be moving toward an all-or-nothing posture for some things that at one time were easier to purchase on consumption. They want to sell combinations of things, not let meeting planners cherry-pick. Selling combinations of desserts, say, will increase the caterer's profits; however, it could force you to purchase something you don't want.
- **Price certain combinations that include only the bare bones of an event.** They then move into the area of upgrades, because this is where they may make more than their normal profit. This situation can be very irritating if the meeting planner finds out at the last minute that this year he or she will have to pay a labor charge for, say, a restroom attendant, when this was included in the package purchased in previous years.
- **Add a gratuity or a service charge when calculating a food and beverage event's total price.** This charge is a percentage of the menu price(s) charged and typically runs approximately 18% to 19% of the total food and beverage bill (not including consumption taxes, such as sales taxes, cabaret taxes, entertainment taxes, luxury taxes, etc.). These charges are mandatory and don't seem to vary much from one caterer to another. A caterer may also tack on, say, a function room rental charge; this tends to occur when you don't meet the guaranteed number of attendees and/or the guaranteed amount of food and beverage sales revenue.
- **Not add tips to total prices.** A tip is a voluntary payment. If the service is exceptional, the meeting planner may want to leave tips (or other appropriate gifts) for some or all staff responsible for his or her function. Likewise, attendees may want to tip some staff, such as bartenders, servers, and baristas. A caterer may have a policy prohibiting tips for managerial staff but usually allows tip jars, unless the meeting planner has a problem with that. Usually, though, even if there is no tipping allowed, many attendees will tip anyway.



PROFESSIONAL ADVICE

"As long as we are discussing hotel fees: has anyone paid a service fee on a room rental? I just got a bill for a 21% service fee on a \$1,500.00 room rental. Setup was 100 chairs, theater style, so it couldn't have been simpler. Event was three hours long.

"I am speechless. Is this as egregious as I think it is, or am I missing something? Thanks for helping me get another perspective."

Christy Lamagna, CMP, CMM, CTSM
Strategic Meetings and Events

"I think you're right . . . it is outrageous. But before you write the check, see what your contract says about the room rental and whether it mentions a service fee to be imposed. If it doesn't, invoke Nancy Reagan's famous words and 'Just say NO!'"

James M. Goldberg
Goldberg & Associates, PLLC



CATERERS' OBJECTIVES

Generally speaking, the typical caterer is trying to achieve these objectives:

- Earn a fair profit, consistent with the amount of money invested in the catering business.
- Generate sufficient catering sales revenues to accomplish earning a fair profit, to cover all operating expenses, and to have enough money left over to reinvest in the business.
- Ensure customer satisfaction.
- Provide consistent quality and service.
- Convey a particular image.
- Develop a reputation for dependability, flexibility, and being the one who can solve problems.
- Stay on budget.



HOW CATERERS EVALUATE IF THEY ARE ACHIEVING THEIR OBJECTIVES

A caterer knows he or she is on the right track if the results of a sales analysis are favorable. When analyzing past sales performance, the typical caterer will consider some or all of these points:

- **Total sales revenue.** Monthly sales revenue totals are evaluated with an eye toward establishing trends. This helps ensure that marketing dollars are directed to the seasons with the most sales potential, based on market client conditions and any changes or trends noted.
- **Average sales revenue per function.** This statistic reveals the average productivity per function. If there is a consistent shortfall between the actual average sales revenue and the potential average sales revenue, marketing dollars can be devoted to reconciling this inequity.
- **Average sales revenue per type of function.** This figure indicates which functions carry the greatest sales potential; thus, marketing funds can be allocated appropriately.
- **Average attendee count per function.** Some functions have few attendees. Unless they are paying a large amount per person, a caterer may deem it more profitable to ignore them and concentrate on larger groups.
- **Average check.** This is the average per-person price charged for one attendee. It is a good measure of labor productivity. It also can reveal opportunities where marketing dollars can be spent in an effort to increase the average sales revenue per guest.
- **Average contribution margin (CM).** This is similar to the average check. The difference is that the average CM is the amount of money available from the average check *after* a caterer pays for the average variable costs, such as food, beverage, napery, and the like needed to serve one attendee. Most foodservice experts feel that the average CM per attendee is more important than the average check because it represents the amount of money left to cover all other expenses and a fair profit.
- **Number of functions.** A monthly analysis can indicate how well the facility manages and sells its available space. Trends will reveal where marketing dollars should be deployed; for instance, if February is a slow month, perhaps a slight change in the marketing plan can improve significantly sales revenue and profits during this time period.
- **Space utilization percentages.** This analysis can indicate periods of time where certain function space is underutilized. For example, if a particular meeting room is vacant almost every Wednesday and Thursday, some change in the marketing plan may be considered in order to increase business on those days.

