

FACILITIES OVERVIEW

Introduction

When it comes to commercial kitchen operations, there are four basic options and each of the four will need approval and licensing by the local health or environmental department. The option chosen will be driven by the amount of startup capital available for investment in the business, the number of employees planned, the business strategy chosen and the overall short-term and long-term goals as described in the business plan.

The first option is one rarely chosen – adding a commercial kitchen facility onto an existing home. Very few commercial kitchen based businesses have chosen to add an additional kitchen facility to an existing home. If space is available and the cost of a separate facility addition is affordable, this option may have merit. However, the addition of a commercial kitchen facility generally will not increase the value of the property and may even decrease the value. So calculate the ROI (return on investment) carefully and be prepared to spend many, many years in the home to recover the investment made through the addition. Because this option is used so rarely, we have included the details on the data CD for your review in the event this is the direction you are considering.

The second option is renting an existing approved and certified kitchen on a part-time basis (paying only for the time used). This is the most common first step for traditional in-home Personal Chef Services that are making the jump to a centralized kitchen operation. Out of all the options, this one is the least expensive and offers the most flexibility with the least amount of overhead and liability. This option also allows testing of the waters and if successful then expanding the business to a more permanent facility.

The third option involves renting or leasing an existing approved and licensed kitchen on a full-time basis. This requires either enough existing service demand to support the constant fixed overhead or the ability to sublease space during any down time. Subleasing provides monetary assistance with the monthly lease obligation, but requires assuming the role of steward of the facility dealing with elements outside the core business focus.

The fourth option is to obtain a long-term lease or purchase a facility that will be built out to commercial kitchen specifications. The cost of a build-to-suit option is relatively high, but like the first option, does provide the ability to plan the kitchen that will meet the ultimate needs and both short-term and long-term goals of the business.

Rent vs. Lease

The following pages describe various kitchen arrangements to operate a commercial kitchen based culinary service. Each kitchen situation is different however the most prominent query common in every kitchen enterprise is whether the space is for rent, lease or sale. Each of these financial arrangements has its own set of advantages and disadvantages.

Renting An Existing Kitchen

Committing to a new or expanded commercial kitchen business does not mean committing to a long-term financial obligation. Renting kitchen space is the easiest, quickest and most risk free of the options available. The location may not be perfect and there will be aspects of the space that could be changed, but renting affords an avenue to begin business quickly. The primary tenant will have the responsibility of health inspections, code compliance and the majority of the insurance needs. Being able to move in, set up shop and begin the task of creating wonderful meals from a commercial facility quickly is an advantage to the renting scenario.

Many of the items you may need can be found at the local cooking shop, restaurant supply house and many times from food service businesses going out of business. Remember, controlling the initial capital outlay by frugal purchasing leaves additional money for the marketing efforts, which in turn will provide the much sought after client. Without clients there is no business.

Take The Test

Is the business ready to rent commercial kitchen space on a part time basis?

Y/N

- Is the business looking for a simple rental and quick startup?
- Is the business looking to increase revenue with minimal capital outlay?
- Is the business ok sharing the space (reducing overhead costs)?
- Is the business looking for a low risk expansion option?
- Does the business only need part time access to the kitchen?

Existing Kitchen For Lease

Sharing space at a commercial kitchen is the equivalent of having a party-line phone (you need to be of a certain age to even know what this is). It's dividing a fixed amount of space or time among a number of people or interests. Typically, all will have similar high demand and low demand periods, creating potential conflicts. Leasing a commercial kitchen solves virtually all of those issues in an instant. This becomes "the businesses" place and space. The business hangs its sign, has an address, creates a presence in the community and begins building a brand.

For the business that only needs a kitchen two days a week, leasing would be a poor choice for many reasons. For the business where daily activity takes place and growth is anticipated, the leased kitchen is the superior situation. The agreement with the building owner should spell out who is responsible for what, including insurance, maintenance and improvements. It should also include a clause allowing sublease of the space to other like-business operators, providing a source of income during periods when the kitchen would be inactive. This can be especially beneficial during the early stages of the lease when the business may not have enough demand (customers) to require full use of the space every day.

