



# The Business *of* Catering

Catering is an exciting, challenging, and creative endeavor that can be both financially rewarding and fun. But don't turn on the oven just yet! A successful caterer should have some basic knowledge and abilities, as well as be informed of complex local, state, and federal regulations. This publication is intended as a guide for those interested in starting a catering business.



## TRAITS & SKILLS

❶ **You must be a good cook.** Imagination and creativity are part of understanding basic food chemistry. If you are a slave to recipes and precision measurement, cooking for large numbers may not be for you. It helps to be flexible as you develop expertise through experience in learning how ingredients vary. With practice, the once new experiences become old hat.

❷ **You must be organized.** Time is money. Being organized can be learned and continually improved. But a major key to organization is to concentrate on one thing at a time. Make daily lists so no energy will be wasted and like jobs can be performed efficiently. Prioritize jobs so that you work on the most urgent first, when you're at your best. Running a successful business means your life must become more organized and compartmentalized.

❸ **You must be able to work hard and under pressure.** Catering involves hard physical work and sometimes long hours. Stamina and lots of energy are needed. Focusing on one thing at a time can reduce panic. Panic is simply a reaction of worrying about what you still have to do instead of concentrating on what you're doing. So, you learn to roll with the punches.

❹ **You must have personality.** Catering is a personal service business. It is an opportunity to meet all kinds of people. You must like people and be able to relate to their needs. If you already have these basic characteristics but no practical experience, you may want to work in the field before starting your own business. Be prepared to give up time with your family and friends, hobbies and civic activities while you start a new business.

Now, you're ready to look at the rules and regulations of a catering business. **Never attempt to start any business without first checking all local, state, and federal regulations BEFORE doing business.**

## REGULATIONS, LICENSES & PERMITS Kitchen Facilities

The Kentucky Food, Drug and Cosmetic Act and State Retail Food Code prohibit the sale of foods prepared in a home kitchen. So to cater in Kentucky you must have a certified kitchen separate from the kitchen used by your family. This separate facility must be inspected and approved by the local health department.

A separate kitchen can be built in the basement, a converted garage, or a building not being used for another purpose. Before beginning any construction or remodeling, submit floor plans and plumbing plans that adhere to building codes and zoning laws. Contact your local health department well in advance about kitchen equipment requirements. Plumbing must be done by a licensed plumber and inspected by the Division of Plumbing, 1047 US Hwy 127S, Frankfort, KY 40601; 502/564-3580.

If constructing a new facility or remodeling an existing one seems too expensive, you might be able to rent an approved or certified kitchen. Often, a church or other non-profit organization with an approved facility will allow you to use its kitchen for a small fee. Small restaurants may be available for rent during off-hours. Even when renting, an annual permit is required.

The State Retail Food Code contains safe food preparation regulations. You should be familiar with all safe food handling practices. Food Safety Manager and Foodhandler Certifications are mandatory in many areas of Kentucky.

## Permit

An annual permit to operate a catering business is required by the Kentucky Cabinet for Human Resources. An application form and list of fees can be obtained from your local health department or the Kentucky Cabinet of Health Services, Department for Public Health, Food Safety Branch, 275 East Main Street, Frankfort, KY 40621; 502/564-7181 (fax: 502/564-6533).

Inquire at your county clerk's office about the need for a business license. For an application form: KY Revenue Cabinet, P O Box 299, Frankfort, KY 40602-0299; 502/564-3306.

## Zoning

Check with your local, city, township, or county planning board or zoning office and get the facts in writing—even if you've been told it's zoned for catering.

## Registration of Business Name

This applies to a business operating under a name or names other than the owner's. It records the full name and address of the business owner(s) so they can be located by the public. Even if the business is to be a partnership or corporation, an inquiry with your county clerk for previous use would be helpful. If a business is being operated under the owner's name, i.e., Mary Smith's Gift Shop, the name does not need to be registered. However, you should check with your city or county clerk to see if there are local regulations regarding business registration. If you're a sole proprietorship contact your county clerk. For partnerships or corporations, contact: Secretary of State, Room 150, State Capitol, Frankfort, KY 40601-3493; 502/564-2848.

## Sales & Use Tax/General Business License

Anyone selling food within the state of Kentucky must have a sales tax number. Possessing a sales tax number may exempt the holder from paying taxes on raw food used for resale. Obtain an application form from the KY Revenue Cabinet, PO Box 299, Frankfort, KY 40602-0299; 502/564-3306.

## Federal Tax Identification Number (EIN)

### KY Employer Identification Number (KEIN)

Although no fees are required, all corporations, partnerships, and other businesses with one or more employees are required to have an EIN and KEIN. These enable employers to deposit various taxes with the federal and state governments (i.e., withholding, Social Security, and unemployment taxes). With the help of an accountant you can understand the tax

ramifications for businesses. For applications for federal taxpayer I.D. number, contact: Internal Revenue Service, Entity Control, Stop #422, Cincinnati, OH 45999; phone: 859/292-5467. For a state I.D. number, call 502/564-2272.

## Workers' Compensation

This fund pays compensation and medical benefits to employees who are injured or to dependents of employees who are killed or die in the course of their employment. It is required of all corporations and any other business with one or more employees. Employers pay insurance premiums for each employee. Contact: Commonwealth of KY, Division of Unemployment Insurance, P O Box 948, Frankfort, KY 40602-0948 for more information.

## Insurance

Insurance is essential for any food business. Despite the great care you may take in following all health recommendations, there's always the possibility that someone may become ill after eating food you've prepared, an employee may get hurt on the job, or you could have a kitchen fire. Discuss insurance needs with your insurance agent. Obtain competitive quotes and advice.

## ■ A BUSINESS PLAN

Prior to starting a catering business you need to determine what type of catering business and what type of food you will serve. Then analyze the market. Once you have all the necessary research, have determined the regulation fees and have applications to complete **it's time to write a business plan**. Organizations such as SCORE or Small Business Development Council can assist you in this matter. Once you've written your business plan and have all the necessary forms and expertise, you're ready to contact your banker, accountant, insurance agent, and attorney to help you get started.

## References

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