



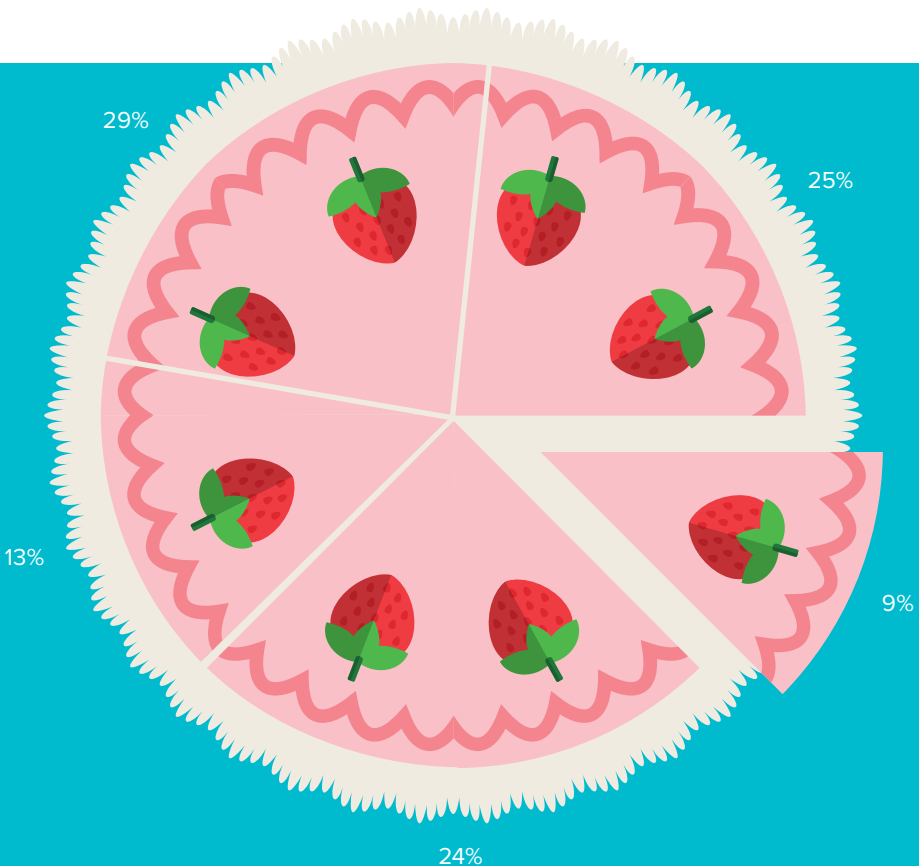
power to
change

business in
community
hands



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The community business success guide to cafés



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1. Introduction

Community businesses are businesses that are run by local people to bring many benefits to their local areas. There are many types of community businesses. They can be shops, farms, pubs or leisure centres, among many other types of business.

It's not always easy for community businesses to get their hands on the kind of detailed financial data that helps build a business case, and get an important local service up and running. Unlike businesses in the private sector, local groups often only have minimal access to information, advice and financial data on income generation to support their planning and goal setting. This often means starting from scratch, using good judgment, and peer advice where they can get it.

This set of Success Guides intends to support that hard work with some concrete data can help you run a more sustainable community business. This doesn't replace peer advice, good local knowledge, or

community engagement, but it does give a bit of useful scaffolding for the development and growth of trading income.

This guide explores how community businesses earn money from cafés. The guide is based on a benchmark analysis of the Profit & Loss data of 56 community businesses across England. These businesses either received grant funding from Power to Change, the independent trust supporting community businesses in England, or have applied to one of their grant making programmes, or are a non-profit where one element of their business model (in this case cafés) offers useful insight into growth, sustainability and success.



1.1 Twelve things you can learn from this guide

**Cafés run in all shapes and sizes!
Ensuring your community businesses sets up the right café is vital to its success.
Have a look at these elements and see which apply to your organisation.**



Cafés can be run for social or commercial purposes and the choice you make affects the customers you target, the pricing and the profitability
[See pages 14, 16, 22](#)



Where your café building is matters; and this can have a big influence on the types of customers you can attract, the price you can charge and the scale of café you can run
[See page 21](#)

Where the café is located within your building matters; and has a big effect on how casual customers will find your facilities
[See pages 16, 22](#)



There are differences between running a café open to the public and one that serves a user-base that is coming to a building for other reasons
[See pages 10, 14](#)



There is a limit to the size and scale of café operations you can run with an entirely voluntary workforce
[See page 19](#)



A café designed to make a financial profit really needs to turn over at least £65k per annum
[See pages 11, 12](#)



Commercially-run cafes need paid staff somewhere in the structure (shift manager, chef etc.)

See pages 13, 17

The balance between grant and earned income is very different in organisations with large versus small cafes

See pages 10, 11



Providing catering to those who hire your rooms out can add to the turnover and profit of your café

See page 19

There's a financial dividing line between what interviewees described as a 'struggling' café versus one that is 'tough but rewarding'

See page 21



'Small' cafes of under £35k revenue per year don't usually generate much of a surplus to be used in other activities

See page 13

A 'social purpose' cappuccino won't cost you more than about £1.60 whereas a 'commercial' cappuccino is unlikely to cost you less than £1.60

See page 16



1.2 What is benchmarking and comparative data analysis?

Before going further into our detailed insights around cafés, we want to explain what benchmarking is and how it can be useful to you.

Benchmarking and other forms of comparative analysis are simply a means of measuring the relative performance of an organisation. This usually entails using an agreed set of definitions or criteria across the comparison set. For example, the league table of countries and their tally of Olympic medals is a simple form of benchmark where the agreed definitions are the gold, silver and bronze medals. The importance of the agreed definitions is that it means that you know you are comparing apples to apples – vital if the comparison is to be meaningful!



1.3 Why is benchmarking useful?

Simply put, benchmarking helps you define what 'good' and 'best' mean in a particular field of activity, so that you can work out how you stack up against the 'best in class' and make informed decisions about what improvements you could make.

Without a benchmark, it is likely that when planning the next year's budget or estimating the audience figures when building your forward plan, you will work on the basis of 'like last year but plus/minus a bit'.

Having some comparative data can help give that planning a steer. This can be particularly useful when thinking about a new income stream. Learning from what other people have done gives you a concrete sense of what is achievable. Knowing how that stacks up financially gives you the best chance of reaching an income goal.

Benchmarking is useful when considering new activities – it helps you work out whether by hitting the 'average' you'll be achieving a suitable return on the investment or whether it only works for you if you become best in class at it.

1.4 The importance of benchmarking against a peer group

So what makes a good comparison? It matters who you compare yourself to. If you are running a community business that doesn't have a public space it is unlikely to be wildly useful to compare yourself to a community hub, as the differences will vastly outweigh the similarities. So how do you choose?

