

# Harrow Food Business Toolkit



**HARROW'S  
COOKING**



# Introduction



We know that it is difficult to set up, run and grow a food business. There are a variety of challenges, competitors, changing market conditions, accessing finance and premises, and then finally there is the matter of ensuring you meet the regulations to allow you to trade.

Harrow Council is committed to supporting businesses and as part of that commitment we have developed this food toolkit. The toolkit provides information on food safety management procedures, food hygiene regulations and general regulations to help you comply with such regulations. This will help you to run your business, whether you are just setting up or already trading. You will find at the back of the toolkit some practical advice to new entrepreneurs on what to consider when starting up their business.

Harrow is a great place to do business and is one of London's most successful boroughs.

It is an extremely attractive location for investment, benefiting from a thriving and diverse community, award-winning business support, outstanding schools, skilled workers, excellent accessibility and a high level of community safety. The diversity of ethnicity ensures a cultural offer that celebrates every corner of the globe.

Uniquely, Harrow has the amenities of a lively metropolitan town centre along with historic villages, rich heritage and great parks and open spaces.

The borough has a thriving economy characterised by strong entrepreneurial activity. Harrow's economy offers great growth opportunities for both new and existing businesses with business start-up figures increasing year on year.

At the heart of the economy is Harrow's unique food offer where you can eat your way around the world without leaving the borough. Harrow's cuisine originates from all over the world, linked to the many groups that have settled here in the past or recent times. This vibrant hub of quality food overflows into restaurants, cafes, bars and nightlife.

Hatch End is an epicurean's delight, renowned for its wide range of places to eat and to sip a cocktail. Stanmore and Pinner also offer a chance to try something fresh and new! This is just a taster - each area of Harrow is quite distinct and they all have a unique local character, offering a dazzling variety of choice, creating mouth-watering meals and memorable dining experiences.

The food sector is booming in Harrow and showcases the best in local restaurants, cafés and bars.





# How to use the toolkit

This is a guide to help you establish or grow your food businesses in the London Borough of Harrow.

The toolkit covers the areas recommended for all food businesses to consider and how Harrow Council can support you in establishing or growing your business.



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# Registration as a food business and food safety

[Click to register your food business](#)

At Harrow we are keen to ensure that food businesses meet the highest standards from the day they open. To help new businesses, we can provide a flexible approach to business support by offering a chargeable tailored consultancy service.

If you are opening a food business, you need to register with Harrow Council. This applies for any type of businesses involved with food and includes home based businesses. Register as early as possible and at least 28 days before trading.



There are also sources of advice available on line from the [Food Standards Agency website](#) which provides you with step by step guidance to ensure that you put practices and procedures in place to ensure your business meets the food safety standards.

A range of Food Safety and Health and Safety courses including the Level 2 food safety training are delivered by Harrow Council Training Academy. The one-day course is a great place to start to understand the food safety needs of your business, and will give you an opportunity to ask questions that are relevant to your business. [Click here](#) for more information.



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“ Barracuda has been operating in Harrow for 20 years. Holding a 5\* rating has helped us reach new customers. People new to Harrow have told me they look online to see which restaurants and cafes hold 5 stars. Harrow Council Environmental Health Officers have given helpful advise about updating our food safety pack.

We are passionate about our business and we are always looking for ways to improve what we do and how we do it. We think our customers know we thrive on this passion and being part of our, and their community. ”



Yiannis Christofis, owner of multiple award winning [Barracuda](#)





# Licencing

## [Apply for a Premises Licence here](#)

For alcohol and entertainment, apply to Harrow Council for a licence if you are going to undertake the following activities:

- Sell alcohol
- Provide some forms of entertainment, theatrical performance, showing a film, indoor sporting, boxing or wrestling (indoor and outdoor), live music, recorded music, dance, facilities for making music, dancing facilities. You will still need a licence if the activity is for charity
- Exemptions: educational or promotional films shown as part of an exhibition, gallery or museum, incidental music (live or recorded)
- Sell hot food and drink between 11pm and 5am

## Restrictions

You must be 18 or over to apply for a premises licence.

Conditions. You must be, or appoint, a designated premise supervisor (DPS) when you apply for a licence. A DPS must have a personal licence.

[Click here for licence application](#)

## Licence Fees

These are based on the rateable value of your premises from £100 - £1905.

## Displaying your Licence

You must display your 'licence summary' at your premises where it can be seen. The other pages of the licence can be kept on the premises.

Police or council officers can ask to inspect them at any time.

## Length of Licence

Most premises licences have unlimited duration but you will be required to pay an annual fee.

## Fines and Penalties

You can be fined for failing to produce your licence on request and if you carry out an licensable activities without a licence.





To understand exactly what you will need to do and have in place please visit the [Harrow Council Website](#)

## Street Trading Licence

[Apply here for Street Trading Licence](#)

A street trading licence is required for all selling, offering or displaying for sale of any item or service in the street. This includes stalls, shop-front displays, and cafe tables and chairs with service and advertising 'A' boards.



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# Insurance

[Visit ABI for information about insurance](#)

All food businesses require public liability insurance. Once a business has employees, employer's liability insurance is required.

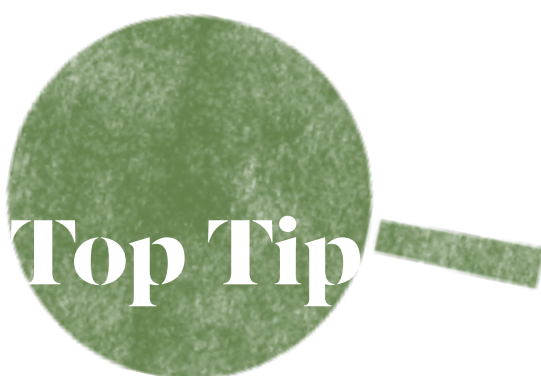
There are industry memberships that include insurance:

- For street trading the [National Market Traders Federation](#) insurance is part of their membership.
- For caterers [NCASS](#) offer a membership which includes insurance and other very valuable services.

If you are going to base your businesses at home – talk to your current insurance provider.

Always compare quotes and we recommend you review these annually.

If you are going to use your private car for your business: that could be shopping, delivery or supporting a market stall do inform your insurance provider, otherwise you could face a fine.



“ Make sure you get the right insurance and ring round for the best quote. I received really good advice from my bank. Make sure the insurance meets the needs of the business. I have some expensive china that I wanted to make sure my insurance covered. ”

Augustina's Tea Room





# Trading Standards

[Click here for more information on Trading Standards](#)

In Harrow, Food standards are delivered by Environmental Health while consumer safety and trading law is a joint service with Brent Council.

Trading standards is the service that works to protect consumers and support legitimate business. The daily work of a Trading Standards Officer (TSO) involves responding to and investigating consumer complaints and conducting routine inspection of businesses for compliance with legislation.

As a food business there are several standards that you have to adhere to:

## i) Displaying prices

When you sell food or drink for people to eat or drink on the premises, you must make the prices clear, for example on a price list or menu. You must include VAT in the prices when appropriate.

If you add a service charge (a percentage or amount), or if there is a minimum charge, you must display this with as much prominence as the other prices.

This will apply to cafes, restaurants and market stalls. If you have a one-off pop-up with a set menu & price you can display the price when you sell the tickets in advance.

## ii) Describing food

You must describe food and drink accurately on menus, blackboards and adverts. Any illustrations must accurately represent the food you are selling. Descriptions and illustrations must not be misleading. Descriptions like 'fresh', 'home-made' and 'suitable for vegetarians' can easily be used misleadingly.

Products described as 'sausages' or 'burgers' on menus must contain a minimum amount of meat, by law. Contact your local authority for more information.





### iii) Allergen Information

[Click here for more information on rules and regulations.](#)

It is a legal requirement to identify all of the allergens in food you are serving. Training can be completed online and is free. [Click here.](#)

Think carefully about foods causing allergic reactions when describing the foods you are selling. If someone with a food allergy asks about the ingredients in a food, you must know the ingredients in each item.

The 14 food allergens which will need to be declared when used as an ingredient are:

- cereals containing gluten e.g. wheat, rye, barley, oats, spelt, kamut
- crustaceans, e.g. prawns, lobster, crab
- eggs
- fish
- peanuts
- soybeans
- milk
- nuts, e.g. almond, hazelnut, walnut, pecan nuts
- celery
- mustard
- sesame seeds
- sulphur dioxide
- lupin
- molluscs, e.g. clams, mussels, oysters.

