

Open your own bakery!

FabJob Guide to  
**Become a  
Bakery  
Owner**



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# Contents

About the Author .....	9
<b>1. Introduction .....</b>	<b>11</b>
1.1 About the Retail Baking Industry .....	12
1.1.1 Growth of the Industry .....	12
1.1.2 Trends in the Industry .....	12
1.2 Bakery Products.....	13
1.2.1 Breads .....	14
1.2.2 Cakes .....	15
1.2.3 Other Products .....	16
1.3 Benefits of Being a Bakery Owner.....	17
1.4 Inside This Guide .....	19
<b>2. Getting Ready.....</b>	<b>21</b>
2.1 Skills and Knowledge You Will Need .....	21
2.2 Professional Baking Skills and Knowledge .....	23
2.2.1 The Science of Baking.....	23
2.2.2 Ovens and Baking.....	28
2.2.3 Using Baker’s Percentages.....	29
2.3 Other Important Skills for Bakery Owners.....	30
2.3.1 Business Skills .....	30
2.3.2 Interpersonal Skills.....	33
2.4 Learning by Doing .....	35
2.4.1 Work in a Bakery .....	35
2.4.2 Get Volunteer Experience.....	36
2.4.3 Be Your Own “Mystery Shopper” .....	37
2.5 Learn From Other Business Owners.....	42
2.5.1 Talk to Bakery Owners.....	42
2.5.2 Join an Association .....	45

2.6	Educational Programs .....	49
2.6.1	Business Education.....	50
2.6.2	Baking Education.....	51
2.7	Resources for Self-Study.....	58
2.7.1	Books .....	58
2.7.2	Websites .....	59
2.7.3	Trade Shows .....	60
<b>3.</b>	<b>Starting Your Bakery Business.....</b>	<b>62</b>
3.1	Choosing Your Niche.....	64
3.1.1	Traditional Retail Bakery.....	65
3.1.2	Bakery Café.....	66
3.1.3	Bakery Deli .....	66
3.1.4	Artisan Bakery .....	67
3.1.5	Other Bakery Specialties.....	68
3.2	Options for Starting a Bakery .....	69
3.2.1	Buying an Established Bakery .....	69
3.2.2	Franchising .....	76
3.2.3	Opening a New Bakery.....	83
3.3	Choosing a Bakery Name.....	83
3.4	Your Business Plan.....	85
3.4.1	What To Include In a Business Plan.....	86
3.4.2	Start-Up Financial Planning.....	91
3.4.3	A Sample Business Plan.....	101
3.4.4	Business Plan Resources.....	113
3.5	Start-Up Financing.....	113
3.5.1	Getting Prepared.....	113
3.5.2	Equity vs. Debt Financing .....	115
3.5.3	Borrowing Money.....	117
3.5.4	Finding Investors.....	119
3.5.5	Government Programs .....	122

3.6	Legal Matters.....	123
3.6.1	Your Business Legal Structure .....	123
3.6.2	Business Licenses.....	129
3.6.3	Other Regulations for Bakeries.....	130
3.6.4	Taxes .....	133
3.6.5	Insurance.....	136
<b>4.</b>	<b>Setting up Your Bakery.....</b>	<b>139</b>
4.1	Finding a Location.....	139
4.1.1	Possible Locations.....	139
4.1.2	Points to Consider .....	143
4.1.3	Signing Your Lease .....	150
4.2	Bakery Design.....	159
4.2.1	Outside the Bakery .....	159
4.2.2	Inside the Bakery .....	161
4.2.3	Bakery Security .....	166
4.3	Displaying Baked Goods.....	167
4.4	Bakery Equipment and Supplies.....	169
4.4.1	Items You'll Need .....	169
4.4.2	Suppliers .....	175
4.5	Obtaining Your Baking Ingredients.....	179
4.5.1	Buying from Wholesale Suppliers .....	180
4.5.2	Prices and Terms.....	182
4.6	Taking in Consignment Products.....	183
<b>5.</b>	<b>Running Your Business .....</b>	<b>186</b>
5.1	Bakery Operations.....	186
5.1.1	Developing a Procedures Manual.....	186
5.1.2	Areas of Operations Checklists .....	188
5.1.3	Developing a Recipe Log.....	191
5.2	Software for Your Bakery .....	194