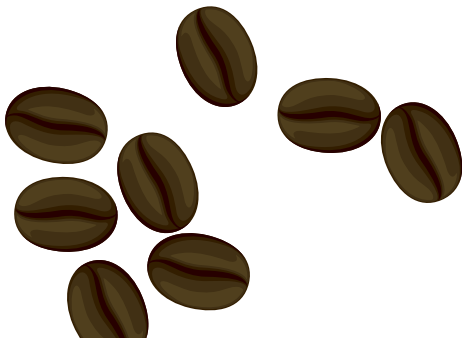
It is worth thinking about who you consider your peers to be. You are aiming for a list of 10-20 organisations who are roughly similar to you in what they do, how big they are, whether they are located in an urban or rural setting and whether they are in a big city or not. Think of this as your 'home group'. You can then keep an eye on how your 'home group' varies by comparison to the national average.

The Power to Change financial dataset should give you a good starting point for identifying a 'home group'.

1.5 How can you start benchmarking?

In order to start benchmarking you need to answer three key questions:

- What comparisons would be the most useful to your organisation now?
- What data do you have to hand?
- What data can you get hold of to compare yourself against?



1.6 What should you consider benchmarking?

You need to know how your business model stacks up compared to your peers. You also need to know how you compare when it comes to your largest sources of income and customers. On that basis, we recommend benchmarking your business model first in order to set a baseline for a more detailed comparison of your key income sources, and your online and offline customers.

If you have specific plans for either a cost-cutting exercise or a new income stream, add this to your benchmarking shopping list.

1.7 What data from your organisation can help you with benchmarking?

You need to locate your organisation's data. There is a fair chance that you will have one or more of the following types of data in your organisation:

- End of year report and accounts
- Data you've submitted to grant funding organisations

- Audience and/or user data
- Online and social media data

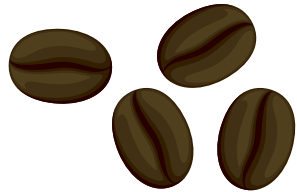
It is worth working out what period to look at. For accounts information, annual data is the place to start, but you might want to look at monthly or quarterly data for customers.

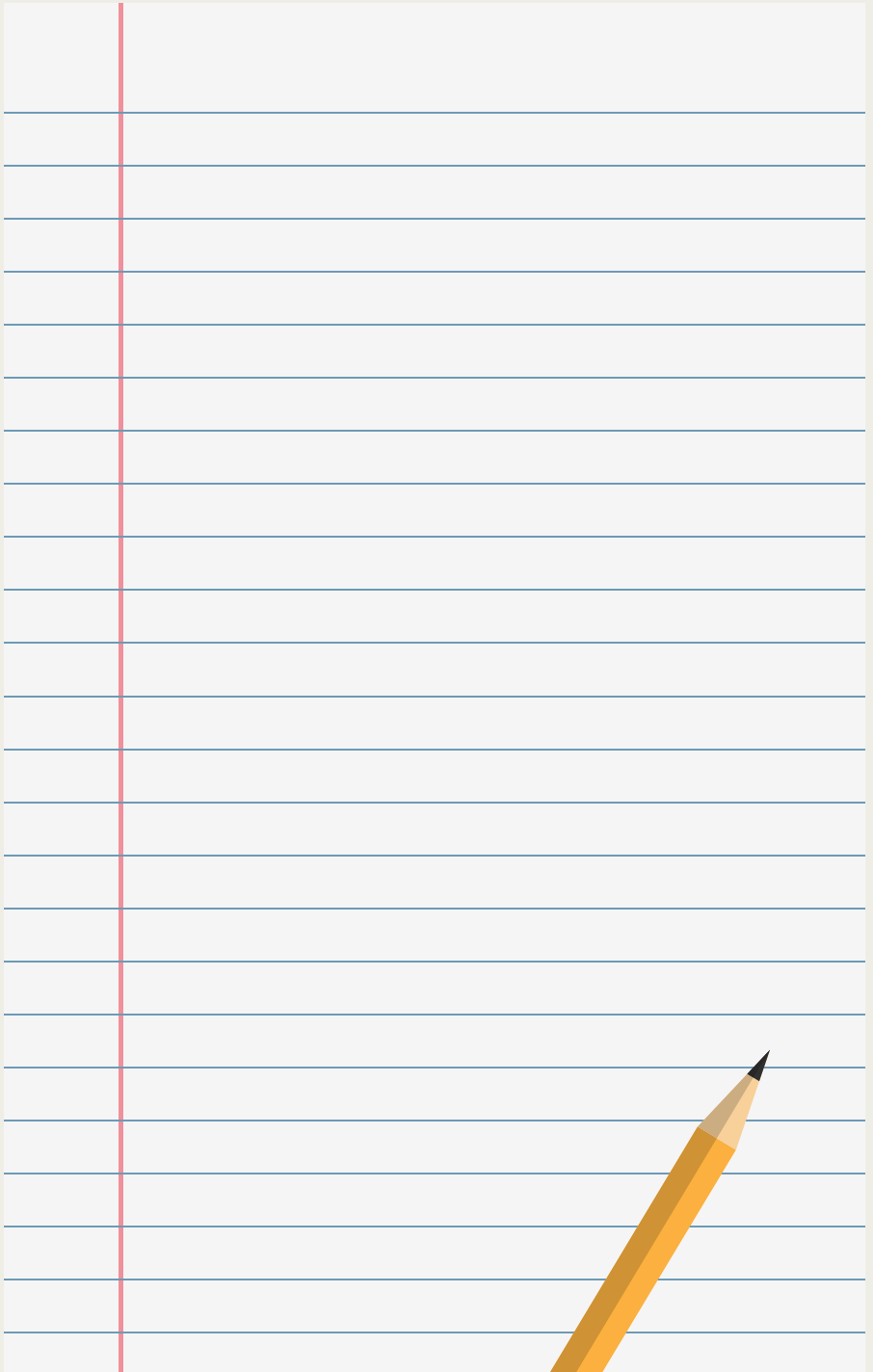
1.8 What are the benefits of benchmarking?

Organisations and clusters who are already benchmarking are accruing the following benefits:

- Goal-setting becomes more pragmatic and realistic as it is informed by better data. This is particularly valuable in areas like donations and sponsorship
- Greater clarity within the organisation on how business models tend to change as the turnover increases or decreases
- More detailed understanding of how the 'best in class' achieve their successes

- Access to a succinct, fact-based summary of the organisation's greatest strengths and weaknesses
- Greater familiarity within the senior management team of the key ratios and comparison points for the organisation and more regular checking of progress
- Greater visibility with and respect from funders
- Greater visibility as leaders who are using all the resources available to them to continue to develop their organisation in a tough economic climate





2. What does the data indicate to us?

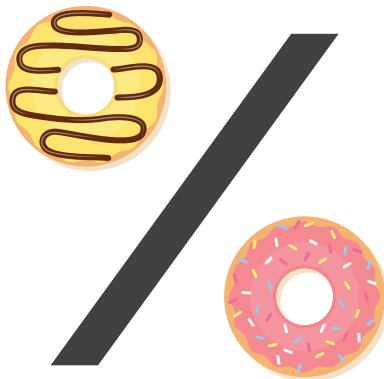
The dataset we're looking at here is based on the organisations who have applied to one of Power to Change's grant funding programmes. We've added to this with extra data drawn from the Charity Commission, the Mutuals' Register and Companies House. We have in particular searched for and included organisations who include 'café' within the text that summarises their charitable aims. We have also included some larger organisations within the arts, museum and charitable sector with café income, as we are looking at what community-led organisations can learn about the finances of other non-profit organisations. Whilst this won't pick up every non-profit organisation which achieves some of its income from a café or catering activities, it does give us a much wider picture than we've been able to develop previously. We have checked that the balance of revenue and costs are similar to the community-led organisations like yours, and those that Power to Change supports.

