

9 Things You Should Do Today To Grow Your Catering Business

For multi-unit QSR and fast casual restaurant chains, catering is not just ‘an **attractive revenue stream**’; it is a must-have business strategy for survival, if not growth. Doing it right takes a **great deal more than saying ‘We Cater’** on your website and on your table cards. In this white paper, Erle Dardick, former deli & catering operator and current CEO of MonkeyMedia Software, explores what it takes to develop a successful catering operation, from sales and marketing through to execution and A/R. This is the first in a series of white papers on catering best practices, and serves as an overview of the main operational areas discussed in further detail in other papers.

There should be no doubt that catering represents a tremendous revenue opportunity for multi-unit restaurant chains. In a recent story published in *USA Today*, Technomic, a restaurant industry research firm, valued the US catering segment at \$33 billionⁱ. While this has traditionally been the domain of independent full-service caterers, the current trend points clearly to a shift to restaurant-based catering, for both corporate and personal businessⁱⁱ.

Done right, catering can add a significant revenue stream to your restaurant concept. In fact, depending on the segment you're in, catering can grow to represent as much as 30-45% of your total sales, as it does for many locations at Einstein Bros. Bagels.

But what does 'Done right' mean? The answer is all-encompassing, from menu to sales, production to delivery, and all the fine points in between. On these fronts, catering is very different from your traditional in-store business.

This white paper guides you through the various elements you'll need to consider to make catering work for your operation. We'll start by looking at the order flow, then move to production, and then we'll cover sales and promotion.

Catering can represent as much as 45% of total sales.

Order management

Taking the catering order might seem like the easy part. Compared to production, it is, but the order process is still very different from table or counter service. For starters,

many catering orders are often business-to-business – that is, they're coming from a nearby office or a local pharmaceutical rep, and they're going to feed a business group, not a soccer team. Why does this matter? Business-to-business transactions are by definition more formal, and can command a higher degree of customer loyalty. What's more, they're often larger in size and value, and should be recognized as such. This means that the staff you use in-store to greet table service or take-out customers requires different training for handling corporate customers. What's more, your in-store staff is more than likely too busy with walk-in traffic to be able to deal efficiently with phone or online orders.

Best Practice #1: Use a dedicated customer service team to handle order-taking

The mandate for this team (it might be one person if you're small) is to own the catering business. All catering orders should funnel through this team for consistent handling and execution. The logic is the same as is used in your restaurant already: you are more efficient and more productive if you have different teams serving customers than you do preparing the food in the kitchen. Since catering orders come to you in advance, are typically corporate, and can change frequently right up until delivery, you need to have a team specialized in this domain. If you run a multi-unit operation, you can achieve economies of scale by centralizing catering order management at a call center, which leads us to the next best practice.

Best practice #2: Offer your customers multiple ways of placing orders with you

Make it easy for your customers to place orders by offering them multiple ways of

doing so. Provide a central phone number and fax number so your store managers don't have to deal with catering; if you want to offer in-store service, hire a dedicated catering manager whose sole purpose in life is to support your catering business; allow customers to place orders online and manage their accounts (more on this later). By covering these options, you are more likely to appeal to a wider range of catering customers, ranging from the highly self-sufficient to the ones that need help. Along the way, do what you can to maximize ticket value, as per the next best practice.

Best practice #3: Make use of revenue-building tools to increase sales

Your counter- or table-service staff is well trained to achieve maximum ticket value through suggestive selling; your catering team should do the same. Whether by phone or online, make sure you train your team and give them the tools they need to up-sell your customers. It can be as simple as suggesting dessert when none are ordered, to making it easier for people to place group orders individually. You would be surprised to hear how many customers forget to order drinks with a lunch service; offering them up not only increases your sales, but it rescues the customer from a significant oversight. They'll thank you for it.

Production

Now that you're an expert in taking orders efficiently and maximizing their value, things get a little more complicated. Think about this: your kitchen is designed and your staff trained to work in a fast-paced, ad-hoc environment where you never know who's going to walk in the door when, or what they're going to order. With catering, you have the benefit of receiving the order a day

in advance or more. That means you know exactly what you need to prepare in advance. Some simple reconfiguring of your make-lines or routing orders to a dedicated catering kitchen opens up the possibility for tremendous improvements to efficiency and productivity. It all starts with the menu.

Best practice #4: Offer a dedicated catering menu

What sells well in-store may not work off-site. Ever tried waiting 15 minutes before digging into a bag of French fries? Not the experience you want your customers to have. Depending on your concept and menu style, you may have to come up with a different set of options for catering. Not only that, but you need to consider the format as well – selling platters of sandwiches and soup for 5 not only lets you prepare more efficiently, it also cuts down on packaging. It takes some tweaking, but coming up with a special menu and format for catering will go a long way to making you more profitable, and to ensuring a more positive customer experience.