Production vs. Retail Walk-in

Is walk-up traffic desired when renting or leasing commercial kitchen space? If not, explore the commercial or industrial areas in town, or locations that wouldn't offer much appeal to a walk-in customer. If direct customer interaction is required at the facility, it needs to make walk-in customers feel comfortable. Don't base the decision from a stroll by at high noon. Find out if the area is lit at night. Are street signs sufficient to have people find the business from an address alone? Can the business be seen from the main cross streets? Is there other activity that begins outside of normal business hours that might affect the customer's decision to patronize the business? It's likely that customers picking up prepared meals will arrive following normal work hours. Having trucks blocking the streets or other undesirable elements involved at that time period will discourage repeat customers.

Agreements, Subleasing And Escape Clauses

Most lease contracts have a sublease option but they are not written to the benefit of the lessee. The landlord will hold approval rights for anyone or any business wishing to sublease. A landlord can reject a sublease tenant for many reasons. It's prudent during lease negotiations to have an attorney review these types of clauses and recommend the wording needed to make subleasing workable for both the lessor and lessee. This avoids the situation where the landlord can make excuses for rejecting every suitable applicant.

FACILITY BUILD-OUT

Introduction

Whether adding a commercial kitchen to a home, building from the ground up in an area zoned for commercial commerce or re-modeling an existing space, this chapter will cover the many details that surround the construction phase of building a commercial kitchen. Some of the questions that need answers are posed in the following topics. The answers to these questions will help the architect and building contractor create a commercial kitchen facility.

One of the first, if not THE first thing needed is to identify the type of food and services you'll offer. These two fundamental aspects form the essence of what the business is and what the commercial kitchen will need for equipment. From physical layout to equipment, the food and service drive the design.

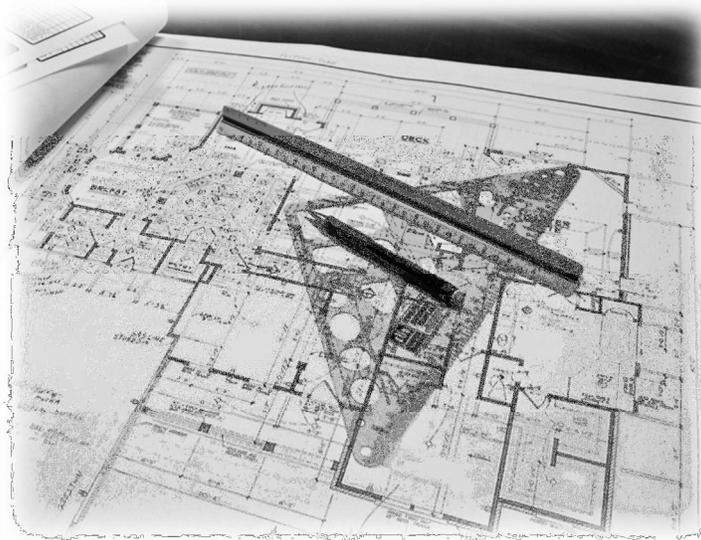
Food To Produce

Due to the specialized nature of the many pieces of commercial grade equipment that could possibly go into the facility, identifying the type of food prepared will help steer the list of equipment ultimately needed. For example, offering a classic Personal Chef Service meal delivery would require an oven, stove, refrigerator, freezer, dishwasher and appropriate sink arrangement as a minimum. In addition to that, a fryer and a grill would be a great addition if catering services were also offered. If large scale baking were being offered, then the addition of a floor stand mixer and additional oven capacity would be in order.

Offered Service

What types of service will the business provide the community? More specifically, will the business have a retail area for people to come in and pick up orders? Will the business need a place set aside to meet with customers and consult? Will the business have an area suitable for group demonstrations? During the days the business is not utilizing the facility, will it rent out the kitchen space to other culinary professionals?

The necessity of having a clear picture of the types of food prepared and the services offered will drive the design of the kitchen. Answering the questions and considering the options will provide the foundation necessary to ask questions of the architect and building contractor and offer intelligent direction on what is needed to accomplish the build out of the commercial kitchen.



WORK AREAS

In a commercial kitchen there are many areas that contribute to making the kitchen “a whole.” From the front entry to the prep tables and the stove, these areas are critical to a successful commercial kitchen operation. This section is a brief review of the common areas found in a commercial kitchen.

Receiving Area

This area is needed to bring food and supplies into the kitchen. This area is not required to be large but it must accommodate deliveries using dollies and have enough room to stack supplies for “checking-in” before moving them into the storage areas.