Based on an analysis of turnover figures and details of café revenue we can see that organisations fall into three groups:

- **Those with a café income of under £5k per annum** – there have been quite a few dementia, wellbeing and other mental health-oriented cafés that have come and gone over the last five years. The fact that many don't last 5 years is our top finding for this group.
- **Those with café income of £5-35k per annum** – these are a mixture of organisations where the café is their main or only source of income versus those where it is one of several revenue streams for a larger organisation.
- **Those with a café income of more than £65k per annum** – again these are a mix of the café providing the main stream of revenue or and a more mixed-income model.

What we learned from the 'under £5k turnover' cafés is that although a café is a well-known type of trading activity requiring relatively little in the way of specialist skills or equipment, it is by no means an easy win. We also learned that the café can be the main way the organisation delivers their social purpose often to disadvantaged groups, so frequently both the pricing is low or subsidised and the purpose of the organisation is linked to the place and the people, not the food and drink served there.

In this guide, we focus on the latter two types: cafés with annual income between £5-35k (referred to as Small Cafés) those with more than £65k of café income a year (referred to as Large Cafés), as we think that this is where both the risks and the opportunities are. What we want to look at is how we can separate out those who are successful from those whose café is a financial drain, and what we can learn from each. We are not simply defining



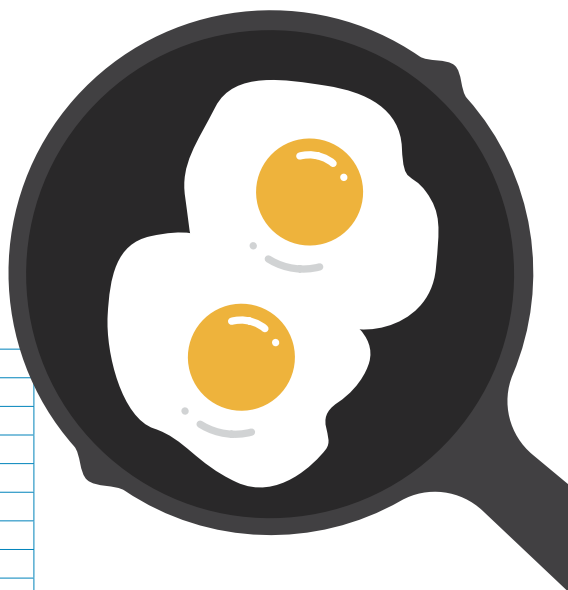


The profits from St Sidwell's Community Café in Exeter are reinvested to run their inclusive training and work experience programme in the café.

success as size but are instead interested in profitability and the extent to which the operation of a café supports the delivery of the social purpose of the organisation (either directly through the café or indirectly by making a profit in the café which is used to fund other activities).

The set of 56 organisations with café income are comprised of:

Arts Centre	4%
Community Café	10%
Community Hub or Centre	2%
Employment training or Support	42%
Leisure Facility	4%
Food Catering or Production	6%
Physical Health or Wellbeing	2%
Sports Facility	6%
Unknown	6%
Sports Facility	2%
Unknown	15%



2.1 What does the world of cafés look like across the breadth of community businesses in the cohort?

We have defined café to include any food or catering served and consumed on the premises e.g. those who are running a café which has allocated physical space and some form of staff (volunteers or paid) but not a tuckshop or a vending machine.

	2015 All orgs with cafe income	2015 Full data set	2015 Small Cafés	2015 Large Cafés
Sample Details: Sample size Median turnover	56 £359k	286 £230k	26 £197k	26 £634k
Income by type as a % of turnover				
Grant Income:				
Trusts & Foundations	12.9	20.0	16.2	*
Local Authorities	14.3	11.3	19.2	*
Lottery Funds	9.3	12.5	*	*
Other Gov't grants	2.9	4.3	*	*
Other revenue grants	8.0	12.9	17.8	3.8
Total revenue grants	25.4	41.5	54.1	24.7

In the table above, there is a clear and distinct separation between the organisations with large versus small café income in terms of the levels of grant funding they receive. Overall, Large Cafés receive much less grant funding (24.7% in total) and receive it from a wider variety of sources than Small Cafés. Small Cafés however, receive 54.1% of their income from grants,

predominantly trusts and foundations (16.2%) and local authorities (19.2%), indeed their local authority support remains high, and is almost twice as much as the full Power to Change data set (in the 2nd column). Lottery funding is not prevalent in organisations with cafés nor are government grants, but they can be found in some examples.



2.2 Looking at revenue from the venue

Small Cafés generate much less revenue from their venue than their Large Café peers, 26.9% vs 45.0%.

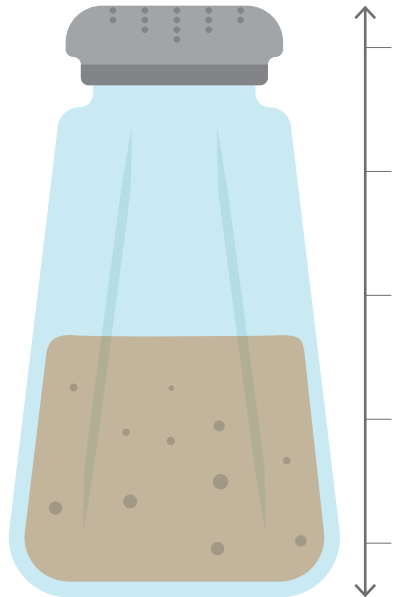
	2015 All orgs with cafe income	2015 Full data set	2015 Small Cafés	2015 Large Cafés
Sample Details: Sample size Median turnover	56 £359k	286 £230k	26 £197k	26 £634k
Venue based income:				
One off service purchase e.g. cinema ticket	14.6	21.9	15.0	*
Ongoing service purchase e.g. series of workshops	6.1	18.1	*	4.3
Shop & Retail	3.1	10.5	*	2.1
Café	11.6	9.1	5.2	29.6
Space hire – Letting	6.8	17.5	7.0	*
Space Hire – Room Hire	7.0	7.0	7.9	5.6
Total Venue based income	44.4	42.7	26.9	45.0

The first thing we notice in this profile of venue-based revenue is that there is a distinct difference both in the size of revenue of the organisation and the percentage of revenue that comes from a café. As the organisation grows, so does its capacity to generate a larger proportion of that revenue from the café. A large organisation appears able to generate a greater proportion of its revenue from its café.

