



Budgeting for 2023

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November 2, 2022



SPEAKERS

FRANCISCO CHRISTIAN
MANAGING PARTNER
TAYLOR HOSPITALITY SOLUTIONS

“REBOUND WITH FRANK AND JEN”

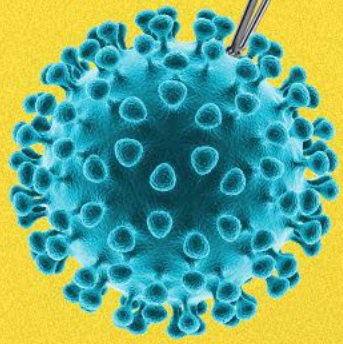
“CATERING CHRONICLES”



DISCLAIMER

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- We are in an unprecedented time in history and the information available to us is changing rapidly. Please refer to our most current presentation for education.
- Information provided is based upon our best judgement about what we know at this time. However, key questions remain about how to implement this program.
- The International Caterers Association (ICA) does not accept liability as it relates to the timeliness or content of the information we are sharing today or may share in the future (and we are under no legal duty to update any such information or recommendations)
- We encourage you to check in with your attorneys, CPAs and financial advisors for additional insight.



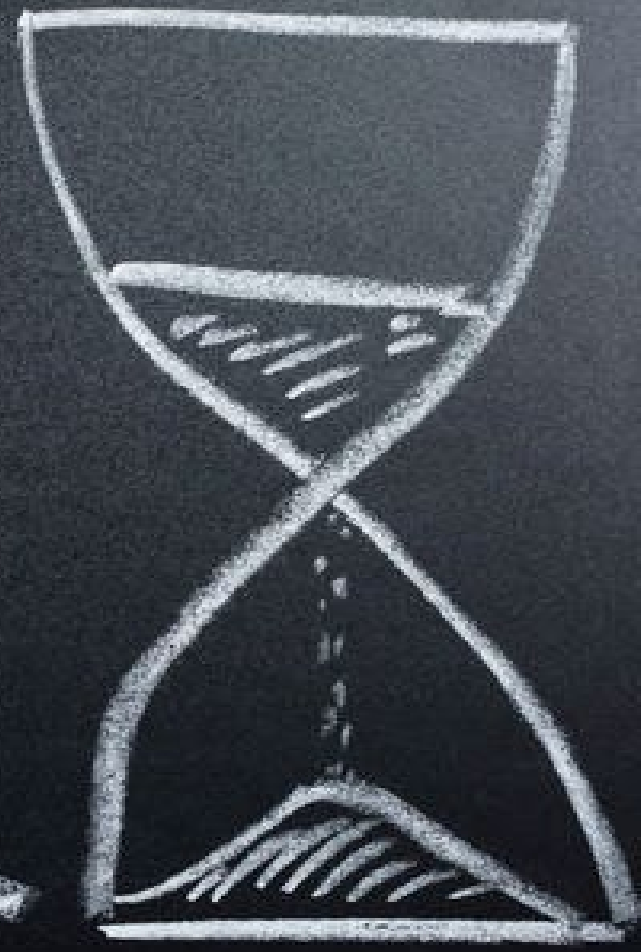
TASKS FOR TODAY

- Expectations for inflation, supply chain and direct cost increases
- Taking sales forecasts and creating the rest of the company budget
- How to create a fluid budget and share that with your management team and beyond
- What are your critical numbers and what to watch weekly and monthly

INFLATION



dreamstime.



WHAT ARE THE EXPERTS
TELLING US?

Expectations
for inflation,
supply chain
and direct cost
increases

WHAT ARE THE EXPERTS TELLING US?

- **GDP finally grew in the 3rd quarter for 2022 by 1.7%, outlook for 2023 is 1.1%**
- **Consumer spending is questionable as businesses for started to look at their employment levels related to revenue slow downs. A study has shown that \$2.1 trillion in savings built up during the pandemic**
- **Unemployment has dipped but hospitality positions are still the hardest to fill**
- **Inflation will still be around 8%, guidance says a fall to 3.5% by the end of the 2023. At this time last year, we were heading to 5.3% inflation.**

WHAT ARE THE EXPERTS TELLING US?

- **Health plans for employers could jump up as much at 25%. With most employers taking on more of the burden to attract workers**
- **Gasoline and Diesel prices will continue to be 5-10% higher than 2022 levels. The national average could rise to \$4 for regular and \$5 for diesel**
- **Electricity will continue to carry a 10-15% or higher increase**
 - **This doesn't matter what market you are in.**

WHAT ARE THE EXPERTS TELLING US?

- Interest rates could increase another 3/4 % in November with another 1/2 or 3/4 in December. For those with variable interest Lines of Credit, the interest is climbing fast.
- Before we see easing of the interest rates, Chairman Powell will want to see smaller price increases for consumer goods and services, ***“beyond the notoriously volatile categories of food and energy, before he will change course”***
- Retail Sales are showing a slight decline in big ticket items. Amazon’s Prime Early Access Sale led 80 of the 100 retailers to host similar events with discounts averaging 21% in order to drive sales.

