

# **CATERING - THE ROAD TO RICHES OR RUIN?**

Cafes are rather like good exhibitions – the best have real passion, plus good organisation, to come alive and make money. The downside is that cafes are not static exhibits – food goes off, labour costs can ruin your budget and customers rightly don't appreciate queues, poor quality food, dirty tables or service without a smile.

A day out 'experience' is not complete without some food and drink. Smart coffee bars are well established in bookshops, garden centres, leisure attractions and department stores. Museums need to keep up – they have to consider providing what the customer wants; catering is now wherever people congregate and there is no better location than a busy museum or one that has a good location and has the right design and feel. Don't worry, an eclectic mix of furniture and decor works well!

Catering is a great business with healthy margins, lots of feel good factor and a real capacity for creating a distinctive product. Quality food, drink and service can be a huge 'pull' factor complementing, if not rivalling, the best of exhibits. There is no doubt a good cafe can dramatically increase museum footfall.



The range of catering options is large. Coffee kiosks, self-service cafes, assisted service coffee shops and full service restaurants are just some of the possibilities. Then you need to decide kitchen, no kitchen or the halfway house of a food preparation area with a simple contact grill. We find that an assisted service cafe with a simple kitchen is what suits most small museums. Be careful with the investment in catering and display equipment; we see too many cafes that have over- invested or not bought the appropriate equipment.

Let's explore the business case. Museums that are highly seasonal or have generally low levels of visitors are going to find it hard to justify a catering business that incurs substantial staff salaries and potential food wastage costs.

In simple terms, expect a cafe to take £1.50 to £3 per museum visitor and if a coffee shop is not taking six figures, you don't have much of a catering business. The mathematics are simple – at least 30% of the sales will be needed for the cost of food and drinks, another 35% on staff costs and 10% for other direct costs. More generous labour rates, overtime payments and pension benefits can make staff costs spiral. Catering is rarely the path to riches unless occupancies are good and control rigorous.

Therefore, you should have an expectation of a turnover in excess of £100,000 to be thinking of venturing into the new business of catering and turning a profit. The exception, and there are some great ones, will be where the cafe is a destination in its own right but then the success criteria will focus on the cafe's location and visibility. Further exceptions are where largely volunteer labour is used to keep labour costs in check or where you can genuinely operate with only one member of staff.

There are small seemingly successful cafes ensuring their turnover does not exceed the VAT threshold (£85,000 in 2021/2). Eyes open is the cry as the operator may not always be recording all the sales (a cash only policy is a frequent give away) and payments to staff and suppliers may be 'in hand'. Catering is a favourite target of HM Revenue & Customs and no museum wants to lose their cafe and staff overnight.

#### **OBJECTIVES**



Making money whilst pleasing customers is obvious but many museums want to increase their overall appeal, visitor numbers and repeat trade by offering a better visitor experience of which good catering is a vital ingredient.

You may want to put your museum on the map. You might simply want to make more money by servicing the large numbers of people who already visit your site. In summary, it's not always about bottom line profit.

Understanding your objectives, and ensuring they are realistic, is an excellent starting point.

#### **FIRST STEPS**

100 square metres is about the smallest space requirement for a servery/open kitchen, store and 40 person seating area unless a take-away kiosk unit is appropriate. Electricity, drinking water, hot water, drainage and ventilation are essential.

The caterer will always want a highly visible, accessible location near the front of the building to maximise sales. Natural light, some sort of view and summer outside seating all make a substantial difference. Don't be surprised if sales

are poor when you have hidden the cafe in a corner with only artificial light and the dining experience of a broom cupboard. As with the museum itself, catering is about location.

Planning permission is likely to be required and if a premises license to sell liquor is wanted (useful for promoting Christmas parties and private functions) there will be all sorts of plans and approvals to obtain - police, fire and environmental health. You will need to register the food premises with your local council.

There are specialist catering consultants who can help with the process but ensure they are, like ourselves, truly independent of equipment suppliers. Expect to pay a fee and reckon on them saving you both time and money.



### **AMBIANCE AND DESIGN**

Cafes start with imagination, not catering skills. They are about the total offer, not about providing refreshments as an end in itself. Think of your cafe as theatre and an experience and not just a place to eat and drink. The design and feel of the seating and counter area has become more and more important and injecting humour, quirkiness and a point of difference have become key objectives.

Natural materials, upcycled items and that lived-in comfortable look are the current fashion - check out eBay and antique shops. One good bit of advice is that 'everything should say something' be it the staff uniform, cutlery, light fittings or chairs.

Surprise, surprise, the menu is the best starting point. Does the museum director have dreams of a destination restaurant? Is a local artisan going to home produce all the food? Are the customers happy with tea and a bun? Professional planning of the servery, kitchen, store and equipment can only start when the scope of the menu is established.