The mix of other venue-based revenue also alters with the size of café income. Small Cafés have a mix of ticketed events, room hire and letting, whereas Large Cafés have a wider mix, with a shop, room hire and the provision of various services.

Drilling deeper in the data, it shows that the financial impact of having a café is a mixed bag, dependent on whether the café delivers the social purpose of the organisation, services an existing audience

or pulls in its own customers. The overall size of the organisation and whether there is a dedicated team for the café is also important. We can't be absolutely sure whether it is the café that lies behind the differences between café and non-café models, or whether it is a response to other venue-based sources of income increasing or decreasing.



Left: Glamis Hall offers elderly residents a freshly cooked three-course lunch every day of the year, not just at Christmas.

There are some clear patterns in the data:

- Almost none of the Large Café organisations run ticketed events, except the theatres and arts centres.
- Small Café organisations tend to achieve lower levels of revenue from ticketed events than the full Power to Change group (15.0% vs. 21.9%).
- If an organisation provides workshops, classes or other service provision e.g. old age pensioner (OAP) lunch clubs, the café serves this audience as well as creating its own customer base.
- When the café produces more than £65k revenue and the percentage of revenue which originates from the café is less than 30% of the total income, our interviews reveal that the café management describes the café as “struggling”.
- When the café produces more than £65k revenue and provides more than 30%

of the overall revenue the organisation management described running a café as “tough but rewarding”.

- We were quite surprised to see that organisations with a café seem to achieve much less of their income from long-term lettings – a median value of 7.0% in Small Cafés vs. a Power to Change group Median of 17.5%. We were expecting that these two activities would be synergistic. One place that does succeed in creating such synergy is Southmead Development Trust.
- Small Cafés have slightly higher room hire revenue compared to the general Power to Change dataset (7.9% vs 7.0%), and Large Cafés generate slightly less (5.6%).
- Small Cafés generate significantly less revenue from their venue (26.9%) than Large Cafés (45.0%) or the other Power to Change organisations (42.7%)

2.3 Looking at non-venue-based revenue

Small Cafés achieve less non-venue-based revenue than other Power to Change organisations, 14.9% vs 19.1%.

	2015 All orgs with cafe income	2015 Full data set	2015 Small Cafés	2015 Large Cafés
Sample size	56	286	26	26
Median turnover	£359k	£230k	£197k	£634k
Total Donations and sponsorship	5.7	3.7	10.7	2.5
Corporate Sponsorship	*	3.2	*	*
Private Donations	2.3	2.4	3.7	1.4
Gift Aid	*	1.0	*	*
Legacies	*	2.5	*	*
Other sponsorship & donations	13.9	4.5	11.5	*
B2B - Product sales	*	3.8	*	*
B2B - Services & consultancy	4.4	17.2	5.7	2.6
B2C - Events	2.2	2.4	1.2	*
B2C - Subscriptions & membership	2.8	1.8	*	*
B2B - Delivery Contracts	*	13.4	*	*
Total non-Venue based income	20.0	19.1	14.9	22.7

When we start looking at the ways in which organisations achieve income from their intangible assets, it looks as though the operation of a café also has an effect on these:

- Organisations who run a café at any level achieve almost no income from corporate sponsorship. What we can't tell from the data is whether the presence of a café causes them to be less attractive to sponsors or whether setting up a café is, in part, a response to the lack of success in achieving private donations, sponsorship & grants from trusts and foundations. We believe sponsors prefer to put their name to something e.g. a hall or an event, and this doesn't appear to be possible with the type of organisation with cafés that we interviewed.

- When we look at the detail of the data (i.e. more detail than we are publishing here as aggregates), we also see that private donations do not rise at the same rate as revenue amongst organisations who run a café. Whilst other sponsorship or donations are up to twice the general median (11.5%) for Small Cafés, this sponsorship is in the form of specialist equipment for the organisation e.g. for a skate park or a music venue, and not related to the café function of the organisation.
- Some cafés such as Southmead Development Trust run membership schemes which encourage attendance (e.g. 10% off prices as an element of community membership). Size is not an indicator of a membership scheme.

2.4 Looking at costs

Larger cafés generate higher profits, and smaller cafés are more typically staffed by volunteers.

	2015 All orgs with cafe income	2015 Full data set	2015 Small Cafés	2015 Large Cafés
Sample size	56	286	26	26
Median turnover	£359k	£230k	£197k	£634k
Production Costs & Materials	4.7	4.1	4.1	6.7
Education & Participation	5.2	7.7	*	*
Project Staff Costs	*	5.1	*	*
Freelancers	*	4.6	*	*
Café, shop & similar	8.9	3.2	3.6	15.9
Retail stock	*	9.7	*	*
Total Direct Costs	24.0	15.8	19.1	29.0
Total Salaries Costs (ex NIC & Pensions)	45.6	46.9	40.5	47.8
Pensions (ex NIC)	0.7	1.0	*	0.9
Rent & Rates	2.7	4.5	2.8	2.4
Marketing	0.8	0.7	0.8	1.2
Professional fees	1.3	1.5	1.3	1.4
Depreciation	2.8	2.6	2.3	3.2
Buildings maintenance	2.9	3.2	2.1	2.9
Total Revenue Expenditure	99.7	96.7	96.4	104.7





Attaching a café to your business can make it more of a destination, like Café Bowes has done for The Bowes Museum in Teesdale.

Whilst staffing costs of Large Cafés (47.8%) are roughly in line with the norm of 46.9%, many of the Smaller Cafés work with volunteers, so the 40.5% costs are not necessarily the whole cost of staffing a café.

If we look at the direct costs of the café against the revenue generated, we see that the smaller cafés are generally returning a 29.0% gross profit on their café costs, whereas the Larger Cafés extract a 54.0% gross profit.

This leads us to ask the question of whether the core purpose of the café is to generate a surplus or to achieve social impact. We'll return to this later in the key points that came out of the interviews as we cannot tell from the financial data alone.