### iv) Labelling food

Mostly catering businesses do not have to label food individually – menus are used. But if the food contains ingredients that are irradiated, or derived from genetically modified (GM) soya or maize, you must say this either on a label attached to the food, on a menu, or on a notice that is easily visible to the customer.

[Click here for more information](#)



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## v) Quantity information

You must put the net quantity in grams, kilograms, millilitres or litres on the label of:

- Packaged food over 5g or 5ml
- Packaged herbs and spices

Solid foods packed in a liquid must show the drained net weight.

You must be able to see the quantity information when you read the name of the food on the label.

You don't have to show the weight or volume on foods sold by number, e.g. 2 bread rolls, provided that you can clearly see the number of items inside the packaging.

The same rules apply to food that you pre-pack to sell direct to the customer (for example, sandwiches made and packed in advance in a sandwich bar).

There are more extensive labelling rules for businesses that supply pre-packed food to catering or retail businesses or sell products for customers to cook. For advice on labelling specific food products, contact your [Trading Standards](#).





# Health & Safety

(not including food safety covered at the beginning of this section or insert [hyperlink for food safety section](#))

Harrow are the enforcement authority for most retail outlets including restaurants and caterers and like all businesses, you will need to comply with all relevant health and safety legislation. The [Health and Safety Executive website](#) is a useful source of advice and guidance, if you would like to discuss your requirements the Environmental Health Team at Harrow can help. This includes annual risk assessments which help you identify the potential hazards in your premises and in your work practice. The requirements for anyone employing 5 or more staff will include a written policy, risk assessments to help you identify the potential hazards in your premises and safe working practices for the more risky activities. The rules for the use of chemicals are managed under COSHH 'Control of Substances Hazardous to Health' and under the Control of Substances Hazardous to Health Regulations 2002, employers need to either prevent or reduce their workers' exposure to substances that are hazardous to their health.

[Click here for COSHH information](#)

The management of substances hazardous to health may require COSHH sheets for any cleaning chemicals used, training and a lockable cupboard.

[Click here for advice on writing a health and safety policy](#)

Compliance includes RIDDOR: The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. These Regulations require employers, the self-employed and those in control of premises to report specified workplace incidents.

[Click here for more information.](#)





# Registering as a Business

New businesses can start as sole traders (self-employed). Registering as a sole trader is with HMRC and it is advisable to open a separate bank account in the name of the business.

[Click here to register as a Sole Trader](#)

When a new business invests substantial capital or employs a team or takes on a lease or a large contract, incorporation limits the owner's liability.



Mani Hirani used to work in investment banking and wanted to follow her passion in making and selling ethically sourced, vegan, organic produce, using unrefined ingredients. She launched her business with her husband Ash Hirani - The Veda Soul Company based from her home in October 2017. Her business idea grew out of a search for treats for herself and her husband and wanted products that offered a combination of vegan, organic and free from refined sugars. She started to make treats at home and for family and friends and was getting great feedback. She quickly noticed, there was a gap in the market.



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# Top Tip

“ Seek advice from your accountant to understand what your business legal structure would be and what the liabilities are. Look for an accountant that understands start-up business. We registered as a limited company which was simple to do by registering at Companies House. [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) ”

Mani Hirani, The Veda Soul Company



# Planning



[Click here](#)

Commercial buildings require planning classes and business premises will have an existing planning class.

There are typically 4 common classes for food businesses:

## **Class A1. Shops**

For the sale of sandwiches or other cold food for consumption off the premises.

## **Class A3. Food and drink**

Use for the sale of food or drink for consumption on the premises or of hot food for consumption off the premises.

## **Class A4. Drinking establishments**

Public houses, wine bars or other drinking establishments (but not night clubs) including drinking establishments with expanded food provision.

## **Class A5. Hot food takeaways**

For the sale of hot food for consumption off the premises.

A planning application may be required for a change of use between planning classes.

[Click here for more information](#)

## **For most A3 A4 and A5 applications**

Additional information will be required to validate a planning application, the Ventilation/Extraction Statement is required for applications which include commercial extraction flues to ensure the management of odour.







## Noise

It is important to consider any potential noise problems that may arise as a result of your proposed application. Excessive noise can have a serious impact on the health and wellbeing of local residents. Noise can lead to annoyance, irritability and/or sleep disturbance. Application proposals that raise issues of disturbance or are considered to be in a noise sensitive area should be supported by a noise impact assessment prepared by a suitably qualified acoustician.

Planning will consider whether noise problems may arise from the development, and will consult with Environmental Health.

Typical consultations that Environmental Health are consulted on:

- Change of use eg an office to a bar
- Installation of noisy machinery eg air conditioning units
- Control of food odour from takeaway outlets and restaurants
- Outdoor tables and chairs
- Implications of any of these for people living above (especially where there is a change of use)

Further information can be found on the [Planning Portal](#)

## Entertainment noise

Many pubs, restaurants and clubs play music for their customers, and will have licence conditions to prevent problems from noise and public nuisance. Any noise problems from such premises is dealt with either as a noise nuisance or as a breach of licence conditions.

[Click here](#) to check permitted times on the alcohol and entertainment licence register.

## Noise from commercial premises

Noise from ventilation or refrigeration plant in commercial premises often causes a problem, particularly at night when other noise sources are much quieter. Businesses need to ensure they do not create noise problems otherwise councils may investigate. Time is allowed for any modifications to the plant to be made, and so there is not an instant solution.





# Business Rates



[Click here](#)

Register for business rates as soon as you have a lease for the property. You are eligible to pay rates from the start of your lease. You can register for rates online at the weblink included above. You can also upload all evidence required following this link.

It is important to accurately register your correct trading name and address. You will be given a new account number which is unique to you - it is a different number to the one the previous occupier or owner would have, therefore ensure to reference the correct number in your payments and correspondence.

To calculate how much your rates might be for a property you are interested in [click here](#). This can also be included in your financial forecasts.

Harrow Council provides a range of reliefs and exemptions, [click here](#) for more information.

You can check if you may be eligible for these reliefs and submit any application online. Some of these reliefs are following Central Government Budget Announcements and may be time limited.

**From Jose Miguel Rivas of multiple award winning Trattoria Sorrentina [www.sorrentina-restaurant.co.uk](http://www.sorrentina-restaurant.co.uk). Trattoria Sorrentina has been operating in Harrow for over 40 years serving award winning, high quality traditional Italian dishes.**

**'Private consultants and advisors offer services related to rates and rate relief but Harrow Council rates department should be a business's starting point.'**

**Top  
Tip**





# Waste Management and Removal



[Click here](#)

As a business you are responsible for arranging for your business's waste to be removed by a registered waste remover. Harrow Council has a comprehensive service available for all businesses. [Click here](#) for more information.

## Food Waste

You must remove food waste and other rubbish from rooms where food is present as quickly as possible, to avoid them building up.

You must put food waste and other rubbish in containers that can be closed, unless you can satisfy your local authority that other types of containers or systems of disposing of waste are appropriate. These containers must be of appropriate construction, kept in sound condition, be easy to clean and, where necessary, to disinfect.

You must have adequate facilities for storing and disposing of food waste and other rubbish. Stores for waste must be designed and managed in a way that enables them to be kept clean and, where necessary, free of animals and pests.

You must get rid of all waste in a hygienic and environmentally friendly way, in accordance with legislation (there are rules about the way certain types of food waste must be collected and disposed of – contact your local authority for details).

The waste must not be a direct or indirect source of contamination (e.g. touching surfaces that food is prepared on, or attracting pests).





# Premises



[Click here](#)

Harrow Council's Corporate Estate section manages a portfolio of commercial properties which are available for letting and occasionally for sale. To find out more, [click here](#).

To find out whether a property or area of land is owned by the council, you will need to complete our [Enquiry Form](#)

Click [here](#) for other organisations that assist with premises search.

Should you wish to know the ownership of a private property that is not owned by the council, please [click here](#).

## Entering into property leases

Choosing business premises is one of the most significant business decisions you will make and you need to be sure the premises are suitable for your circumstances.

Whether you are looking to buy or rent a property or are already doing so, professional advice can be invaluable in helping you make the right decision.