- **Popularity of different types of functions.** These statistics can indicate the caterer's strengths and weaknesses.
- **Percentage of repeat business.** It takes more time, money, and effort to create a new customer than it does to retain an old one. Turning a customer into a repeat patron is a major challenge.
- **Percentage of referral business.** The caterer who receives a considerable percentage of referral business is obviously doing something right.



CREATIVITY

Planning food and beverage functions is an area where you will get to use your creativity and imagination (see Figure 1.2). Most caterers are creative people who love to work with creative clients. Although food and beverage production and service is somewhat mechanical and assembly-line oriented, a great deal involves many of the same things that artists would consider when planning their activities. We suppose that's why they call it culinary arts.

You will need to be creative if you intend to stay around a long time in the meeting planning business. And don't think that creativity is a useful asset only to those who want extravagant events and do not care about cost. It takes more creativity than we realize to plan and execute a highly successful event that is hampered by strict budget restrictions.

Caterers typically address people's five senses when exercising their creative skills. You should too.

1. **Sight.** You need to focus on color, decorations, lighting, and other visual elements to enhance the event.
2. **Smell.** The sense of smell is very powerful. It can evoke long-buried memories back to childhood. The words "scent" and "fragrance" generally are used to refer to the smell of flowers. The word "aroma" is more closely associated with food. "Odor" often is used for an unpleasant smell. The scent of flowers can dull the palate, so strongly scented flowers, such as tiger lilies, should not be used in the centerpiece or near the food. Incorporating sliced citrus or crushed cloves in the centerpiece gives the table an appetizing aroma. Who can resist the aroma of popcorn, or the aroma of Mrs. Field's cookies baking at the mall?
3. **Taste.** Humans detect taste with taste receptor cells that are clustered in taste buds. Each taste bud has a pore on the surface of the tongue that allows molecules and ions to reach the receptor cells. The primary tastes are salt, sour, sweet, bitter, and umami. Each meal should have something from each taste area. Taste drives appetite. We like the taste of sugar because our bodies crave carbohydrates. We get cravings for salt because



Create Your Own... Signature Dinner Buffet

Pricing based on 2 hours of service. Events with fewer than 50 guests will be subject to an additional \$100 preparation & labor charge. * Chef required at \$100 per chef

Tennessee Country Buffet 74

Georgia Vidalia Onion Soup
Herbed Croûtons & Parmesan Crisp
Deluxe Salad Bar with Five Toppings
Cheddar Cheese, Black Olives, Mushrooms,
Hard Cooked Eggs & Bell Peppers

Starters... Select Three

Country Sour Cream Potato Salad
Apple Wood Smoked Bacon
Cornbread & Asparagus Panzanella
Pineapple Cole Slaw
Balsamic Peppers & Creamy Vinegar Dressing
Black Eyed Pea Salad
with Country Ham
Tomato, Cucumber & Onion Salad
Marinated in Red Wine Vinaigrette
Spinach Salad
Red Radishes, Hard Cooked Eggs, Bacon,
Spicy Pecans & Vidalia Dressing

Entrées... Select Three

Roasted Free-Range Chicken
Apple Jack Daniel's Old Number 7 Glaze
Roasted Loaf of Pork
Coca-Cola-Lime Glaze & Onion Stew
Tender Beef Tenderloin Tips Braised in
Nashville's own Blackstone Beer
Served in a Country Cornbread Shell

Beef Tenderloin

Grilled Wild Mushrooms & Crispy Fried
Tobacco Onion
Sweet Peach Glazed Chicken Breast
Southern Grilled Peaches & Fried Spinach
Spiced Rubbed Catfish
Apple Wood Smoked Bacon &
Corn Compote

Desserts... Select Three

Southern Pecan Pie
Southern Style Deep Dish
Milk Chocolate Blackberry Jam Cake
A Tennessee Favorite!
Seasonal Fruit Cobbler
Harvest Fruits topped with Homemade
Streusel, Vanilla Wafer Crust
Dutch Apple Pie
Our Homemade Deep Dish Apple Pie
Strawberry Shortcake
Layers of Strawberries with Fresh
Whipped Cream & Light Sponge
Banana Pudding Cheesecake
Vanilla Wafer Crust



All Dinner Buffets include House-Baked Bread & Your Choice of Fresh Greens or Fried Green Tomatoes. Fully Loaded California Coffee & Decafinated Coffee, Iced Tea or Selection of Pudding Toppings. All Dinner Buffets are accompanied by Assorted Sodas & Mineral Water Charged Upon Consumption.