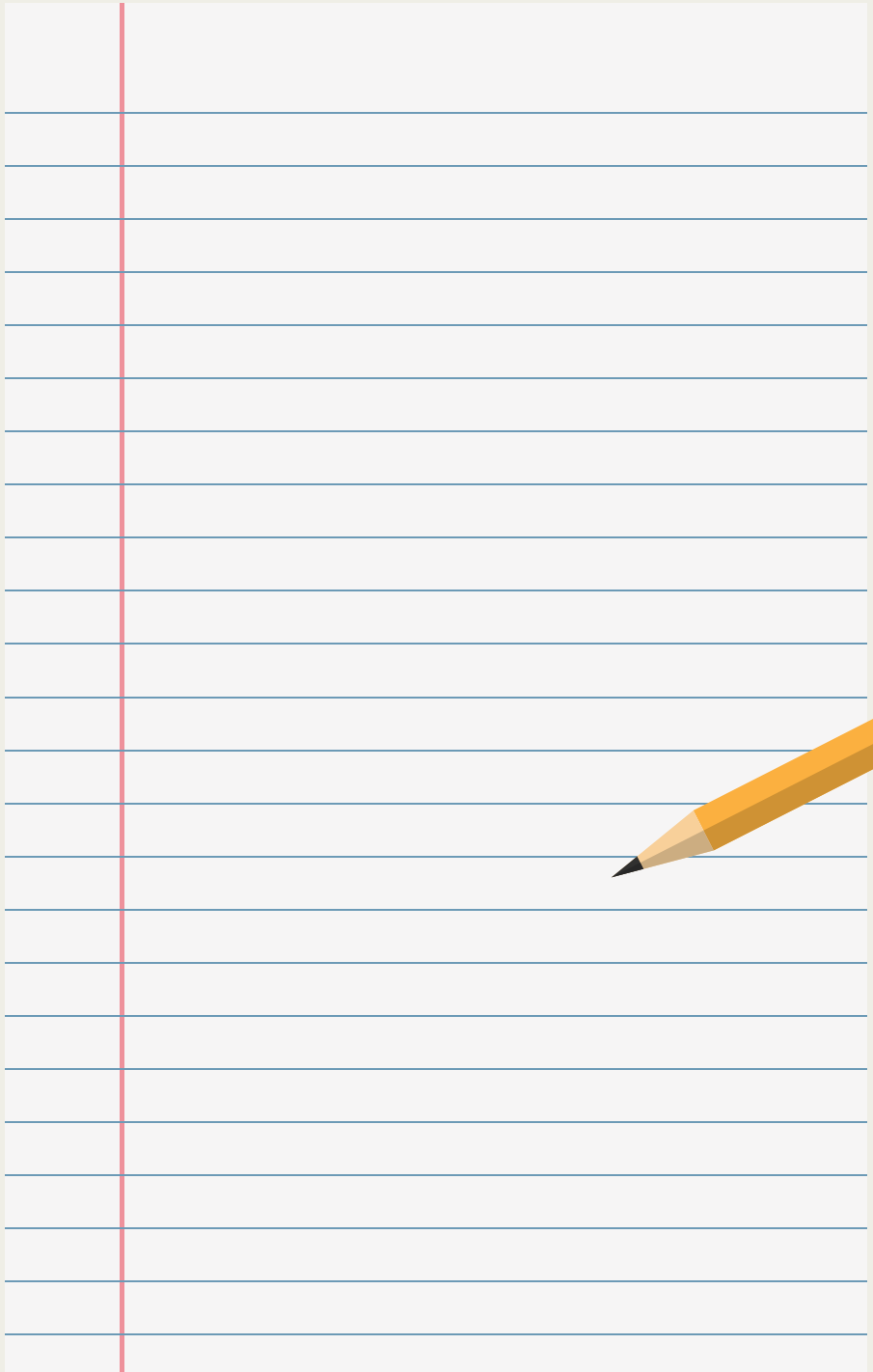
Other points of note arising from the cost data include:

– Small Cafés tend to have lower salary costs (40.5%) than the median in the wider cluster (46.9%). The staffing costs are for

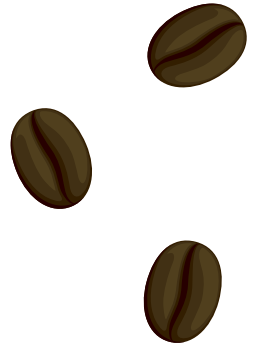
the whole organisation, but one reason for this may be that many small cafés rely on volunteers for much of their activity.

- Interestingly organisations with cafés have a lower spend on rent and rates for both Small Cafés (2.1%) and Large Cafés (2.9%) vs. the wider median of 3.2%.
- Marketing spend for organisations with cafés would seem to be lower than that seen in the wider cluster. We suspect this is because the organisations are hyper-local in their reach and thus marketing spend is a low priority as it is assumed that everyone knows who they are and what they are up to.
- Almost all of the large café organisations are overspending their income and the median value is 104.7%, we are surprised by just how common this is.





3. What can we learn from organisations who run cafes?



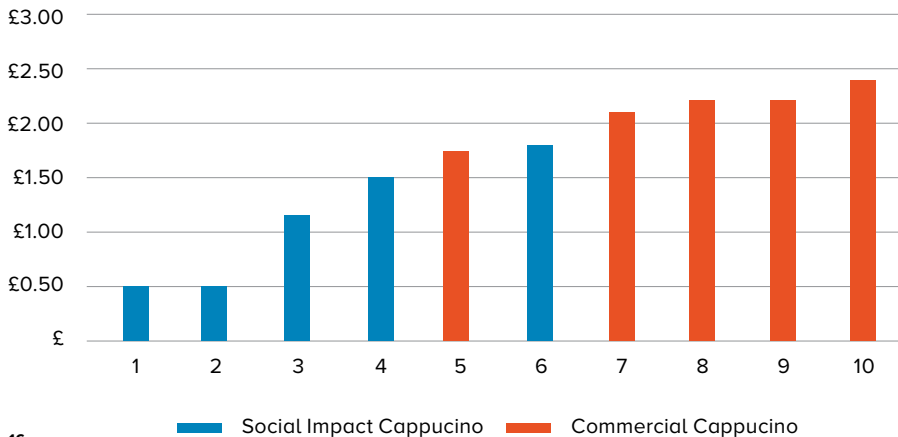
The first thing to say is that if you are going to run a café you need to be very clear on what the purpose of it is. Is the café delivering part of the social impact of your organisation or is it simply about generating a profit from the café to recycle into funding your core social purpose? Your answers to this will undoubtedly impact your price list which will in turn affect what costs you can afford to incur.

You might also be providing food to a target audience or set of visitors to your building, providing training or employment opportunities for a local population, the café might be a social hub or you might be catering for an audience already within the building as they are hiring rooms/having meetings/ running a conference or attending a wedding.

While researching this guide we spoke to a wide variety of cafés – large and small, sole income to the organisation vs. mixed income, urban vs. rural etc. To explore how variable the pricing is, we took the example of the price of a cappuccino so that we could map price against social purpose vs. commercial focus of the café. The blue bars are social purpose cappuccinos; the red are commercially-run cappuccino suppliers!

“The first thing to say is that if you are going to run a café you need to be very clear on what the purpose of it is.”

The Cappuccino Index



The average cost of a cappuccino was £1.62. This was also the point at which social purpose and commercial focus overlapped (numbers 5 and 6 on the above). We suggest that it is interesting to see just how different the pricing is between social and commercial operations – from 50p to £2.40. Clearly this is going to have an impact on how the costs of delivering at the 50p end will be met.