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Best practice #5: Take advantage of economies of scale

It's a necessary evil of in-store dining to make one meal at a time. By contrast, on the catering side, you are given the opportunity to mass-produce, because you know in advance what you have to make. It

goes without saying that it's quicker and more cost-effective to make 27 turkey BLT wraps all at once than it is to make them one at a time, order by order. With the proper management systems in place, you should be able to work off aggregated production sheets, station by station. For example, you can stage all your paper products and condiments the night before, build all your sandwich platters in the morning, and then package them all up for delivery later that day. You'll have less food waste, your team will work more efficiently, and you'll be quicker and more nimble to handle the unpredictable in-store business.

Take every opportunity you have to remind your customers that you cater.

Promotion

Promotion and sales are critical elements of a catering program – no amount of kitchen efficiency will be worth a penny unless you're bringing in the orders. Take these vital steps to ensure your catering program will succeed.

Best practice #6: Train your in-store team to recognize catering opportunities

Even though you maintain a separate staff for generating catering sales, your in-store staff can play a key role in driving business. Train them to recognize the business types that come in for lunch, whether individually or in small groups, and get them to push catering for the next office party or sales meeting. Take business cards from them and pass them along to the catering sales team. When your drivers or walkers are out

dropping off orders, have them gather leads from the company next door or on other floors in the building (when they have time, of course). It's easy to incentivize these teams by offering them cash for the leads they bring in. Why not put them to work for catering and make it worth their while?

Best practice #7: Promote catering in-store

As with the previous best practice, there is a lot you can do in-store to promote your catering program. Whether through your digital signage, tent cards, posters or POS receipt messages, take every opportunity you have to remind your walk-in customers that you can cater their next office get-together. If you're not already doing so, collect business cards and use your mailing list to promote catering to existing customers virtually for free. These are just some examples of the easy things you can do to build catering sales outside of your dedicated marketing efforts.

Best practice #8: Conduct outbound sales and marketing

One of the most successful promotional ideas we've seen is dropping off samples of food at companies whose business you are seeking. Of course everyone loves a free lunch! And what better way to get both your brand and your product out in front of new customers. There are other ways of generating business: use your inbound customer service team as an outbound telemarketing team when they're not busy taking orders; have your drivers drop off flyers and menus (with traceable promotions) in office buildings and industrial parks nearby; constantly yet tactfully run e-marketing campaigns to your customer database (you have one, don't you?) to maintain share of mind and keep them

abreast of new programs and menu offerings. Basically, don't wait for orders to come to you, go out and ask for them!

Best practice #9: Build customer loyalty

It goes without saying that your current customers are your single greatest source of new business, and the least expensive to acquire. Are you doing all you can to earn their loyalty? Keep them coming back by using customized loyalty programs and sending them personalized offers and

incentives. Deliver exceptional service, from order taking through to delivery and follow-up. For example, your sales system should enable access to your customers' transaction history and should also allow you to log customer service incidents so your call center team is always up to speed. On the service side, how easy do you make it for them to figure out whose box lunch is who's when there are 25 people sitting in the boardroom? Sounds simple, but it's often the little things that engender loyalty.

Summary

Done right, catering can represent a substantial revenue stream for your restaurant chain. If you leverage your brand, tweak your menu a little, and apply dedicated resources to Sales and Customer Service, you can build an efficient and profitable catering operation that will earn you a piece of the \$33 billion catering industry. It takes more than a marketing campaign and a website to do catering right; like every part of your business, from purchasing to staff training, you need to have a focused, detailed strategy and you need to execute meticulously against it, learning as you go. Hopefully, this white paper has given you some food for thought.

For more ideas on how to execute catering at your multi-unit QSR or fast casual restaurant chain, visit www.seriouscatering.com.

About MonkeyMedia Software

[MonkeyMedia Software](http://www.monkeymediasoftware.com) specializes in web-based operations solutions for fast casual and QSR catering and delivery, and food manufacturing. The company's applications are meticulously designed to fit the way you work – whether you're a small business, a medium-sized regional company, or a national operator with stores coast-to-coast. With strong roots in catering and food production and a flexible, scalable web-based platform, MonkeyMedia Software delivers enterprise-class management solutions that enhance visibility and control, and drive sales and profitability. [MonkeyMedia Software solutions](#) provide a complete front-to-back system to manage sales, production and supply chain, powerful reporting for real-time visibility and results-based decision-making, and easy integration with other operational platforms.

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Endnotes

ⁱ "Subway, Other Restaurants Try Catering to Boost Sales," *USA Today*, December 24, 2009: http://www.usatoday.com/money/industries/food/2009-12-23-catering-restaurants_N.htm

ⁱⁱ "Catering to Change," *QSRmagazine.com*, November 2009: <http://www.qsrmagazine.com/articles/operations/134/catering-1.phtml>