A key element of your decision should be the obligations set out in the lease. Before entering into a lease you are recommended to refer to the Code of Commercial Leases available through professional institutions and trade associations.

[See here](#) for more information.

[Nwes](#) on behalf of the London Growth Hub, provide the London Property Advice Service programme, designed to give owners of small and medium-sized businesses the knowledge, expertise and confidence to help them to take on a lease in the capital.





# General toolkit advice sections





# Market Research and Feasibility Study

It is valuable for any business to conduct a thorough feasibility study which culminates in a written business plan.

Undertaking regular market research is recommended for trading businesses too, to ensure they are identifying new markets. Market research and a feasibility study assist in assessing whether a business idea is viable.

## Content

- Establish the aims of your business.
- Identify the skills required to achieve your business aims.
- Understand the time commitment in running a business.
- Be able to evaluate your ability to start a business.
- Be able to assess the potential of a business idea.
- Know how to assess the market for the product or service.

[Page 47](#) in the appendices is a tool to help you do this step by step.

## Top Tip

“Incorporate into your business plan the aims of the business, this will help you stay on track and not sway from it or be influenced by other people.”

Augustina's Tea Room





Augustina's Tea Room opened at the beginning of 2016. This traditional tea room is run by Tina who worked as a cookery club teacher in local primary schools in Pinner. Baking is her passion and with the encouragement from her husband she followed her dream to open a traditional tea room in Pinner.



“ Understand your weakness and strengths and seek help where needed. Finance was not my strongest skill and I was fortunate that my husband was very good with numbers and was able to help me understand cash flow, prediction and balance sheets. ”

Top  
Tip





“ Understanding if there is a gap in the market for your business. I would stand outside various locations in Pinner and ask passers-by if they would be interested in a tea room. I must have completed at least 100 questionnaires asking the price people would be prepared to pay, what they looked for in a tea room, what products they liked. I observed foot flow and looked at local transport links and other amenities as well as competition. ”

Augustina's Tea Room







## Ahimsa The Vegan Café

The partners all came together during a meditation group and bonded based on the purpose of the message and goal that they wanted to achieve. The idea of setting up fast food vegan cafes/restaurants across the world as an antidote to the traditional meat filled fast food joints was born.



Top  
Tip

“ We did plenty of research over the net and amongst friends/family and had noted an increased awareness of veganism. We consulted important websites like [The Vegan Society](#) and noticed positive trends showing a marked growth in veganism in the UK and globally. A widespread survey of 10,000 people showed that the number of vegans in Britain has risen by more than 360 per cent over the past decade. ”



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# Product Development

Creating and testing each of your menu or product items.

## To start with, you need to create a standard recipe for every item

This will include the ingredients and ingredient quantities and the methodology for each item and the number of portions that recipe makes.

Create a recipe for each item. This can be used for costing each item but also as a training and quality assurance tool.

## Time how long each item takes

Are some items more labour intensive than others?

Can you increase capacity without proportionally increasing the amount of time required?

At this point you can start to consider your production systems.

## Identify the production equipment required

Are there essential items of equipment required?

Would this equipment save you lots of time?

How much does this equipment cost?

Where will this be accommodated?

Do you have the skills required to create these products? Do you require additional training or just practice?

## Testing your menu/products

Who can quality test your products for you? Friends and family are easy and convenient but may be biased. Where else can you get your product tested?





# Top Tip

“To widen my feedback for my products to a wider audience to ensure I wasn't getting any biased feedback I organised 3 focus groups with backgrounds from all ages, ethnicity and occupation. I asked for feedback on all my different flavours, how much people were willing to pay, presentation and much more.”

Mani Hirani, The Veda Soul Company



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# Logistics

This section looks at the logistics of running your business suppliers, storage and production, skills.

## I. Suppliers

### Logistics

- Can they deliver as regularly as you need?
- How do their prices compare?
- Do they have good customer service?
- Can you negotiate prices?
- Do they keep you informed about seasonal choice and prices?
- How soon can you set up a credit account?

[Click here](#) for more information.

### Quality

- What accreditations do they have?
- Are they [local](#)?

## Top Tip

“ We have been successful for over 40 years because of the consistent high quality of our food and customer service. We have had a local butcher for over 35 years and our wine merchant for over 30 years. With good supplier relationships you can develop better credit terms and they come to us for their Christmas parties – we support each other. ”

Jose Miguel Rivas of Trattoria Sorrentina





## 2. Production, storage, transport, presentation

- Where will the main food production take place?
- Can it be carried out in advance or is it made at the place of sale?
- How will it be transported?
- Is there enough space to store equipment, ingredients, the products?

## 3. Skills and training

- Do you need further training in equipment use, knife skills?
- Do your staff need training: food safety, health and safety, first aid, specialist food skills?





# Financial planning and management

This section covers getting started and setting up financial systems and procedures.

## 1. Getting started

What start-up budget is needed?

- Equipment: production, storage, service that you will need to own or lease to get started
- Training: food hygiene etc. to ensure you have the skills and qualifications required
- Transport: vehicle, trailer either to own or a logistics provider
- Place for production: home, sessional kitchens
- Starting stock: ingredients, packaging
- Insurance
- Pitch fees for market traders
- Lease costs and deposits
- Marketing/branding/promotion
- Cash-flow – to ensure you have enough cash to pay for everything until income arrives

On [Page 63](#) in the appendices you can find a spreadsheet that you can use to work out these costs.





## 2. Cash Flow

- How much money you need before you receive cash from sales (including VAT collected)
- Identify the bills you will need to pay when you start trading (some bills arrive quarterly so this will vary)
- Will there be a time delay in cash-in; cash versus credit or cash out
- Is there enough money to pay all the bills?
- How can this gap be filled: loan, overdraft, personal savings
- A cash-flow projection identifies whether extra cash will be needed
- Do you need to register for VAT (annual turnover of more than £82,000)

## 3. Forecast Budget and actual Profit & Loss and Break Even

- Income (everything that has been invoiced for) excluding VAT collected
- Variable costs expenditure (cost of sales, including unpaid bills)
- Gross profit % after variable costs
- Fixed cost expenditure (overheads including unpaid bills)
- Other costs: bank interest, estimate cost of depreciation
- After all costs you have your net profit and you will have to pay tax on this
- VAT is not included in your profit & loss
- Breakeven is the point when income is the same as expenditure and allows a business to establish sales targets
- The forecast is your predicted performance and the actual refers to actual trading

[Page 64](#) can help you with both of the above areas.





#### 4. Balance Sheet

Created at the end of a period (any time).

- Calculate total assets
- Fixed assets (capital expenditure less depreciation)
- Valuable assets (stock, cash at bank and debtors)
- Subtract current liabilities
- Creditors (trade creditors, HMRC (PAYE & VAT))
- Long-term liabilities (net loan)
- Balance + any previous balance is the value of the business

#### 5. Accounts

This is a summary of the year's financial performance and your balance sheet.



Augustina's Tea Room

“ Make sure you understand your finance of the business, how much is needed to get started, how much cash flow you need. How many sales you need to make to cover all your overheads. ”



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# Top Tip

“ Speak to your accountant how to keep record of cash flow not only for your own business records but also for VAT and tax return submission. ”

Augustina's Tea Room





## 6. Maintaining Financial Records

### Cash Handling

All income needs to be recorded and kept safe. There are till systems available that can provide that service and keep things very simple.

See [here](#) for more information.

### Payment Terms

Credit terms should be considered for customers and payment terms for your suppliers. This impacts on cash-flow.

### Record keeping

The easiest place to keep your records is on a spreadsheet but if you are too busy then place receipts in envelopes that relate to that month of trading.

### Entering data in your forecast/forecasts and actuals

Ideally enter the data straight into your forecast budget to see how you are performing against your predictions. Paying your suppliers via bank transfer with credit accounts is much easier to monitor than cash payments and receipts can be lost or fade!