As we have also seen in the data, there is a connection between organisations running successful cafés and lower levels of grant funding. We suggest it is worth thinking about whether you are putting any of your existing income streams at risk if you were to start a café? Would you be perceived differently by funders, sponsors or customers? Would this be positive or negative?

One of the ways in which social impact coffee purveyors achieve their low prices is to use a largely volunteer workforce. Many of the organisations we spoke to offer volunteering opportunities to vulnerable people, long-term unemployed, people with learning difficulties or mental health issues. However good or reliable your group of volunteers is, the interviewees generally insisted that professional staff are still

required in some capacity. This could be trained professionals delivering short courses to volunteers all the way through to professional and paid shift managers.

Without going into the details of how you train, motivate and run a cohort of volunteers, there seems to be a difference between volunteers actively involved in selling a product or service versus those whose activities are not clearly connected to the source of income for the organisation. That is, the closer to commercial your café operation is, the harder it is to maintain a volunteer workforce, as it becomes comparable work to employment in another coffee shop (probably rightly so!).



Your product offering must, first and foremost, meet the needs of your customer base. This means undertaking some market research before you commit capital to the set-up of a café. Is your customer base going to be similar to the other audiences/customers that your organisation is already interacting with? Would your café be more productive and/or profitable if it attracted different customer segments to those you know and serve now?

Are you trying to provide healthy and filling meals to customers who struggle to afford to eat well, or are you serving coffee and cakes to young mums with a disposable income? In both cases, you want to find ways to ask your customers what they'd like to see on the menu so that you can keep refreshing your offer.

Whether providing local children breakfast, offering lunch to people who hire out rooms for workshops or classes, or generating extra income from catering children's parties, The Donnington Community Hub in Telford is making the most of their café.



Once you have a kitchen in place, catering to events (in your building or delivered further afield) has the potential to be lucrative. This works best financially when you are either extending the number of people you can serve in a single shift (because you're no longer just serving the tables you have but are delivering to meeting rooms etc.) or you are extending the number of hours the kitchen is working for (better use of capacity). Of course, what doesn't work is to have staff, raw materials and space only serving a few people in any one day as this incurs high fixed costs (especially with paid staff), has high wastage rates and is an opportunity cost in that you could be doing something else with the space if it wasn't a café.

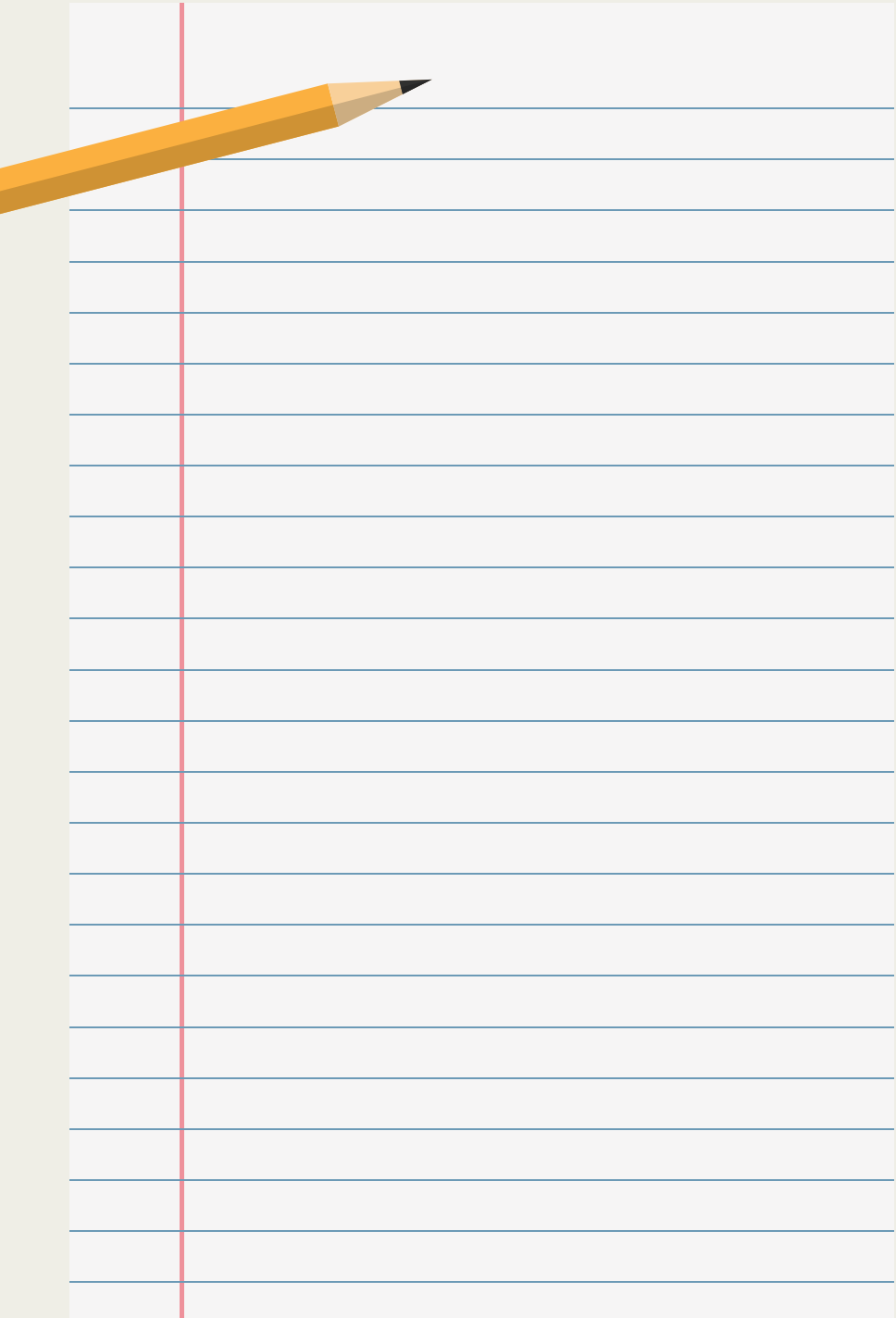
Some cafés manage to keep their raw materials costs lower than a commercial café by sourcing ingredients through Fareshare or other food networks. However, the security of this raw materials supply is highly variable and cannot be guaranteed. This means that it is not really a scalable source of ingredients if you want to grow your café turnover.

The cafés that are flourishing both in terms of their social and financial health tend to have separate management and employ professionally-trained staff. When you consider that replacing staff in the kitchen (especially the head chef or manager) can take four to six months, the shift from volunteer to professional café comes with risks that need planning and research into the likely potential for growth to an income level that can afford professional staff.

The cafés that have full-time staff are able to afford this because they are servicing a set of customers who are coming to the building anyway – it is a destination for one or more other reasons. Gallery and museum cafés such as the Bowes Museum in Yorkshire are great examples of meeting visitor needs, and then extending this to create a food and beverage-based service which becomes a separate attraction. This however is very rare and often linked to the location of your building.

