



International Caterers Association

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Peer to Peer Learning – ICA Roundtable

Business Growth & Planning

Enjolik R Oree-Bailey – July 7, 2015

Q: So I started my business from my home in 2007. I've pretty much grown it to \$600,000 in sales all on my own (most of the growth happened from 2012-2015 when I moved into my commercial kitchen). What I want to know is, when will I finally start to feel successful!!! Yes the numbers look good but I still struggle some months with cash flow. Is this normal for a company that's in the growth phase? July and August are our slowest months and although this summer is better than last, my anxiety level is still a bit high.

A: **Miriam Foell-** Great question. I'm hoping the experienced caterers share their wisdom! I started in 2011 with a small storefront. Three years ago we started catering and do a lot of corporate catering during the week and weddings and parties on the weekends. Jan through March is slower - Canadian winters! Cash flow is often a concern, especially during the harder months. Would love to Tom McDowell Only you can define what is success for you. Being happy is the best success you can ever find. Sales dollars do not measure financial success profit dollars do. It is best to set goals for both sales and profit and work equally hard on both. Meeting those goals will bring satisfaction. Managing cash through the ups and downs of a year is more difficult than the actual catering we do. In fact the real challenges we face are not our craft but running the business side of things. It's important to look at each year as a whole and not pay yourself too much until all the numbers are in. It gets really tempting to reward ourselves for hard work before knowing where the numbers actually are. We owners are the last to get paid Getting out of deficit is much harder than catering for a million people . All that said there is nothing more satisfying than knowing that you ran your business making customers happy, making a profit and having fun doing it.

Jody Wimer- For us a feeling of success and security came after two things. #1. When after nearly losing it all one winter 14 years ago (3 years in) we made a smart financial plan that helps us forecast and stockpile for the slow months of winter. #2. Meryl Snow suggested we take our reservation deposit payments from clients in installments in a larger amount than we had previously been taking and that meant constant money flowing throughout the year in regular 90 day intervals.

Enjolik R Oree-Bailey- Jody...Who did you work with to come up with your financial plan? Last year we started taking 3 installment payments and that did help. I couldn't imagine more than 3 payments. Although, we do have some clients that choose to pay monthly, it's not in our contract.

Jody Wimer- We do 3 installment payments as well, and it made a great difference in cash flow. Our financial plan was devised initially with a spreadsheet, ratios and equations by working with our accountant who was also a family friend and knew we were struggling in those early years. I also have an accounting/banking background so I have been able to glean from his suggestions and factor my own levels for how much to put back each month for the winter based on a total allocation. Truthfully for us, even after we broke a million in sales it just seemed that this plan has been the smartest and most safe way to be secure. Last year with my normal levels of savings, coupled with being more busy than normal at the holiday season, I put back so much that we had to spend some on a building project to be good at tax time, but I would rather have that than the reverse. It's hard to be disciplined sometimes for sure-- but we learned the hard way.

Enjolik R Oree-Bailey Thank you Jody Wimer. You made it through those early years and that's what's inspiring! I've been working with my business advisor at the Small Business Development Center to develop a sound financial plan. So I'm on the right track. Just gotta make it through August!

Jody Wimer Check local universities or colleges also-- many have small business divisions that receive government funding for the finance and economics departments to assist small businesses with free advice and services.

Margot Jones- The year we moved into our cafe about 15 years ago, we had already booked our vacation at the beach. The kids were little so we felt we had to do a vacation, especially since we worked so much. We have payroll every other week and that made for 3 payrolls in August. We went on our end of August vacation and I'm not sure if we relaxed at all the whole week.

My husband has been really good at keeping money in savings for our business. It's been incredibly hard at times and we have sweated through March and August. You are not alone. Keep up the good work!!

Brittney Melnick- We are in the same boat. We are in a middle growth stage which requires more staff. I feel if we can get a bit bigger we will be in a higher percentage of making money vs it going back out the door.

Enjolik R Oree-Bailey- Thank you Margot Jones. I've sat up from a sound sleep in cold sweat a couple of times in the last two nights. I know it's because I'm not focusing on the day to day. I'm worrying too much about the worst case scenario. I know we will over come this slow time. YTD we are were we were for all of 2014. Cash is defiantly King. I'll just say that.

Jeremy Bronson- I think a lot depends on what size you want to be. When you're growing, you (we) keep adding to overhead expenses, which means we have to achieve those growth goals and higher monthly revenue numbers to break even. I've been thinking a lot about what the goal is for revenue, and what that looks like from an overhead perspective. Having a clear budget is also critical, with gross profit goals, monthly expense numbers, and planning for the big costs like replacing condensers and ovens and vehicles and such. Having a budget has helped us say no when we need to - even when the expenses are important (they just have to wait, and everyone understands why, even if they're a little frustrated with the here and now!). And, there's no better feeling than being ahead of your budget!

David Paquet- We do a lot of wedding catering as a destination here in Niagara. January through April are pretty slow and we are darn lucky to cover overhead. This after 13 years. I won't get rich doing this but as my accountant tells me it offers we a decent lifestyle. Sock away that

Sarah Lawson- Spoken like a true sales person!! I always feel that success is based on continual growth, not one year's sales numbers.

Angela Petro- Getting hooked up with an appropriate credit line is a tremendous help. It took me many years to get the kind of increase that i needed for the size of my business but i recommend you speak with your banker asap!

Kevin Lacassin- Congrats on the growth! As far as "feeling" successful, that is going to be entirely up to you and your goals. If you can set some achievable goals and hit them, then you'll likely be able to really feel that success. It could be a revenue goal (overall), or an annual goal or even an income goal. Honestly, some people will never feel successful, but that's a whole other ball of wax.

We are also slow in the summer, so saving money in the good times is integral in keeping us going in the slow times. I was a financial planner in my past life, so it has really helped in keeping us on track financially as a business. A credit line can be a good thing, but in the wrong hands it can also be detrimental, as cash on hand in the good times can easily be spent (as opposed to being used to pay back debt). Contrary to many others, I am leery of breaking up client deposits (or payments) and spending them before they are earned.

Be careful with debt and plan accordingly. It's good to have anxiety in the slow times, as that means you will work harder to overcome it. And if you can set smaller, incremental and achievable goals, it will really help to feel like you're getting somewhere.