



International Caterers Association

International Caterers Association - 3601 East Joppa Road
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Peer to Peer Learning – ICA Roundtable

Closing Rates on Proposals & Gross Profit %

Pat Christofolo – June 17, 2015

Q: Would love some info on closing % rates of sent proposals? On a slightly different note where does everyone like their gross profit % to be?

A: Vijay Goel- We need to track this a bit better...data's a bit blended between what we call an "options/ ballpark" and then a full proposal. Historically we run ~50%.

How do you calculate gross profit? COGS against food sales or overall event profitability (incl labor, rentals, etc)?

Pat Christofolo- no salaried staff but all other staff involved with the job, kitchen ,ops, Full Service staffing, Rentals any direct costs to the event.

Susie Von Willer Linford- 33% food product, overhead, insurance, legal and rentals; 33% labor, taxes, benefits; 33% profit

Vijay Goel - Susie Von Willer Linford generally a not a good practice to lump in overhead...fixed costs tend to stay fixed as you shrink or grow...you don't want them to stay fixed as you grow.

Better to look at/ manage gross margins and then calculate your break even...in our case we go from hole in pocket to ~40-50 cents on the dollar (we exclude 3rd party rentals for big events). Approach makes us focus on break even and incremental revenue as well as how we can reduce the fixed cost and make more variable.

Anthony Lambatos- We track close rates both as a percentage of dollars bid out for each coordinator and a percentage of the number of events bid out. Typically they average around 55% and 65% respectively.

Pat Christofolo- Carl Sacks always encourages a gross profit of 50%. Carl is amazing with catering numbers.

Kathy J Craig- Anthony - do you track on software?

Anthony Lambatos- Kathy- we just use an excel spreadsheet but the data is pulled from total party planner. Send me an email and I'll share it with you.

Meryl Snow- Closing ratios: it depends on how you track them. Are all calls that come in for info included in the %? Most companies that I work with classify a call or meeting that requires a proposal/quote (verbal or written) in the tracking. Then the percentage average 59- 85.