Storage Areas

When operating a commercial kitchen, space will be laid out to store all of the supplies necessary to fulfill the operation and production needs of the business. There are three types of storage needed to handle food products: dry, refrigerated and frozen. Dry storage is for items where no refrigeration of any kind is required. Adequate storage is easy to achieve with the right space. The main concerns will be about adequate storage in the freezer or refrigerator units.

All foods and supplies that are used in the kitchen should be kept in pre-arranged locations. This helps a kitchen run in an efficient manner. This will help with proper food ordering and cost control. Keeping the inventory organized makes it easy to put the food away when delivered. It makes it easy to find when needed and when it is time to order, there is a correct count of the products on hand. The goal is to order product only when needed. Keeping inventory straight keeps the business knowledgeable about the product it has on hand and helps controls costs.

Storage areas should be kept clean and neat. How products are stored is very important. Products needing refrigeration or freezing need to be put away as quickly as possible. If the products are not refrigerated then they should be stored in a neat and clean environment to eliminate the likelihood of damage and contamination. Food stored in a dirty area runs the risk of affecting the quality and safety of the food. Creating a clean and organized storage system is very important to a successful operation. Be sure to check the local health department for specific rules and regulations concerning proper food storage. These regulations cover a wide range of requirements from how far off the floor shelves must be to the operating temperatures of the refrigerators and freezers, and these requirements can vary from city to city.

Dry Storage

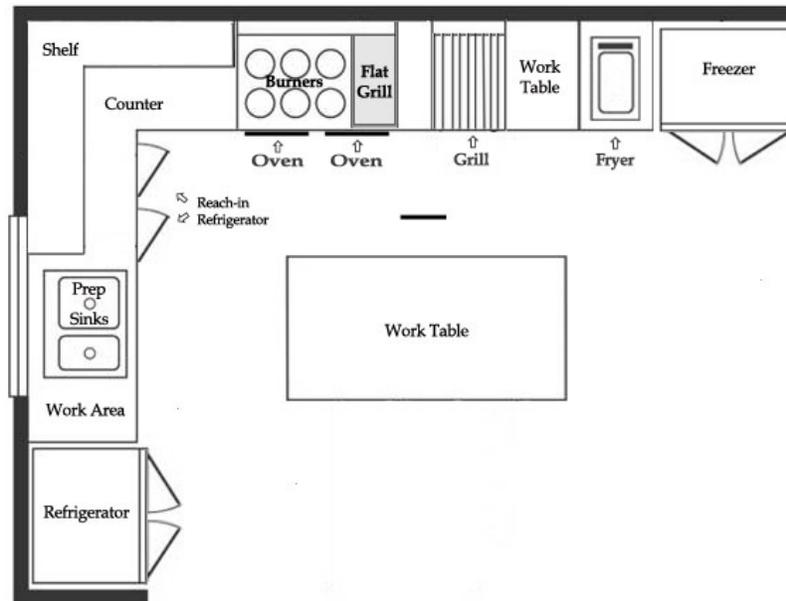
Dry storage is where products not requiring refrigeration are stored. The phrase associated with this type of storage is “keep in a cool, dry area”. The bulk of these foods will be kept in a common area usually referred to as a stock room. Dry goods are distributed from the stockroom to production areas as needed or when supplies in those areas need to be re-stocked. Some dry goods received will be stored in the kitchen where they will be used for the next production rather than in the stockroom for future use.

Climate Controlled Storage

Refrigerators and freezers handle cold food storage. Like dry storage there may be more than one area to handle the needs of the business and production. Like the stockroom, a large refrigerator and freezer near the receiving area that is easy to access from the production areas is a benefit. Refrigerators are accessed more often than other storage areas because of the movement of food in and out. The refrigerator should be placed and organized to allow for clear access and increased traffic.

The L-shaped design allows for good workspace right next to a stovetop. A counter across from the stove in an L-shaped layout out will add additional room to prepare items before or during cooking.

The U-shaped design can work for an individual. The problem with a U-shaped design is that there is only one way in and out of the kitchen. Working with more than one person in a kitchen that size would be uncomfortable and traffic in and out could be an issue.