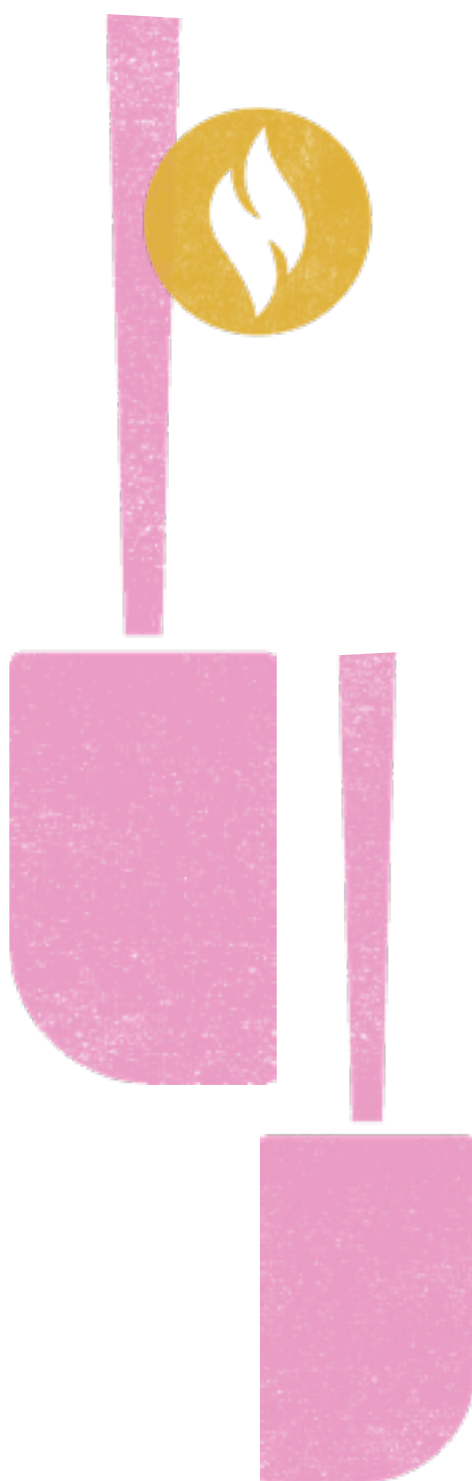
“ Always refer back to your business plan to ensure you are on track, financially and still true to your aims. ”

Mani Hirani

Top  
Tip



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## 7. Sector Specific Financial Terms

These are key terms often used in the food industry which calculate food prices and monitor gross profit.

### Unit Cost

An up to date price list of all the ingredients used based on unit weight e.g. 1g of flour, 1 egg, 10ml milk etc.

It is recommended that once you do this you update it twice a year for most ingredients, but for fruit and vegetables you will need to keep a closer eye on the prices as they fluctuate so much.

### Standard Recipes

1. Using the same recipes that have been tried and tested and that state the number of portions you will make from each one
2. To ensure correct quantities are always used
3. Used as a training tool
4. Cost control tool
5. They are usually created for 10 portions and then multiples of 10

### Portion Control

Each menu item needs to have a portion size in line with standard recipe. Without this there will be no consistency in your meals and you may lose money if over-portioning or annoy customers if under-portioning.

When you try out each new recipe you need to work out the portion size and stick to it. You can do this by using certain spoons, ladles, cake cutters etc to ensure you have the same portion size each time. Make sure everyone knows this!





### Monitoring Waste

Need to record daily waste from the menu if it can't be used the following day as this will impact on your gross profit. Plate waste should also be monitored as portions could be too big or items unpopular.

### Industry Average Gross Profit

The commercial catering business has a standard Gross Profit of 75%.

This refers to what's left after you have taken off the variable costs – i.e. the cost of your product – ingredients and any packaging.

**To calculate 75% gross profit, take the cost of your item and times by 4.**

**E.g. If you make a sandwich and the cost of the ingredients and wrapper is £1.00 and you want a 75% GP, you will sell it for £4.00 and your gross profit will be £3.00.**

See [page 66](#) in the appendices for a tool to help you do this.

### Stock Control Systems

Stock control systems provide you with a way to monitor how much stock you are holding and how much stock you have used over a period of time e.g. a week, a month or a quarter. You can create your own excel spreadsheets to do this by entering your opening stock at the beginning of trading, adding all of your purchases and then carrying out a stock take to see how much stock you have used and whether it matches how much you should have used according to your sales.





This allows you to:

1. To ensure gross profit is maintained
2. To monitor waste and theft
3. Stock rotation
4. Shelf life

There are also stock control systems available, some free and some that can be purchased.

[Click here for more stock management advice](#)

[Orderwise](#)

[NCH Software](#)

[Free stock control software](#)

#### Staff Training

To ensure all the above is done properly you must ensure you and your staff know what to do and why! It is vital that all your staff understand the reasons behind your pricing and how important it is that they stick to the right portion sizes and don't feel tempted to give things away. Giving staff some ownership of this will help them feel empowered to stick to it!



“ Keep records of all stock to help with stock control as well as keep track which batch of ingredient was used in which product. This would help if any ingredient was recalled by the supplier and I would be able to identify which product it was used in. Saving a massive food wastage and cost. ”

Mani Hirani





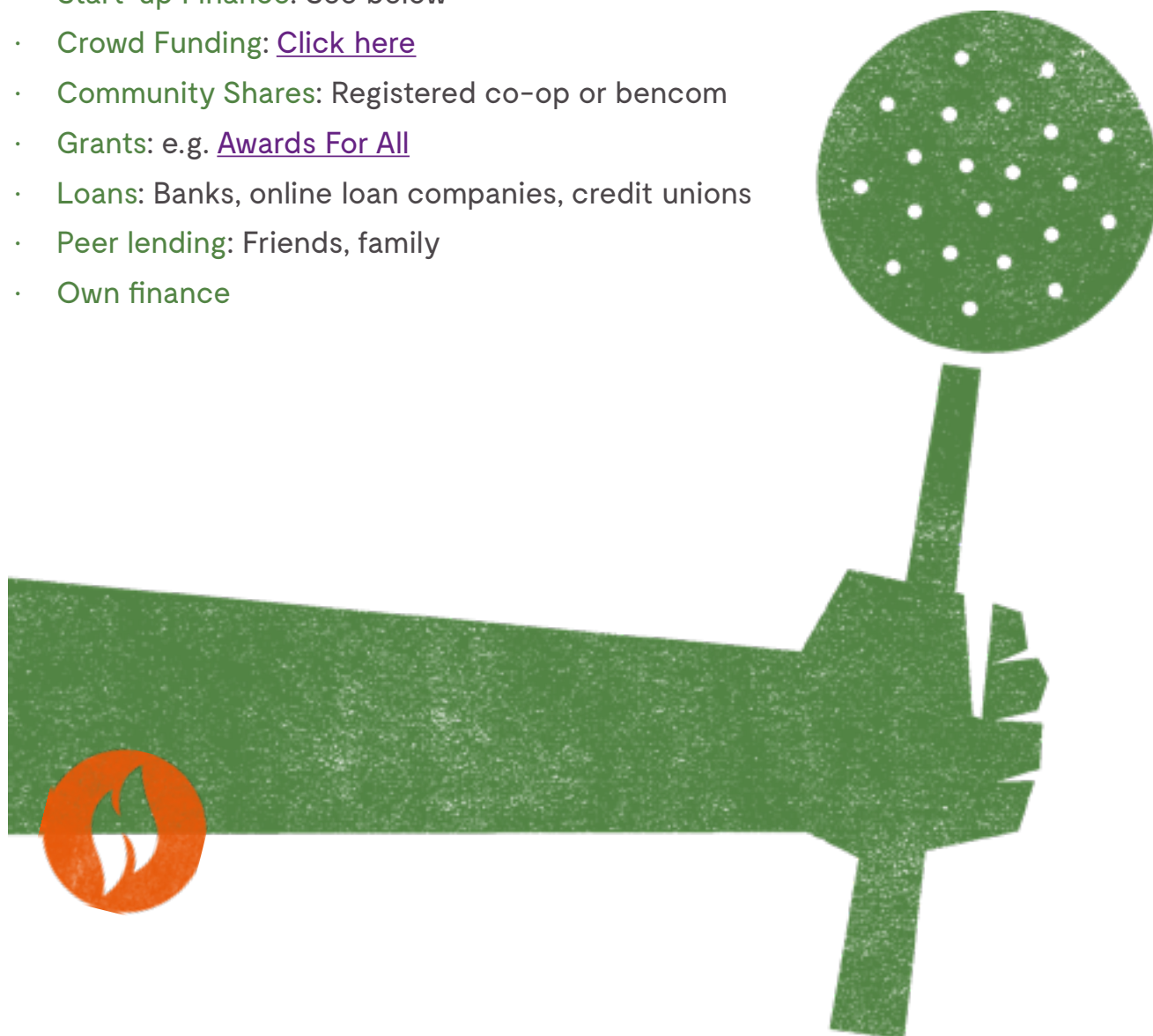
# Sources of Funding

Once you have worked out your starting budget and your cash-flow you will now know much money you will need to start your business.

