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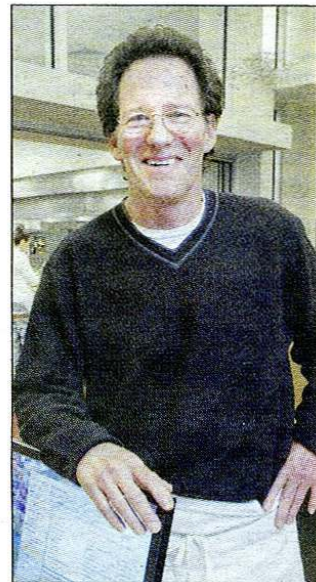
Growth Tools

| ENTREPRENEUR |

Rising to the occasion

Bakers' Best Catering

MORE INSIDE



RETURN ON INVESTMENT:

Bakers' Best makes good on facility expansion. Growth Tools. **24**



W. MARC BERNSAU | BUSINESS JOURNAL

Michael Baker expanded his operations significantly between 2007 and 2008 – just prior to the economic downturn.

After some recession-era belt-tightening, caterer/café sees long-term potential

BY SEAN MCFADDEN
JOURNAL STAFF

For Michael Baker, the expansion of his 26-year-old business's operations was a lesson in grace under pressure.

In 2007, his company, **Bakers' Best Catering**, began leasing a 10,000-square-foot space in Needham for use as a commissary. The space includes offices as well as an 8,000-square-foot kitchen. The expansion added a substantial

second piece of real estate to a business that previously only had a 48-seat, 4,000-square-foot café in Newton, which it continues to operate.

The addition of the new facility, which handles food production for the catering division — and, to a large degree, the café — was largely driven by necessity: Over the years, its full-service and corporate catering business had grown considerably,

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BAKERS' BEST: Caterer strove to cut costs without sacrificing quality

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and the company found itself hurting for space.

"We eventually realized we didn't have a choice," said Baker, 62. "We were kind of bursting at the seams."

The company had secured a bank loan for approximately \$1.65 million to cover the new facility project, the build-out for which was completed in 2008. And, the investment in space immediately yielded good results: In a late 2007 interview with the BBJ, Baker had noted that his corporate catering business had risen by 15 percent over a three-month period, due to the added capacity.

Then, the business was thrown a curveball. As a result of the recession, Bakers' Best saw business for both its catering division and the café fall off for a time, starting in late 2008.

"We had grown every year prior to that, and we anticipated that growth would continue," said Baker. "Now, here we were with probably two to three times the expenses we (previously) had, with business going in the other direction. That was scary."

At that point, the company took a hard look at its expenses — and implemented some belt-tightening measures. Some corporate restructuring took place, during which time a couple of positions, where Baker felt there was a duplication of efforts, were eliminated. For a time, the company also instituted a pay freeze — something it had never done before, Baker said.

One major cost that Baker admits he didn't initially anticipate concerned the cleaning of the facility — which amounted to between \$70,000 and \$100,000 a year. So, the company temporarily stopped using an outside cleaning service, instead performing that work in-house, for about a year.

Growth chart

Business: Bakers' Best Catering

Based: Newton and Needham

Revenue: Approximately \$11 million in 2010

Principal: Michael Baker, president

Another key consideration was the company's food costs. Baker refused to sell a lesser-quality product to save money, reasoning such a move would undermine one of the company's major value propositions. Instead, he sought cost reductions from his suppliers. Many of them complied with his request.

"I was truthful with them," Baker said. "I said, 'We have

a great business. We're running into a tough time. We need a kind of concession from you guys.'"

Having made it through that challenging period, Baker said his business has since rebounded to a large degree. Total revenue for the company, which has about 208 employees, came in at approximately \$11 million in 2010. Baker said that's about 6 percent ahead of 2009. About \$9.5 million came from the catering business alone in 2010; that number is up from \$8.5 million for 2009. The number of events catered by Bakers' Best also rose from 631 in 2008 to 820 in 2010.

"We've always been impressed by the high quality of food Bakers' Best provides," **Susan Maynard**, office operations and facilities manager at client **TripAdvisor** in Newton, said. "Their food is incredibly fresh. They are continually looking to improve their services as well as create new dishes to keep the food varied."

Baker said he's still committed to keeping the café, which specializes in "basic American cuisine" — particularly notable for its all-natural, hand-carved turkey — going. In fact, he's currently seeking a seasoned general manager for the café, to make it more of "a stand-alone facility."

"It's where we started, it's where my passion is," Baker said. "And, the café actually promotes a lot of our corporate business."

There's no question that the business has, in fact, evolved far beyond the small, take-out sandwich shop Baker originally launched 26 years ago. Not only did it evolve to include an in-store dining element, but Bakers' Best also saw the slow and steady growth of its catering business. The growth necessitated the company move the café to expanded locations in Newton twice — in 1994, then again in 2001.

The company's biggest undertaking, however, has undoubtedly been the opening of the Needham facility. Baker indicated "a lot of planning went into the design of the facility." There are skylights that supply natural light throughout the kitchen and office. There are also a number of other features that Baker said "certainly contribute to increased productivity." These include delivery docks, walk-in coolers, a refrigerated work room for raw-product preparation, a rotating rack oven for roasting turkey breasts and a blast chiller/freezer for soups, sauces and other quickly perishable items.

Baker's longtime accountant, **Peter Berenson of Forman, Itzkowitz, Berenson & LaGreca** in Waltham, said the additional facility was ultimately a wise investment: "It's enabled him to not only expand his business and serve more customers, but it also enabled him to create unbelievable efficiencies. And, he's done it without sacrificing quality and customer care."

It's an assessment Baker himself would likely agree with: "Not only is the production more efficient, but there's uniformity and consistency of product," Baker said.

SEAN MCFADDEN can be reached at smcfadden@bizjournals.com.