The beauty of a traditional cafe is that it can be designed to be customer friendly and cost effective in terms of labour costs and skills. Self-service of as many items as possible is the key. Why should your costly staff be dispensing cold drinks when a refrigerated self-service display will do the job much more effectively?

Cold savoury food revolves around filled sandwiches and baguettes. Life starts to get more challenging with the provision of hot food. Soup is an easy win and jacket potatoes and toasted sandwiches/panini remain popular. Hot food brings up the question of whether a 'customer waiting' system (using numbers, flags, wooden spoons or modern paging technology) is needed to avoid the queue becoming unmanageable or whether you offer a limited range of hot food 'to go'.



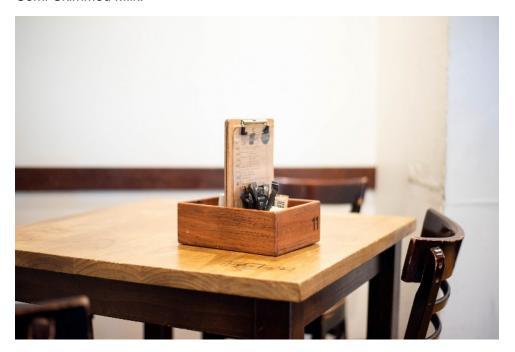
More complicated hot food may take you into the realm of needing trained cooks, expensive equipment, extract ventilation and more complexity. The food menu will allow you to specify the correct amount of equipment in the least amount of space and enable the utility requirements to be correctly sized.

Chefs with passion and commitment are rare indeed and all too often the ambitions and dreams of the cafe champion are not matched by who can be found to staff the kitchen on a consistent basis. Menus need to be planned to offer choice (vegan food is now mainstream) but not so much that quality, speed of production or profitability suffers.

Cakes and traybakes are central to most cafes as they provide a selling opportunity mid-morning and mid-afternoon as well as at lunchtime. Customers buy with their eyes and good display (just as with your exhibits) is vital. Cream cakes will need refrigerated display but don't chill the remainder of the cakes to death - the starch in cakes appreciates ambient/room temperature storage. Home-produced scones, particularly those baked on a daily basis, are highly popular and profitable. Local suppliers of cakes can be a real plus but do carry out and record a risk assessment of how they are produced and stored.

Protective film (but never cling film and preferably not those cloudy plastic domes) may be required to protect the food but try to ensure presentation is as innovative, imaginative and appealing as the displays in the rest of the museum. As display professionals you really can provide some inspirational merchandising advice to the catering industry.

Most catering outlets now have quality espresso coffee equipment that avoids the powder and concentrate systems of old. Espresso is somewhat of a misnomer in the UK since we favour milky drinks such as cappuccino and cafe latte so make sure the coffee machine copes with a high volume of refrigerated milk storage, heating and dispense. Automatic bean to cup machines, but with a manual steam arm, allow you to produce consistently good coffee and cope with the busy times. A choice of milks is needed; for instance Costa offer seven milk and milk alternatives: Whole Milk, Semi-Skimmed Milk, Skimmed Milk, Soya, Coconut, Almond Drink and Lactofree Semi-Skimmed Milk.



The cold drink menu will allow the correct sizing of a refrigerated self-service display cabinet. Freshly squeezed orange juice is a winner although just beware of the cleaning implications of the 'squeeze-on-demand' machines. We tend to recommend bottled soft drinks rather than the great margin, post mix/syrup system on the grounds of better quality and flexibility. However environmental impact considerations are seeing cans and glass bottles very much back in favour.

We believe selling confectionary is an admission of the caterer's failure to provide interesting high margin cakes and pastries. Just calculate the margin and cash profit on a 75p Mars bar (less than 20p) and how much on a £2 brownie (more than 80p).

You should be aware of the appeal of locally sourced products. In addition, are we looking after all the expected special interest customer groups - babies, toddlers, children, gluten free, vegan and lactose intolerant - with appropriate menu offers?

Consumer concerns need to be taken into account and whilst knowing the 14 allergens is now a legal requirement, the sensible catering manager will keep abreast of the issues of additives, non sustainable food stocks (such as certain fish), calories and fair trade issues.

Catering quality has often been a shorthand for the cheapest and there is no secret to cheap food. Adulterated, extended, water added, machine recovered, sugared, breadcrumbed, battery farmed - we know (and the customers know) the tricks. Unlike supermarkets that can sell a range of fish pies from budget to finest, cafes realistically have to select one standard. The issue is not that cafes can get away with selling low quality food; it is that better quality food can command a higher selling price and reflect the museum's overall quality standing.