SB VALUE

- **Trip Wheeler with food pricing outlook.**



PLAN

IDEA

concept

discussion

BRAIN
STORM

Education

PRODUCT

MARKETING

INTERNET



WHAT OUR INDUSTRY IS SAYING

- **Was your 2022 revenue higher or lower than your 2019 revenue? Why do you think that is?**
 - 32.08% responded Yes
 - 64.15% responded No
 - 3.77% responded Flat
- #1 reason for lower revenue – lack of staff

WHAT OUR INDUSTRY IS SAYING

- **Was your 2022 gross margin higher or lower than your 2019 gross margin? Why do you think that is?**
 - 35.85% responded Yes
 - 52.83% responded No
 - 11.32% responded Flat
- #1 reason was increase focus and awareness on probability

WHAT OUR INDUSTRY IS SAYING

- **Did you do a 2022 budget? If so, how close will you end up?**
 - 58% responded Yes
 - 42% responded No
- Those with budgets had benchmarks and were able to gauge % wise over or under results



WHAT OUR INDUSTRY IS SAYING

- **How does your company plan to price adjust for inflation in 2023?**
 - Increased pricing across the board
 - Increased food 10-15%
 - Increase staff
 - Raised minimums for lower priced offerings
 - Quarterly increases
 - Seasonal increases prior to the selling season
 - Added Administrative Fee
 - Proposal review before sending to client and adjusting pricing as needed to meet Gross Profit goals
 - Reserve the right to adjust pricing before going to contract



WHAT OUR INDUSTRY IS SAYING

- **Our revenue could be up if we had more staff**
 - Reshuffling
 - Employees going to different employers in different industries
 - Reinventing
 - Leaving traditional employment for part-time or gig roles
 - Reassessing
 - Demands of life and costs of work vs costs of daycare and family time

#1 reason for bringing back nontraditional workers – **Workplace flexibility**

SALES TO COMPANY FORECAST

- Taking sales forecasts and creating the rest of the company budget

Sales Projections

Direct Costs (Anything related to events)

- Food Purchases
- Offsite Labor
- Rentals
- Van and Delivery Expenses
- Event Supplies and Equipment
- Beverages
- Uniforms and Laundry
- Direct Labor
 - Kitchen
 - Packing and WH
 - Payroll Taxes

DIRECT COSTS/COSTS OF DOING BUSINESS

Typical Industry Ranges:

- Warehouse Labor, Hourly Employees - 3 to 5%
- Kitchen Labor, Hourly Employees - 12 to 20%
- Event Labor, Hourly Employees - 50%
- Food Cost - 18 to 25%
- Soft Bev Cost - 50%
- Liquor - 35%
- Disposables - 1 to 3%
- Vendors - 35%
- Venues/Third Party Commissions - 10 to 15%
- Service Charge - 50 to 100%
- Payroll Taxes for Hourly Employees
- Workers Compensation for Hourly Employees

CATERING CHRONICLES

VOLUME #2

Sales Projections

- Minus Direct Costs (40-50%)

Gross Profit (60-50%)

- Minus Expenses (40-50%)

Net Profit (5-15%)

EXPENSES/OVERHEAD/BELOW THE LINE

Expenses – Typical Industry Standards

- Rent - 10%
- Sales Expenses 1 to 2%
 - Meals & Entertainment
 - Transportation
 - Travel
 - Education
 - Dues and Subscriptions
 - Client Gifts
- Marketing Labor and Expenses - 1 to 3%
 - Inhouse and/or Outsourced Services
 - Advertising & Promotions
 - Open Houses
 - Sponsorships
 - Print Media
 - Social Media
- Salaries - 30 to 40%
 - Sales
 - Administrative
 - Executive Chef
 - Operations Director
 - Finance IT and Accounting

**EXPENSES/OVERHEAD/BELOW
THE LINE**

The following line items do not have industry standards but are common to all companies:

- Employee Health
- Utilities/Telephone/Data Processing
- Building Maintenance
- Equipment Maintenance
- Vehicle Maintenance
- Gas/Mileage
- Human Resources/Training
- Uniforms
- Audit/Legal
- Property Taxes
- Bank Charges
- Interest Income/Expense
- Depreciation



Are you reviewing monthly financial statements?

- Preliminary on the 10th
- Final by the 20th
- This timing gives you the ability to adjust live

WHAT IS IMPORTANT TO KEEP AN
EYE ON?

What are your critical
numbers and what to
watch weekly and
monthly?

WHEN IS IT IMPORTANT TO
REVIEW A CRITICAL NUMBER

1. Sales closing and pacing
(Weekly)
2. Post Event Analysis (Weekly)
3. Kitchen Labor (Monthly/Payroll)
4. Warehouse
Labor(Monthly/Payroll)
5. Food Costs (Monthly)
6. Beverage Costs (Monthly)
7. Revenue to Payroll (Payroll)
8. Event Labor Revenue to Costs
(Monthly)
9. Admin/Overhead Labor Cost to
Revenue (Monthly)

WHAT IS IMPORTANT TO KEEP AN EYE ON?

Some examples:

1. Food Cost vs Food Revenue
2. Beverage Cost vs Beverage Revenue
3. F&B Cost vs Total F&B Revenue
4. Event Labor Cost vs Event Staff Revenue
5. Warehouse/Operations Cost vs Total Revenue
6. In House Costs (Food, Beverage, Staff) vs Total Revenue
7. 3rd party/Vendor Revenue vs MISC Revenue
8. Delivery/Set Up Costs vs Delivery/Set Up Revenue
9. Admin Fee vs Commissions
10. Staff Cost & Service Charge vs Staff Revenue & Service Charge Revenue



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Questions? Feel free to contact

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