“Some cafés manage to keep their raw materials costs lower than a commercial café by sourcing ingredients through Fareshare or other food networks.”





4. Who can we learn from?

Here are two other guides for organisations opening a café as part of their business model.

From the MyCommunity website: <https://mycommunity.org.uk/help-centre/resources/getting-started/tips-community-cafes/>

From the Association of Independent Museums: <https://www.aim-museums.co.uk/wp-content/uploads/2017/03/Successful-Museum-Caf%C3%A9s-2017.pdf>

Some of the organisations we interviewed provide good examples of cafés that are profitable and delivering a social purpose. We have split them into three types below:

Type 1 – small café, small audience numbers

Stepney City Farm is a three-acre working farm in the heart of Tower Hamlets, an inner-city borough in London. They are an educational charity and over 4,000 children and young people benefitted from classes, tours and projects. Their award-winning café serves up a seasonal menu including items grown on site. It attracts its own clientele as well as providing a welcome cup of tea and a bite to eat for visitors and volunteers.

Glamis Hall is a community centre on an estate in Wellingborough. The centre hosts a day centre for the elderly which serves a freshly cooked three-course lunch. It is also home to numerous other youth and sports groups as well as having a number of rooms to hire.

Type 2 – a safe haven

St Sidwell's Community Centre provides a safe haven and warm welcome for local people regardless of their background, ability or circumstances. Central to this is Sid's Café serving affordable, nutritious food. St Sidwell's also has a community garden and rooms to hire, which are used to provide educational workshops and classes on a variety of topics.

Donnington Community Hub is a multi-agency and community partnership. It provides a range of facilities for the local community in Telford, and the café provides children's breakfasts and lunch for educational workshops and classes taking part. They also provide children's party catering too.

Type 3 – a proper business

Southmead Development Trust is run by and for the residents of Southmead in Bristol. They run a healthy living hub, The Greenaway Centre and Café which has a gym and spaces for hire where catering for conferences and meetings provides a key revenue stream for the Trust.

The Bowes Museum has a nationally renowned art collection and is situated in the town of Barnard Castle, Teesdale, County Durham. It is also home to Café Bowes which serves high quality fare featuring locally sourced ingredients both for visitors to the museum and also as a destination in its own right. They have a newsletter keeping people updated with special events and offers.



4.1 Three (fictional) model businesses who run cafés



We have created three fictional businesses who run cafés, to explain the pros and cons of the different models. The businesses are called Tiddlers & Toddlers, Safely Social and Let Them Eat Cake.

2015 figures in £	Tiddlers & Toddlers	Safely Social	Let Them Eat Cake
Grant Income		£150,000	£215,300
Workshops & Courses			£103,000
Café	£26,400	£30,050	£150,500
Letting		£4,600	£279,300
Room Hire	£50,600		
Donations, Events & Sponsorship	£48,000	£300	£23,400
Services	£22,100	£1,200	
Public Sector Contracts		£12,000	
Total Revenue Income:	£147,100	£198,150	£771,500

Direct Costs – Services & Projects	£22,200	£7,300	£156,500
Direct Costs - Café	£28,000	£17,900	£132,600
Staffing	£68,000	£59,200	£289,900
Rent, Rates & Buildings Maintenance	£6,300	£800	£17,700
Utilities, insurance, telephony etc	£5,300	£8,800	£4,300
Marketing	£2,200	£600	£18,500
Other	£16,300		£120,000
Total Costs:	£148,300	£179,000	£738,500
Contribution to Reserves:	(£1,200)	£19,150	£33,000

4.1.1 Tiddlers & Toddlers

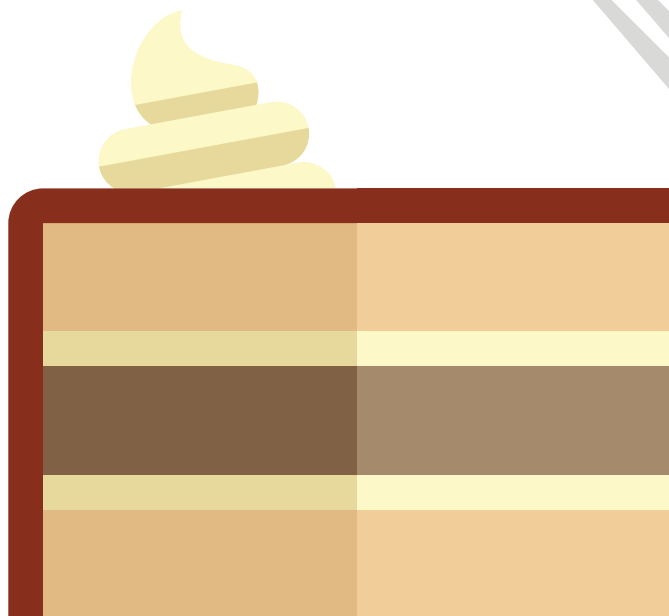
Tiddlers & Toddlers is a small café that provides tea and coffee, sandwiches and cakes for people who come to the community centre. The café has always been a central part of the small hub and was started by volunteers. Five years on, it now employs a part-time manager. The café is busy when the centre is busy, but very quiet when there are no events, classes or groups at the hub. This is a problem, as the income can't be relied on. At one point, Tiddlers & Toddlers tried employing a dedicated albeit part-time chef with the intention of creating more of a destination that would bring people in even if they were not regular users of the centre. In truth, the location

didn't really suit this and they've gone back to a simpler food offer. Whilst some other community hubs have the problem that the café is in the wrong place for a café (away from the main entrance, tucked away in the depths of the building or just in an ugly building in an area of town that no-one wants to stay in) Tiddlers and Toddlers are lucky. It's actually a lovely building and whilst audiences are limited and variable it's a well-loved place. The café makes as much use of Fareshare to source out of date fresh food but it's not always reliable enough to provide enough for all their raw ingredients needs.

4.1.2 Safely Social

Safely Social is a small café that provides services to support their underprivileged community. They provide a warm welcome to mums and toddlers, people waiting for or coming from their exercise classes, and are a social hub for the local elderly population with volunteers collecting and taking home some of their physically less able customers. Safely Social also provide cooking lessons to teenagers which has the added benefit of the participants being able to take home a hot and hearty meal to the rest of their family after the lesson. The volunteer run IT support sessions are also pretty vital to their customers as they receive help filling out forms and decoding other letters etc. Safely Social is very much community-led, providing whatever the community says it needs. A café is essential; it is volunteer-run too. It provides what for some customers is the only freshly cooked meal of the week. They also provide cheap/free breakfasts for local school children many of whom

would otherwise often go hungry. This has the added benefit of the kids being better able to focus on learning at school rather than worrying about whether they'll eat that day or not. Prices are as low as possible so food can be simple but it is home cooked. The customers remember the person who came and trained the large volunteer group and hope to bring them back next year to help develop the menu further. Volunteers are dedicated to the community, and quite a few have mental health issues, or learning difficulties. This means that very few will ever have been in paid employment so the hub leader and other paid staff know they need patience to help their volunteers achieve the satisfaction of a job well done that they are all seeking. Of course, no one volunteer works all the days that the café is open so running the volunteering roster is a significant task in itself ... one that's done by the paid café manager.