Above all, exercise discipline with the menu. It should not indulge a chef's fancy or be salesman-led. It is not a retail shop where extensive choice is good - a vast range of similar products leads to customer confusion and slow cafe counter service speeds. The menu can stay the same for extensive periods supplemented by seasonal items e.g. Christmas - as it is rare that a museum has repeat visitors on even a weekly basis. Menu discipline should lead to the tasting of all products prior to their appearing on the menu. The objective is greater consistency and higher quality.

## **Cafe Food Categories**

Sandwiches, Baguettes, Wraps and Baps

Toasted Sandwiches / Panini
Jacket Potatoes
Salads
Crisps
Hot Food including vegan
Cakes and Traybakes including gluten free
Biscuits, Cookies & Flapjacks
Pastries and Scones
Home-baked Items
Ice Cream
Hot Drinks - Coffee, Tea, Chocolate
Cold Drinks - Juices, Smoothies, Waters, Cola
Child Offer
Condiments and Preserves

### LAYOUT AND EQUIPMENT

Having worked out the cafe location and menu you can now sketch out the ideal customer flow, servery and kitchen staff work flow and equipment listing. This is often the time to involve a kitchen designer and/or equipment supplier but make sure they have a specific knowledge of cafe operations.

Common mistakes at this stage include having just one long counter in a busy cafe (queues build up for the hot food and those just wanting a coffee and cake have to tediously wait in line) and including items such as salad bars that have notoriously slow self-service times. Good design in larger premises can feature a number of separate food counters, a large element of self-service (including hot drinks) and really appetising presentation.

You should be aware of the trend for 'contact grill/ultra fast oven kitchens' where one piece of equipment is all that is used to cook a wide variety of panini, breakfast and short order grill items. The full kitchen fit-out of old is fast becoming an unnecessary expense. Gas hobs with an oven underneath are last century. Induction hobs are commonplace and it is worth spending money on the three pieces of equipment that do all the work: the coffee machine, combi-oven and dishwasher.

Two excellent items of equipment are the small bake-off oven located on the servery back counter (for that tantalising aroma of fresh scones) and the expensive, but ultra-fast, high speed panini grill or turbo oven. Mechanical extract ventilation and fire suppression equipment will certainly be needed if deep fat fryers are involved and may be needed, in any event, to keep kitchen temperatures tolerable and allow equipment such as fridges to operate effectively.

A larger kitchen with plans to cost-effectively batch produce food will need to install a blast freezer; leaving food to cool down in a hot kitchen is not a good idea.

### **Cafe Typical Equipment**

Servery counter/table
Non-refrigerated counter space for cake display
Coffee machine - automatic or semi-automatic
Instant hot water unit
Soup kettle
Contact grill
Jacket potato oven
Refrigerators and Freezers
Combi (bake off) oven
Induction Hob
Microwave oven
Hot display unit
Multideck refrigerated drinks unit
Menu board for those items not on display
Dishwasher

Recruitment is invariably difficult and particularly more than you may have found on the museum side of your business. No evenings are a plus to catering staff but the seven day/weekend shifts has its drawbacks.

The Manager is a key appointment and their success will be demonstrated by correctly priced quality food, little wastage, safe working practices and a happy, cost effective staff.

Most cafes use competent home cooks and avoid the difficulty and expense of recruiting chefs. The quality of bought-in items gets ever better, and whilst 'home cooked' is a terrific selling point, the reality is that the baking and culinary skill set is hard to come by.

Basic food hygiene training for all staff is essential. The law and your reputation demand that your staff have good personal hygiene and follow safe food practices. You would be well advised to have a specialist catering induction as well as your standard museum programme.

A very few cafes operate solely on volunteers but their involvement is rare. Baking and clearing tables may attract some volunteer help but there is almost always a need for full-time, paid cafe management.

Covering long opening hours has a serious implication for cafe labour costs and a worthwhile footfall plus control of rotas is vital if the cafe is going to stand any chance of making a profit. If labour costs are eating up more than 40% of your sales ex VAT, you are mismanaging or in trouble or both.



## **CONTRACTING OUT**

There is no absolute right or wrong to the in house/contract out debate - successful (and disastrous) examples of both exist. If you or one of your senior staff is passionate about food, prepared to champion the cafe, taste food before it appears on the menu and take responsibility for its success or failure then run the cafe yourself. You are well used to managing risk, employing staff and will surely have the common sense to learn the black art of catering.

If your catering operation is of sufficient size (probably £200,000 sales p.a. or more) you may want to consider asking a specialist caterer to run it for you on a concession basis. This is already a popular route for museums to consider given the specialist management, improved buying power and attractive concession fees available.