ALL PRICES ARE SUBJECT TO SERVICE CHARGE & APPLICABLE SALES TAX & SUBJECT TO CHANGE.
GAYLORD OPRYLAND RESORT & CONVENTION CENTER • 2800 OPRYLAND DRIVE • NASHVILLE, TN 37214 • 615-871-6800

FIGURE 1.2
Sample catering menu.
Courtesy of Gaylord
Opryland® Resort &
Convention Center.

we must have sodium chloride. We need protein, hence the newly recognized taste quality, umami, which is the meaty, savory taste that whets our appetite for amino acids. Umami has been known to the Japanese for a long while but has been accepted by the West only recently. Bacon really hits our umami receptors because it is a rich source of amino acids.

4. **Touch.** The skin is the largest sensory organ of the body. Skin is sensitive to texture, pressure, and temperature. We have the ability to discern between smooth, rough, hot, and cold. The fingertips have many nerve endings. For instance, fine linens, such as damasks, feel different from typical polyester napkins used by most caterers.
5. **Hearing.** A room without sound is considered “dead space.” Music fills a room and makes the space come alive. For example, Patti attended a New Orleans luncheon, and the lively sounds of New Orleans jazz had attendees dancing into the room. Sound effects can add to a theme. A tropical theme could have birds chirping and/or the sound of ocean waves crashing on the beach. However, you do not want the room to be too loud. While you can control some of what happens inside your room, such as the music, you can’t control everything. For instance, if the caterer has several functions booked into the facility, if you are placed in a particularly noisy area (such as the beginning of a long line of function rooms where attendees for other functions must pass by your room), or if a service corridor is not set up to minimize noise pollution, your attendees may be disappointed. Make sure that the caterer understands your needs and plans in advance to address your concerns adequately.



SCAMPER

SCAMPER is a brainstorming method that was created by Bob Eberle. It is an acronym for a creative process that helps you think of major or minor adjustments you can make to an existing product or service or to create a fresh, original version. SCAMPER is a tool for thinking strategically instead of limiting yourself to lateral thinking. Creativity is a process, not an accident.

Innovative thinkers and problem solvers often enjoy greater success and demand higher salaries. Anyone can learn to be creative. Just about everyone is born with creative ability; some have developed their talents to a greater degree.

Creativity is the ability to look at the ordinary and see the extraordinary. It is a matter of perspective. There is always more than one way to do something. And it is the knack of looking at the same information as everyone else and seeing something entirely different. Think of it as a puzzle that you have to piece together.

Everything new is some manipulation of something that already exists. So, to create something new, simply manipulate a subject in some manner. Just look at fashion; what is passé eventually comes back into vogue—with a twist.

When planning your next event, try incorporating some of these strategies:

- **Substitute.** How can you substitute the place, time, materials, or people? What different ingredients can you incorporate into a menu item? Can you bake a traditionally fried item?
- **Combine.** What materials, features, processes, people, products, or components can you combine to build synergy? What can you blend? An example would be fusion cuisine, which combines foods from different cultures. Or, by combining time and location, you can create themes, such as Italy in the 1500s, New York in the 1930s, or Paris in the 1940s.
- **Adapt.** What part of the product could you change? In exchange for what? What if you changed the characteristics of a component? For instance, is it possible to use a unique type of bread to create a more attractive club sandwich?
- **Modify/Minimize/Magnify.** What will happen if you distort or embellish a feature or component? What would happen if you modified the process? What if you changed the color? Can you make it bigger or smaller? Can you change the shape? For instance, some caterers will use stacked cupcakes on tiers to prepare and serve a birthday cake. The cake looks whole because of the way it is iced but can be portioned easily because of its unique presentation.
- **Put to other purposes.** Items created for one use may also serve other purposes. For example, a truss is normally used to hang lighting from a ceiling, but you could use a truss as part of your décor.
- **Eliminate.** What would happen if you removed a component or part of it? How else would you achieve the solution other than the usual way of doing it? Try simplifying something, reducing it to its core functionality. This is one of the strategies used when offering different types of food bars. You eliminate some of the service, allowing attendees to serve themselves. By becoming more actively involved with the event, their interest and pleasure is enhanced and the event becomes more memorable.
- **Rearrange/Reverse.** Movie director Quentin Tarantino once remarked that even though a film needs a beginning, middle, and an end, they did not need to be presented in that order. What if you reverse the order or the way something is used? What if you turned it inside out or upside down? For example, what if you made awards announcements at the beginning of a meal function instead of at the end or in the middle? The awardees can bask in the spotlight much longer. And attendees may appreciate the fact that they can leave a bit early without feeling guilty.