For commercial kitchens, the line design is always a good choice. A line is an aisle setup lined on both sides with kitchen equipment. The stovetops, grills and ovens are lined up on one side of the area. This allows for all of the gas or high voltage electric connections to be along a single wall or all in one area. The other side is counter space, refrigerators and smaller equipment. Shelves for storage of frequently used items may line the wall above the countertops. Hand sinks can be located on the line or at the ends of the line. Pots and pans can be located at one end of the line with the dishwashing area. In a smaller operation, prep cooks and line cooks can work in tandem on the line. If the operation is larger, the line can hold two or three people whose main concern is cooking. Products that are prepared can move to another area to be cooled and packaged. In a smaller operation, the cooled food can be packaged on the line after the cooking is done.

Production is about efficiency. Set up the production area to use the space as efficiently as possible. The area should be large enough to move freely in the spaces. There should be close access to pots and pans along with utensils and storage containers. Cooks should have herbs and spices online and at their fingertips. They should have access to the coolers, the stockroom and their prepared items. Some of the equipment needed in the prep area follows:

- ◆ **Stovetops:** These are the engines of the production line. A large quality stove centrally located will drive the production kitchen.
- ◆ **Ovens:** Ovens need to be large and close to production. Cooks should be able to move pans in and out of the ovens and check their contents without taking many steps.
- ◆ **Prep Sink:** A prep sink nearby to drain pastas and fill pots with water is a bonus. The staff will not want to carry pots with water very far. Having a sink close will speed production.
- ◆ **Hand Sinks:** A hand sink conveniently located is helpful. The number of times a cook has to wash their hands can be enormous and the steps and time add up if the sink is far away.

amount on an order sheet. If the item is not kept on hand, only order enough for the recipe. If the item is something used often, then order the amount to re-stock that item back up to par.

Pars

A par is a common level or a pre-determined amount. In the commercial kitchen, it's an amount of an item to be kept on hand. Par levels can be listed on the order guides or inventory sheets. Setting pars at reasonably lower levels at first and fine tuning them based on how fast they are used will aid in sales and affect how often specific items are produced. Example: If making "Cacciatore" once every two weeks, make sure the pars on tomatoes and tomato sauce along with the required herbs and spices are available on hand. Pars will change as the item usage fluctuates. The most common items requiring set pars are the pantry items. Oil and salt are items that are always needed in the kitchen. Make sure there is always a minimal amount on the shelves by setting a par for these types of items. By setting up a tentative schedule of the items being prepared over the coming week it's possible to anticipate needs and order more effectively. Bump up the par levels on the order guides to handle upcoming demand.

Order Guides

Order guides are sheets used every day to keep track of items that are to be ordered. The order guides are set up to track most items that would be utilized in the business and include areas to add any unusual or one-time-use items. Order guides can be customized to how the business operates and the products that are purchased. All of the items that are needed can be on a single list. Some businesses prefer to break out the list into more than one area. If all or most the produce used comes from a produce company, putting all the produce ordered on one sheet makes sense. If most of the supplies received come from a single vendor, a master list of all items purchased may work better. The order guide should be broken down into the areas where items are stored, any set par, the pack size for ordering and the vendor from whom the item is purchased. If desired, a current price can be recorded. Order guides should cover all of the operations needs from food to cleaning supplies and plastic wrap to packaging supplies.

Receiving Supplies

When an order arrives at the facility it should be inspected, checked in and then signed for. Orders for supplies should be scheduled for delivery during business hours at an appropriate time worked out with the vendor. Deliveries during peak or critical business hours should be avoided. If the delivery time is late in the day, make sure the products ordered are not needed for that day. If an item is needed to complete a recipe and the kitchen staff is waiting for the truck to show up, Murphy's Law will inevitably occur and that will be the day the delivery truck breaks down. Try not to cut it close on orders when a deadline needs to be met. If the orders are delivered ahead of time, there is a window to correct a problem when an item is incorrect or does not get delivered.

Deliveries should be brought into the receiving area via the appropriate door. If possible, orders should arrive at a back door or loading area. If supplies must come through a front door, it's prudent to have the deliveries arrive before any customers. Make sure there is clear access to bring in supplies to the receiving area.

When the order arrives, go through the invoice or shipping papers to ensure all of the items ordered are being delivered. Do a physical count of all of the items received and make sure each product received is the product ordered. Check for the correct quantity, size and weight. Make sure the food received is not damaged or of poor quality. Now is the time to refuse an item if it is incorrect or not up to your standards. Once the order is checked in, it should be put away in the proper area. Items that cannot be unpacked immediately should be moved to where they are to be stored. Items cannot be left on the floor and can be a hazard if they are left in a walkway. Refrigerated and frozen foods need to be stored immediately.