4.1.3 Let Them Eat Cake

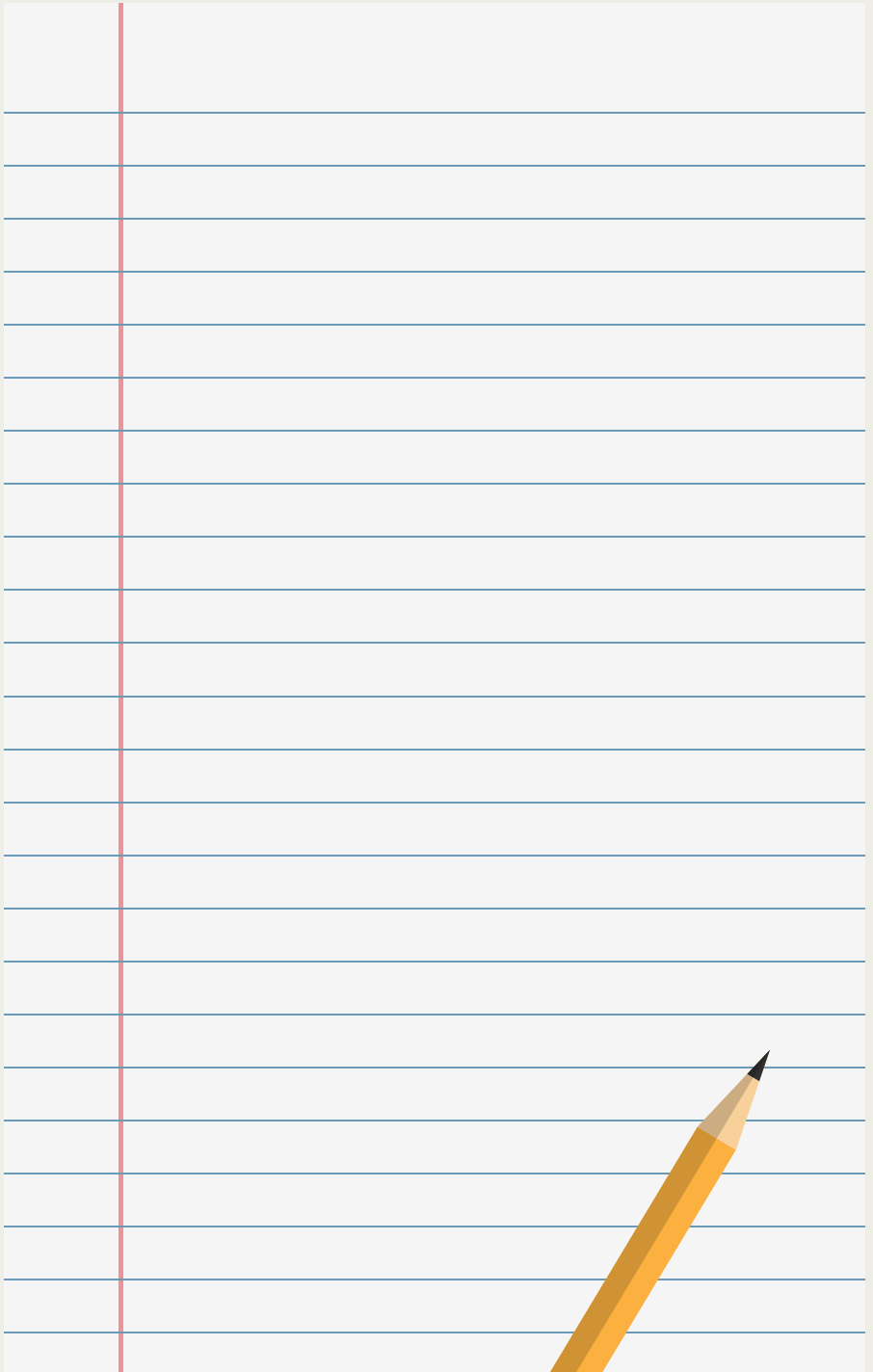
The Association of Independent Museums recommends a minimum annual revenue of £80k for a sustainable café, but getting to the point of over £65,000 is tough. Let Them Eat Cake has learnt this lesson the hard way! What was tough for this team is that getting to this level means developing a customer base that is separate from the rest of the organisation, people who come just for the café without ever needing to know what the rest of the building gets up to. Even though the building they are based in runs all sorts of events and does so regularly (more than three a week) it is not really enough to serve these audiences alone. Running a full-time café means a minimum paid staff base of four. Think of the staffing bill for that. The management structure for the café is necessarily separate from the rest of the organisation. The team have developed a set of regular offers (a weekend brunch, a toddlers club and a one day per week OAP specials) which are important for keeping

customer levels high in the quieter moments in the week. The team have discovered that a good chef/catering manager can take 6 – 8 months to recruit and agency replacements are expensive. This is an ongoing risk because if they lost a chef at short notice they would probably turn a healthy profit into a notable loss for several of the months that an agency chef would have to cover.

As the café is a significant source of income for the wider organisation, it matters that things like building refurbishments take into account the potential for a drop-in turnover during a refit. The team have also discovered that if you lose regular customers by being closed for a while you may not get them all back ... those regulars want a regular food/ beverage offer and if forced to go elsewhere may stick with what they find as alternatives. Of course, there's always the re-launch and opening party to tempt new people to try them out!

Stepney City Farm's on site community café sells fresh produce from the farm, creates a space for local people to socialise, and is big enough to accommodate teams on corporate away days.





5. TOP TIPS FOR A SUCCESSFUL CAFE

1. DON'T UNDERESTIMATE THE TIME AND EFFORT REQUIRED TO RUN A VOLUNTEER PROGRAMME AND GROUP
2. ENGAGE WITH YOUR LOCAL SURPLUS FOOD NETWORK
3. EMBRACE VOLUNTEERS, BECAUSE THEY WILL GROW IN CONFIDENCE AND REWARD YOU WITH WARMTH AND GRATITUDE
4. ASK YOUR CUSTOMERS WHAT THEY WANT AND BE PREPARED TO EXPLAIN AND CHANGE YOUR MENU
5. TRY NOT TO RELY TOO HEAVILY ON VOLUNTEERS TO COPE WITH THE EVERYDAY PRESSURES OF RUNNING A CAFE
6. PRICE YOUR OFFER AT YOUR EXISTING CUSTOMER BASE, WITH ASPIRATIONAL 'SPECIAL' OFFERINGS
7. GET A PROFESSIONAL IN TO COOK (SHORT-TERM/FULL-TIME/PART-TIME) AND TO PASS SKILLS ONTO YOUR STAFF



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