If you need to find additional funding there are a variety of ways to do this: loans, equity release or crowd funding.

General Advice on finding finance is available from [Better Business Finance.co.uk](http://Better Business Finance.co.uk)

- Community Development Finance Institutions: See below
- Start-up Finance: See below
- Crowd Funding: [Click here](#)
- Community Shares: Registered co-op or bencom
- Grants: e.g. [Awards For All](#)
- Loans: Banks, online loan companies, credit unions
- Peer lending: Friends, family
- Own finance



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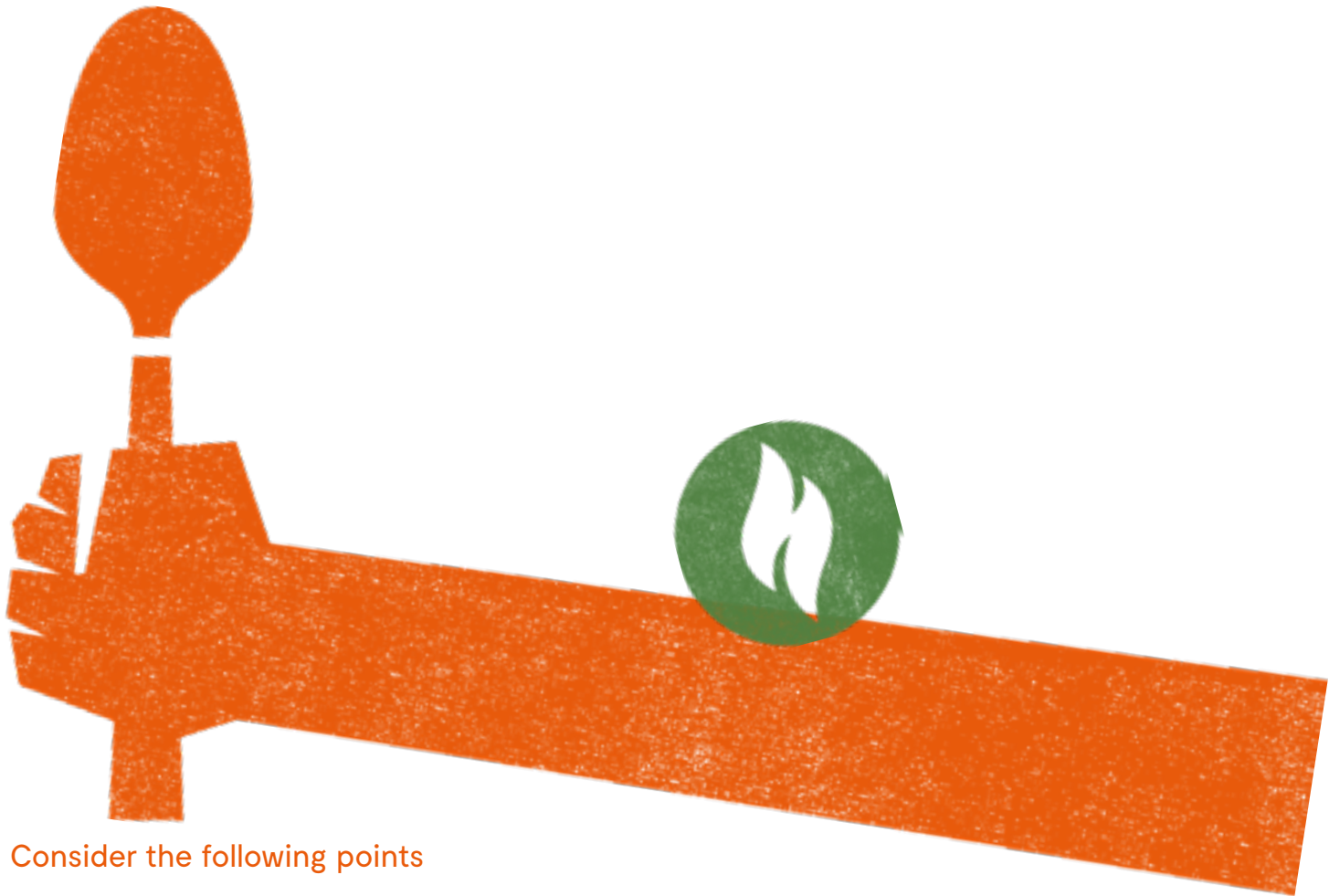
Funding Type	Sources of Funding	Restrictions/Comments
Government backed investment	<a href="http://www.fundingcircle.com">www.fundingcircle.com</a>	£5,000 to £1m within 1 week
Start-up finance	<a href="http://www.startuploans.co.uk">www.startuploans.co.uk</a>	Up to £25,000 6% 15 hrs free mentoring Application response within 3 days Personal loan Trading for less than 24 months 18+
Community Development finance	<a href="http://www.cdfa.org.uk">www.cdfa.org.uk</a> In London: <a href="http://www.nwes.org.uk">www.nwes.org.uk</a>	Range of programmes including start-up loans
Crowd Funder	<a href="http://www.crowdfunder.co.uk">www.crowdfunder.co.uk</a>	All projects
Community Shares	<a href="http://www.communityshares.org.uk">www.communityshares.org.uk</a>	Co-op & Ben-com
Grants	<a href="http://www.grantfinder.co.uk">www.grantfinder.co.uk</a>	See legal structure
Loans	Personal loan <a href="#">Credit Union</a>	Require security unless part of a govt/grant supported scheme
Peer Lending	Friends, colleagues <a href="http://www.fundingcircle.com">www.fundingcircle.com</a>	A regulated peer to peer
Own Finance	Personal savings	Will you loan this to your business and re-pay yourself?





# Marketing, Communication & Branding

This section is all about marketing and branding your business



## Consider the following points

- Do you have a clear understanding of exactly what you are selling?
- How will you plan your business in the light of your knowledge of customers?
- Do you know the market place? What do you know about it?
- Who are your competitors? What are they doing well and what could you do better?

## Marketing Questions

- Are there people to buy your product or service at the price you want to charge?
- Why should they buy from you?
- Is the demand for your product or service increasing or decreasing?

## Marketing and Communications Plan

Please see communications planning tool on [page 67](#) in the appendices: useful considerations for marketing and communications.







### 10 words to describe your business (linked to your aims – section 1)

- This can form your elevator pitch or strapline for your marketing materials, capturing people's attention

### Point of sale & branding

- Don't forget this, look at other businesses in your sector
- Who can help create a logo and some nice design for your menus
- Website – essential but can be done very cheaply these days and can be maintained very easily. You only need 2 or 3 pages with a bit about the business, your products and how people can get in touch/visit/order

### Digital marketing

- Social media is your best route to market these days. It is free and can be very targeted too. Think about which platforms will suit you best
- Set up your accounts as soon as possible and start telling your story
- Find out about a platform that you can control all your accounts from

### Direct & focussed marketing (local flyers)

- Costs money so needs to be focussed and measurable. Put on an offer that people have to bring the flyer in to redeem e.g. 'Bring this flyer for 20% off your meal'
- Can be very effective and a good thing to hand out to people at events etc

### Test marketing: Pop ups, tasters

- These can be a great idea to test your product and your systems
- They are low risk and low investment
- A great way to find future customers





### You!

- You will be the best marketing tool you have!
- You know the business inside out and have a real passion for it
- Always be networking and talking about what you do. This doesn't have to be in a 'salesy' way, but just talking about what you do with passion and commitment is a great way to engage people
- Think about what networks and partnerships you already have and what you can build on
- If you know you can't be the front person, who can?

Marketing Strategies are often described as the 4 P's: Product, place, price and promotion.

### Product

This relates to [section 1](#) about your ideas, business aims which are refined via feasibility and developing your unique selling point.

### Place

Where does your business take place? Is this a fixed location, mobile or online? This again is covered by [section 1](#).





### Price

This relates to your product, your costing activity and your feasibility.