WHICH CATERER IS RIGHT FOR YOU?

Meeting planners must expend a lot of thought and hard work before picking a caterer, at least before selecting someone with whom they have never dealt before. Don't be lazy. Do your homework. Interview caterers before you will need them and develop a list of approved caterers, much the same way a company's purchasing director develops an approved supplier list.

Here are some of the major questions that a caterer should answer satisfactorily. If he or she leaves any doubt in your mind, take a pass.

- Does the caterer understand my needs?
- Are the caterer's facility and staff large enough to handle my event?
- Does the caterer show a willingness to ease my concerns?
- Will the food and beverage be good?
- Will there be an adequate amount of food and beverage, or is there a good possibility of stockouts?
- Will the service staff be courteous and attentive? Will they be able to communicate with attendees?
- How much is this going to cost?
- Are there any hidden costs?
- What happens if something needs to be changed at the last minute?
- Will the caterer personally supervise my event?
- Is it permissible to contact the caterer's current customer(s)?



PROFESSIONAL ADVICE

"Whenever I attend an event, particularly one attended by our colleagues and other industry professionals, I always look at it as a site inspection and ask myself, If this is how we are treated during the engagement, how will they be treated during the marriage? Recently I posted an article on Maximizing Your Returns on Site Inspections & Familiarization Trips. I start by saying 'If I ran my meetings the way they ran this site inspection, I'd be discharged.' I am sure many of you would be fired too. There is no excuse for the F&B problems experienced by attendees identified in earlier posts, especially if it is a recurring problem.



CONTINUED

"It's very disappointing when a high-profile industry event, which to me is similar to an All-Star or championship game in sports, appears to be managed by people who do things in an unprofessional manner. Hopefully, this will be a wakeup call for future events."

Harvey Paul Davidson, CHME, CMP Emeritus
www.adhoccommittee.org



PROFESSIONAL ADVICE

"Blessed are the meeting professionals, for they field idiotic questions from valued conference attendees."

"When I first arrive at an event, I like to roam the halls and get a feel for the group before giving my speech. Invariably, I witness staff members gritting their teeth as they listen to queries such as 'Which is cheaper, the early bird or on-site registration?' 'Are the exhibits in the expo hall?' 'Is the general session for everybody?' 'Is the cash bar free?' and the ever-popular, 'What do you mean, I needed to request my low-fat, non-dairy, no-sodium, vegetarian meal in advance?'"

"Why is it that otherwise intelligent people catch a case of the 'stupid' when they show up at a meeting? I guess it's just easier to ask where the breakout rooms are than to read the prominent sign that says 'Breakout Rooms This Way'."

Todd Hunt
www.toddhuntspeaker.com



CHAPTER SUMMARY

This chapter gives the reader some sense of the type of world occupied by caterers. Specifically, these major topics were addressed:

- The five typical types of caterers you will deal with
- Catering staff members you will encounter
- Typical pricing procedures caterers employ as well as several pricing considerations they have to resolve
- Caterers' typical objectives they seek to achieve
- How caterers track how well they are achieving their objectives
- Questions you should ask potential caterers when trying to decide which one is right for you

REVIEW QUESTIONS

1. What is the difference between a conference center and a convention center?
2. What is the difference between a conference center and a hotel?
3. What are the banquet manager's major duties?
4. Briefly describe how the multiplier pricing method is used.
5. When using the contribution margin (CM) pricing method, the caterer usually must standardize the menu items and services offered to clients. Why is this necessary?
6. What is the difference between a loss leader and a lost leader?
7. Briefly describe the level pricing method.
8. How do you calculate the average check?
9. What is the difference between the average check and the average contribution margin (CM)?
10. What does the acronym SCAMPER stand for?