The only advice we would always give is make sure you have professional input before contracting out. Signing up to 'profit sharing' and apparently high concession percentages with long contracts can come back to haunt you. Understand the implications of asking contract caterers to supply equipment or capital; the cost will only be passed onto you by way of a lower concession rate or longer term agreement and there truly is no such thing as a free lunch!

Professional quarterly auditing of catering operations is a good idea whoever is the caterer so that you can be reassured that sales and customer satisfaction are being maximised.

#### **LEGISLATION**

You must be aware of the latest Food Hygiene (England) Regulations 2006 and their implications. Prosecutions do arise from catering premise owner/operators failing to demonstrate 'due diligence' that they have operated safe systems of work. The Food Hygiene Ratings Scheme means that your hygiene 'score' is public knowledge so beware.

The Food Standards Agency <a href="https://www.food.gov.uk">www.food.gov.uk</a> publishes helpful free booklets including:

- Starting Up: Your first steps to running a catering business
- Safer Food, Better Business

#### **Key Food Safety Issues**

Allergens - knowing what you buy, prepare and sell
Cleaning - scheduling
Cooking - heating to specific temperatures
Chilling - temperature recording
Cross-contamination - separating, covering and dating food

Other relevant legislation includes Food Premise Registration (EC Regulation 852/2004 (Article 6(2)), Price Marking (Food and Drink Services) Order 2003 and Health and Safety at Work Act.

A HACCP (Hazard Analysis and Critical Control Point) system of food safety management should be put in place with documented records and regularly monitored by a specialist independent consultant.

You should also check that COSHH (Control of Substances Hazardous to Health) regulations are being observed with cleaning chemicals and their storage in the cafe and kitchen area.

# **MERCHANDISING**

The display skills so evident in most modern museums can be used to excellent effect in the cafe. Good signage, bold offers, meal deals, informative ticketing, 'new' products and tiered displays should all be employed.

CHECKLIST

A management checklist would include:

- Legible menus and merchandising tickets
- No undue queuing times
- Fresh appearance and quality of food
- Well turned out, smiling staff
- Safe and hygienic food practices
- Being allergen aware
- Good on-line reviews
- Correct food cost
- Correct labour cost
- Growing average spend per transaction



### ONCE THE CAFE IS UP AND RUNNING

The single biggest challenge is complacency. The in-house cafe plods along for many a year and does not face the commercial reality of the high street stand-alone site which, if it doesn't deliver, is replaced by something that does. Put simply, if it is bad it never goes bust.

Customers' tastes are changing rapidly and the supermarkets are expert at exploiting them. Not-from-concentrate juices, fresh baked pastries, meals made with ingredients 'as found in your home', bloomer bread, speciality kettle crisps - the list goes on but has your cafe caught up yet?

Does your catering quality match up to your museum mission? Does your cafe enhance and burnish your overall reputation or is it nothing at all special?

For those cafes wanting to go from good to great, the challenge is focusing on the menu. All the best cafe operators tell a story; a convincing, consistent tale of local suppliers, a passion for food, high standards and using items that are not found everywhere else. Every great cafe needs a food champion, a foodie who visits farmers markets, the farms themselves and keeps abreast of new products.



## ONCE THE CAFE IS UP AND RUNNING

Social media plays such an important role in judging the overall museum offer and the cafe can enhance or detract from what is achieved elsewhere. Food is perfect for appealing photos and stories and good Google and TripAdvisor rankings should be celebrated whilst negative feedback needs answering.

## **TOP TIPS FOR SUCCESS**

- Thankfully, great cafes are about great food
- Create a distinctive ambiance and inject humour
- Tell your story and that of your suppliers
- Monitor your food cost and labour cost weekly
- Ensure happy staff; they serve the customers
- Continually innovate and evolve the offer
- Keep abreast of market trends and social media

### **FURTHER SUPPORT**

Great Cafes blog Food Hygiene Ratings Food Standards Agency Sustainable Restaurant Association UK Hospitality Vegan Society

www.greatcafes.blogspot.co.uk/ www.scoresonthedoors.org.uk/ www.food.gov.uk www.thesra.org/ www.ukhospitality.org.uk www.vegansociety.com/

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#### About the author

Turpin Smale Catering Consultants specialises in the cafe sector and advises museums, visitor attractions and organisations on how to establish and improve their catering.

Chris Brown is the author of the awardwinning <u>Great Cafes blog</u>, conducts specialist London Cafe tours and has been used by museums throughout the UK over many years.

Contact: <a href="mailto:chris.brown@turpinsmale.co.uk">chris.brown@turpinsmale.co.uk</a>

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AIM Association of Independent Museums AIM Postal PO Box 181 Ludlow SY8 9DR

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