### Promotion

This is your communication plan – how you will get your message & product out there. Use the [planning document](#) to identify your messages, customers, tools and timeline.





# Business Plan

## Business Planning

From the previous 6 sections you will have built up an excellent case for your business. Think about fitting it all into your business plan and think about any gaps that need filling in.

### 1. Executive Summary

- Reason/aims for the business
- Ethos

### 2. Legal Structure

- Sole trader, voluntary, limited company

### 3. Business History

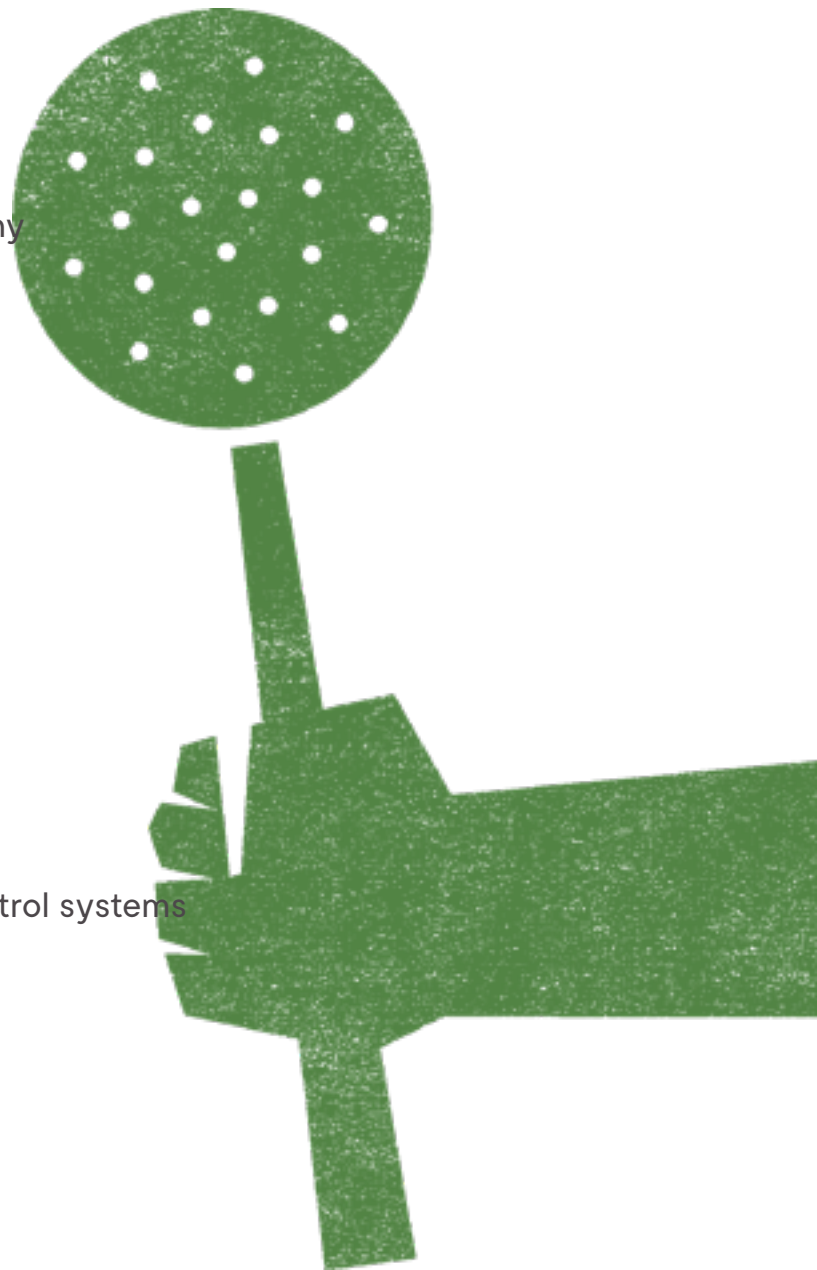
- Past activity in this area/experience

### 4. Marketing Plan

- Industry trends
- Product/service
- Target market
- Competitive analysis
- Marketing mix

### 5. Operational Plan

- Operating hours
- Menus
- Costing, pricing systems & stock control systems
- Suppliers & deliveries
- Production methods
- Ambience/style
- Customer service





## 6. Management Team/Human Resources

- Skills
- Training
- Volunteers

## 7. Financial Plan & Finance

- Start-up costs
- Cash flow statement
- Income statement
- Balance sheet
- Use of funds
- Expected outcome of business operations

## 8. Conclusion/actions

## 9. Appendices





# Additional Support

[Food Standards Agency](#)

[UK Government Website](#)

[Small Food Biz](#)

This is an American website, but it has lots of information about how to start a new food business.

[Plunkett](#)

A charity which has run some extensive food business support programmes.

[Enterprise Wellness](#)

Previously Harrow in Business, the local enterprise agency.

[London Business Partnership](#)

Local mentoring support from experienced business owners.

[The Food Club](#)

A food networking and support club based in Harrow.

[Harrow Cookery School](#)

[Advise for Franchising](#)

[Food Trade Shows](#)

There are many, find the ones that suit you best.

<http://www.foodentrepreneurshow.co.uk/>

<http://www.ife.co.uk/>



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# Appendices Section I

## Feasibility and Market Research

Tools to help you conduct a feasibility study and market research.

### I. How to establish the aims of your business

This will help you complete the mission/ vision and values section of your business plan and your unique selling point.

- Why have you set up this business?
- What are your business & personal aims?
- Describe your business/idea in a sentence

#### How to work out your aims!

Here is a list of questions to help you focus your thoughts.

#### The aims and values of your product.

- What values are important about your business – for example your product/ menu is healthy, sustainably sourced & produced, affordable, hand- made, high quality, good customer service, the best of that cuisine, a cultural celebration, vegetarian?
- Do you want this product/menu to be artisan or would you be happy if it was made in a factory?
- Do you want to sell directly or are you happy for others to sell on your behalf? Do you just want to be the owner?
- Selling directly will earn you more gross profit but will take more time
- Product wholeselling may require quantities that mean you are working long hours or do you give it to a factory and focus on sales e.g. move away from making it yourself
- How much can you spend on your business now?
- How much time do you want to spend working in your business?





### Your role on the business

- Do you want to own the organisation and be the person who decides how to use the profits and the person who makes all of the decisions?
- Or do you want to share the decision making with a partner, a group of people, a community, or with your users/customers

### How much do you need to earn?

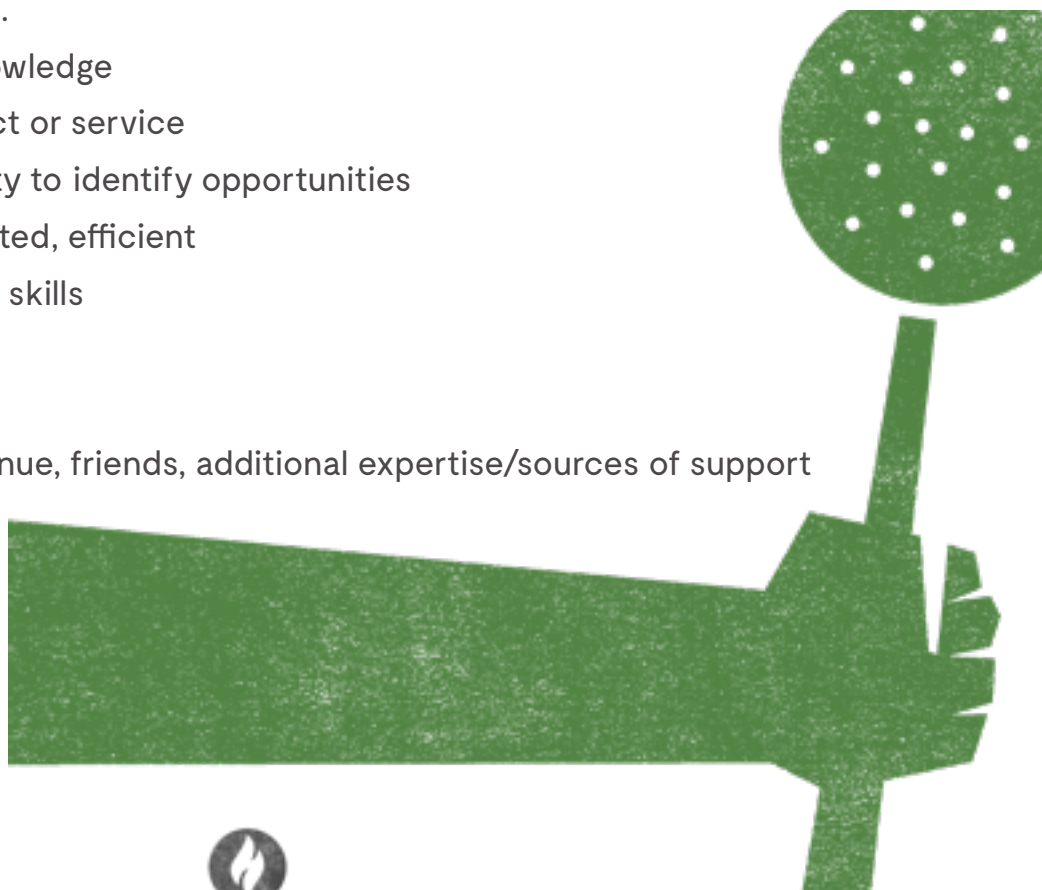
- Not in detail, but is it a full-time income, a part time income, voluntary?

