

Challenge to Succeed in Hospitality Sector

The catering industry has always been a tough one, with its traditionally long, unsociable hours and gruelling shifts. It takes a special breed of entrepreneur to succeed in this environment and even celebrity chefs have had their share of failure. It's not surprising to learn that catering firms are 3 times more likely to go bust than any other business in the UK.

According to a recent study by accountancy firm UHY Hacker Young, catering companies like restaurants and bars are more likely to fail than many other types of business. Indeed over 15% such businesses fail every year – that's one in six. By comparison, the average failure rate for UK businesses is 5.2% per year.

It's one of the toughest industries in the UK, and one that often attracts the wrong type of entrepreneur – ie, those that like the idea of running their own establishment but don't have the necessary experience or stamina to really make it work. Add poor planning, limited market research, and unpredictable market forces into the mix and you end up with a recipe for high closure rates.

The findings are based on over 150,000 analysed cases of businesses that have sadly failed in the last 12 months. The results indicate that building a successful restaurant business is extremely challenging – sometimes even the experts don't get it right “There are lots of anecdotal warnings about the failure of restaurants in their first year and they are all true” says Peter Kubik of UHY Hacker Young, “As Gordon Ramsay's and Jamie Oliver's experience has shown, even celebrity chefs can struggle to turn success into immediate positive cashflow.”



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