## 2. How to identify the skills and time required to achieve your business aims.

This will help you complete the skills and personnel needs of your business plan.

To begin with, consider the points below and your skills, experience and knowledge in each area. The following table will help you identify your strengths and weaknesses, form the basis for a personal development plan, and help you identify areas for external support.

- Product or service knowledge
- Passion for that product or service
- Entrepreneurial & ability to identify opportunities
- Organised, self-motivated, efficient
- Good communications skills
- Literate & numerate
- IT literate
- Resources - money, venue, friends, additional expertise/sources of support



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### 3. Personal Questionnaire

Using questions like the ones listed below can help you identify any additional resources, support and development you may require establishing a new food business or growing an existing business.

Consider existing resources, skills, knowledge, available support and development plans.

#### **What expertise and/or previous experience do you have of your proposed product or service?**

#### **Why this product?**

- Do you have a passion for the product or service?

#### **In what ways do you consider yourself to be entrepreneurial?**

- Do you think you can identifying new or emerging opportunities and be proactive?
- Can you take risks?

#### **Thinking about what's involved in your business, how would you ensure you are able to deliver?**

- What planning and organisational skills would you use?
- Can you complete a variety of tasks in tight timescales?
- Do you have the energy to complete a variety of tasks?





### **Communication skills**

- Can you communicate with a wide range of people?
- Do you think you would have good customer care skills?
- Are you part of a broad network already?
- Do you enjoy communicating with a wide range of people?

### **Are you comfortable with detailed written documents?**

- Are you able to read & understand legal & technical documents?
- Will you be able to write marketing materials?

### **Numeracy**

- Will you be able to understand how to cost and price your product & service and understand how your business is performing financially?

### **IT Literacy**

- Can you communicate effectively via IT?
- Can you create web pages, Facebook, twitter, instagram accounts?

### **Time & Resources**

- Do you have the time to undertake this new venture?
- How are you going to resource it?
- Do you have other sources of support?

### **Raising Finance**

- Do the have the resources to get started or grow or do you know how to find them?





#### 4. Assessing the potential of a business idea

Now you have assessed your own skills and knowledge, and looked at the reasons for setting up your business, you need to identify whether there is a market for your idea.

The questions below and the following table will help you plan your market research.

- How have you identified the market for your product?
- How have you identified why it could be successful?
- What market research have you or can you undertake?
- How can you test your ideas?

There are good resources to help you understand the trends in food in the UK and London, which can help you assess the strength of your business idea:

[Government food statistics](#)

[Insider](#)

[Unilever](#)

[Business Insider](#)

[Forbes](#)





Here are websites and links that provide specific information that could be relevant for your food business.



Sustain: the alliance for better food and farming



Sustainable Food Cities

See what other places across the country are doing



Feedback



Good Food Guide: For chefs, caterers and culinary students

Please leave a donation when you download this excellent guide!



Compassion in World Farming



RSPCA assured foods



Eat Seasonably



Eat the Seasons



MSC Fish

Search on their 'fish to eat, fish to avoid' lists



Meat Free Monday



The Flexitarian





Fairtrade



Love Food Hate Waste



Wrap





**5. Know how to assess the market for the product or service**

<b>Main Activities</b>	<b>Top Tips</b>	<b>Planned Activity &amp; Timeline</b>
Assess the demographic details of your target market	This will be either a physical area: shop, market, cafe or target population (online) <a href="#">Click here</a>	
Implementation & Assessment of questionnaires to potential users	Capture information about potential customers from the local community and local business  This will provide information for sales predictions, pricing and products	





Main Activities	Top Tips	Planned Activity & Timeline
Look at footfall figures and transport links	<p>How many people walk past the potential venue?</p> <p>What are the transport links, parking links and delivery routes?</p>	
Competitors' analysis	<p>What are they offering?</p> <p>What style? Prices, who are their customers?</p> <p>Look at 500m – 1km circumference from your planned location</p> <p>For online businesses look for comparable products</p> <p>For a very specialist offer look online for comparable products/ companies</p>	

**Top Tip!**

Augustina's Tea Room

“ Visit similar businesses. This gave me ideas on how I wanted to run my own tearoom. I watched how they served, how they communicated with customers, looked at ranges of products. This gave me an opportunity to see what works and what didn't and then was able to add my own personal touch. ”





Main Activities	Top Tips	Planned Activity & Timeline
Local Assets	Other facilities in the surrounding area Offices that might be interested in your products or services Potential partners for joint procurement or marketing	
Premises	<a href="#">Jump to page 20 for more info</a>	
Physical capacity of your planned venue/ production space	Planning restrictions/ space available, equipment, seating capacity, outdoor seating, parking (deliveries) <a href="#">Jump to page 16 for more info</a>	







“ We are all local to Harrow and we knew we wanted premises local as well. We did basic demographic, accessibility, transportation research for various towns and we knew we wanted to be on a busy high street where there was a lot of other businesses for our trade. We joined commercial property agents.

We were not sure what size premises we wanted so we visited similar model cafes that we wanted to open to get an understanding of size. We found our premises with luck when we were driving around various areas to engage the demographic of the area. ”

Augustina's Tea Room





## Café Questionnaire

We are hoping to establish a new café/restaurant/market stall and would like to know how you feel about our idea, your interest in using it and the service you would like it to offer.

If you would like to be kept informed about our progress please add your contact details.

Thank you for your time.

### CAFÉ QUESTIONS



1. Where do you currently purchase your lunch?
2. What is your current average spend on lunch?
3. Would you like to be able to purchase your lunch/dinner from the café?  
 Yes  No
4. How many times a week would you like this service?  
 0  1  2  3  4  5+
5. Would you use the café for drinks or snacks at other times of the day?





6. Would you use the café to host small meetings?
7. Would you use a conference catering facility for larger meetings?
8. Would you be interested in a meal delivery service?
9. If you would like to be kept informed of our progress, please provide us with your contact details.

Name:

Address:





# Appendices Section 2

## Business Registration

### 1. Business Registration

The legal structure you decide to have will be based on a number of areas that you need to think about and decide upon:

- **Ownership:** Are you the only owner of your business idea? If the answer is yes self-employment or a company by shares may be the answer.
- **Management:** Are you aiming at being the manager of the enterprise? What degree of involvement will others have in the enterprise.
- **Involvement:** Are only those who own and manage going to be involved in the initiative?

Are there others who may be involved?

Could they be the social beneficiaries of your initiative, the wider community or other stakeholders of the initiative?

Business structures are defined ultimately by the law and it is important to understand the advantages and limitations of those structure so that you choose the most appropriate.

In general, different models of legal structures have advantages and disadvantages and the aim ought to be to find the one that fits best the aims of the organisation and its operations.

Legal structures follow what is stipulated by a specific piece of legislation such as Charity Law, Company Law, Partnership Law or Industrial and Provident Societies Law, therefore the working documents that fit the governance of organisations are general and not specific.





**Legal Structures: Summary of the key features of the different legal forms**

Legal Form	Regulatory Body	Limited Liability	Charitable Status	General Trading Activities	Corporation Tax	Suitable for Grants	Can it issue shares?	Advantages	Disadvantages
Unincorporated Charity	Charity Commission	No	Yes	No	No	Yes	No	Simple to set up. Inexpensive	No limited liability. Trustees are personally liable
Charitable Incorporated Organisation	Charity Commission	Yes	Yes	No	No	Yes	No	Inexpensive	Evidence of funds in advance
Charitable Company	Charity Commission & Companies House	Yes	Yes	Possibly	No	Yes	No	The best known form for charitable initiatives. Strict regulation by the Charity Commission	Evidence of funds in advance. Needs to do returns to Companies House and Charity Commission
Charitable Recognised Society for the Benefit of the Community	Financial Conduct Authority	Yes	Yes	Possibly	No	Yes	Yes	Flexible for trading related activities, obtain grants, donations and other forms of generating funds	Expensive
Society for the Benefit of the Community	Financial Conduct Authority	Yes	No	Yes	Yes	Yes	Yes	Highly popular with community trusts that promote employment and trading activities	Has no charitable recognition and is subject to Corporation Tax
Community Interest Company (Limited by Guarantee)	Companies House and CIC Regulator	Yes	No	Yes	Yes	Yes	No	A widely accepted structure for organisations aiming at establishing social enterprises	Has no charitable recognition and is subject to Corporation Tax





## Legal Structures: Summary of the key features of the different legal forms

Legal Form	Regulatory Body	Limited Liability	Charitable Status	General Trading Activities	Corporation Tax	Suitable for Grants	Can it issue shares?	Advantages	Disadvantages
Company Limited by Guarantee	Companies House	Yes	No	Yes	Yes	Yes	No	Very simple to establish and widely recognised in the Third Sector.	Has no charitable recognition and is subject to Corporation Tax
Company by Shares	Companies House	Yes	No	Yes	Yes	No	No	Simple to establish and able to attract capital	It is not a recognised structure for SE
Co-operative	Financial Conduct Authority	Yes	No	Yes	Yes	Possible	Yes	Easy to join and democratic control	Requires collective action and management
Partnership / Self-employment	HMRC	No	No	Yes	Income Tax	No	No	Easy to establish	No limited liability





## Financial Planning

Getting started: what funding is required to launch your business?

Income	
Loans	
Your contribution	
Grants	
Total £	

Expenditure	
Cost of goods (initial stock)	
Insurance	
Equipment	
Start-up marketing costs	
Transport cost to start-up	
Telephone	
Property purchase or lease purchase	
Signage	
Training/accreditation	
Registration	
Legal fees	
Total £	





## Creating a Cash Flow Forecast

Below is an example cash flow of a basic cafe.

Have a look at their cash flow and their closing balance each month.

Think about how you would do this for your own business by estimating sales and outgoings.

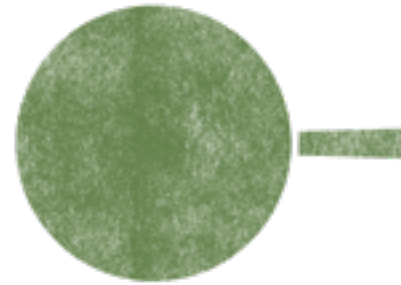
It is essential to think this through and get some accurate figures to see if your business can be financially viable.

### Simple cash flow for a café. £5= average sale per customer. £1.25= average cost of ingredients

Cash in	Mth1	Mth2	Mth3	Mth4	Mth5	Mth6	Mth7	Mth8	Mth9	Mth10	Mth11	Mth12	TOTAL
Customers	2000	2000	2500	2500	3000	3000	3500	3500	4000	4000	4500	4500	39000
Sales	10000	10000	12500	12500	15000	15000	17500	17500	20000	20000	22500	22500	195000
Loans	30000												30000
Grants	0												0
Contributions	0												0
<b>TOTAL</b>	<b>42000</b>	<b>12000</b>	<b>15000</b>	<b>15000</b>	<b>18000</b>	<b>18000</b>	<b>21000</b>	<b>21000</b>	<b>24000</b>	<b>24000</b>	<b>27000</b>	<b>27000</b>	<b>264000</b>
Cash out													
Ingredients at 25%	2500	2500	3125	3125	3750	3750	4375	4375	5000	5000	5625	5625	48750
Wages	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	84000
Other Costs	6000	5000	5000	6000	5000	5000	6000	5000	5000	6000	5000	5000	64000
Start up Costs	30000												30000
Principal Repayment	500	500	500	500	500	500	500	500	500	500	500	500	6000
Interest Repayment	250	250	250	250	250	250	250	250	250	250	250	250	3000
<b>TOTAL</b>	<b>46250</b>	<b>15250</b>	<b>15875</b>	<b>16875</b>	<b>16500</b>	<b>16500</b>	<b>18125</b>	<b>17125</b>	<b>17750</b>	<b>18750</b>	<b>18375</b>	<b>18375</b>	<b>235750</b>
Cash in - Cash out	-4250	-3250	-875	-1875	1500	1500	2875	3875	6250	5250	8625	8625	28250
Opening Balance		-4250	-7500	-8375	-10250	-8750	-7250	-4375	-500	5750	11000	19625	
Closing Balance	-4250	-7500	-8375	-10250	-8750	-7250	-4375	-500	5750	11000	19625	28250	







## Profit & Loss and Break Even Examples

These tables help you to see what levels of sales are required for you to make a profit.

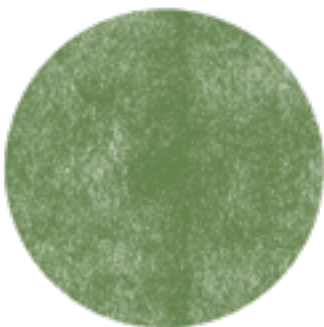
How do we know when we are making a profit? The answer is when sales go above the breakeven point. Breakeven Point is when Sales = Costs, so Profit = 0.

If we simplify the sales to one typical meal at £5 with a variable cost (cost of ingredients) of £1.25 per meal, then weekly sales and costs may look like this:

	Typical sale = £5 per unit				Variable cost = £1.25 per unit				Breakeven
Sale Point	1	2	3	4	5	6	7	8	
Number of Monthly Meals @ £5.00 each	2,000	2,500	3,000	3,500	4,000	4,500	5,000	5,500	3,866.666
Sales per month	10,000	12,500	15,000	17,500	20,000	22,500	25,000	27,500	19,333.33
Variable Costs	2,500	3,125	3,750	4,375	5,000	5,625	6,250	6,875	4,833.33
Fixed Costs (Overheads)	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500.00
Total Costs	17,000	17,625	18,250	18,875	19,500	20,125	20,750	21,375	19,333.33
Profit / Loss	-7,000	-5,125	-3,250	-1,375	500	2,375	4,250	6,125	0.00

Looking at the figures we know that the breakeven point is between 3,500 and 4,000 meals per month.

Understanding our breakeven allows a business to establish sales targets.





## Recipe Costing Example

### Organic chocolate nut brownies (wheat free, contain nuts)

Ingredient	Quantity (grams)	Cost per unit	Total cost per unit
Butter (whole pack unsalted, half pack salted)	375	0.008	3
Eggs, large	6	0.25	1.5
Dark chocolate buttons	375	0.01	3.75
Ground almonds	250	0.009	2.25
Cocoa	40	0.012	0.48
Caster sugar	400	0.002	0.8
Bicarb (1/2 tsp)	2.5	0.002	0.005
Walnuts, roughly chopped	40	0.009	0.36
Coffee, 1 double espresso	15	0.01	0.15
		Total cost	12.295
Yield	24		
		Cost per brownie	0.51
		Sales price exc VAT (GP of 75%)	2.05
		Sales price inc VAT @ 20%	2.46





## Planning Your Marketing and Communications

Below are several points you need to consider which are fundamental areas of planning:

- **What is your product?**
- **What is your message?**
- **What outcomes do you want to achieve from communications?**  
e.g. increased sales, increased awareness, raised profile.
- **Target audience/customers.**  
Think about who they might be: age, background, any cultural references, where might they shop etc. This will help you target people accurately.
- **What communication tools will you use?**  
e.g. posters/leaflets, press release, articles in local press, media attention, social networking, word of mouth.
- **Timescale**





# HARROW'S COOKING

[www.harrowscooking.com](http://www.harrowscooking.com)