5.3 Pricing Merchandise .....	196
5.3.1 Guidelines.....	196
5.3.2 Retail Pricing Formulas .....	197
5.3.3 Profit Margin vs. Percentage Markup.....	198
5.3.4 Standard Markups.....	201
5.4 Getting Paid.....	201
5.4.1 Accepting Debit Cards.....	202
5.4.2 Accepting Credit Cards .....	202
5.4.3 Accepting Payment Online .....	203
5.4.4 Accepting Checks .....	203
5.5 Financial Management .....	204
5.5.1 Bookkeeping.....	204
5.5.2 Financial Statements and Reports .....	206
5.6 Employees .....	214
5.6.1 When to Hire Help .....	214
5.6.2 Recruiting Staff .....	217
5.6.3 The Hiring Process .....	220
5.6.4 New Employees .....	224
<b>6. Getting and Keeping Customers .....</b>	<b>229</b>
6.1 Marketing Your Business .....	229
6.1.1 Printed Materials .....	230
6.1.2 Your Website.....	233
6.1.3 Advertising.....	237
6.1.4 Free Publicity.....	240
6.1.5 Your Grand Opening.....	244
6.1.6 Networking and Referrals.....	248
6.2 Customer Service.....	250
6.2.1 Greeting Customers .....	251
6.2.2 Sales Tips .....	252

6.2.3	Return/Exchange Policy .....	254
6.2.4	Getting Repeat Business .....	256
6.3	Growing Your Business .....	258
6.3.1	Expanding Your Current Location.....	259
6.3.2	Opening Additional Locations .....	260
6.3.3	Franchising and Licensing .....	261



## 1. Introduction

Imagine a fluffy, steaming croissant as you break it in half and savor the delicious taste of its buttery sweetness. Is your mouth watering just thinking about it? Then you're like millions of other people around the world who just can't get enough of fresh baked goods from their favorite local bakery.

Congratulations for choosing such a wonderful and cherished career. Few professions give you the chance to make people smile and satisfy their hunger at the same time. You're about to enter an industry that will give you opportunities every day to make people happy, use your creativity to develop new products, and make good money doing it.

There are many possibilities when you're opening a new bakery. And that's what this guide is all about. We'll introduce you to the industry

and then show you some products you can offer. We'll tell you about ways you can specialize as a baker, and detail the skills you'll need to succeed. So, if you're ready to take the first step in your new career, let's get started.

## 1.1 About the Retail Baking Industry

The bakery industry is a mature and strong industry. Small, privately owned bakeries have been around for centuries, and they don't appear to be going anywhere soon. Sure, you can buy a loaf of bread or a chocolate cake at your local big box chain supermarket, but nothing compares to the quality and taste of these goodies when they come fresh from the neighborhood bakery.

### 1.1.1 Growth of the Industry

In the late 1990s a low-carb diet craze hit the U.S. and seemed about to seriously damage the retail baking industry. This shift in dietary thinking did, in fact, have an undeniably negative effect on the industry. For example, in 2007, according to the U.S. Economic Census website, there were 6,249 retail bakeries in the United States, compared to 7,119 in 1997. As you can see, this does seem to represent an overall decline in the industry.

However, one very interesting aspect of this decline in the numbers of bakeries is that total revenues for all retail bakeries actually grew from \$2.5 billion to \$3.4 billion during this period of declining bakery numbers (dollar values are adjusted for inflation). This is an impressive 36% increase in revenues for the industry, and good news for you as a start-up bakery owner. Consumers are obviously still very enthusiastic about buying from bakeries. As one baker from Chicago noted in an article from *Modern Baking Magazine*, "Because there are fewer retail bakeries, lots of people in this country want to buy from us" (*Modern Baking Magazine*, February, 2005).

### 1.1.2 Trends in the Industry

Dave Schmidt, Executive Director of Wisconsin Bakers Association highlights the following industry trends:

- natural products that include whole grains, and no trans fats
- smaller, more indulgent portions
- more product-specific bakeries (i.e. specializing as cake studios, bread shops and bakery cafes that offer limited food service items)

However, Schmidt warns against specializing too narrowly in the current economic climate. He says: “Limited product lines will not continue to bring in the revenue needed to sustain growing business expenses on an annualized basis. Products will need to be expanded to survive and grow the business.” We’ll examine bakery specializations in more depth in section 3.1 of this guide.

One of the strongest trends in the economy overall is that consumers are increasingly buying local. As one of our experts, George Eckrick, owner of specialty bakery Dr. Kracker, echoing findings from the Food Marketing Institute, notes, “Local is the new organic.” Many consumers like to visit farmer’s markets, believing that products they purchase there are more natural and healthier than products produced by the chain superstore groceries. Eckrick advises that new bakery owners look for a stall at their local farmer’s market as a way to increase their community presence.

Even if “buy local” is the “new organic”, baked goods made with organically produced ingredients are still very popular. Organic breads and grains alone accounted for nearly \$1.4 billion in sales revenues according to a 2006 U.S. Organic Trade Association. And, according to the OTA in 2009 report, 73% of all households in the U.S. had purchased organic products in the past year. However, one aspect to be aware of is that a majority of consumers feel that organic products are unjustifiably expensive, even though they would willingly pay the same price for products they consider local.

## 1.2 Bakery Products

As a baker, you’ll constantly be developing new product offerings. You’ll chat with your customers all the time about the kinds of baked goods they enjoy and recommend your latest creations to them.

Bakeries produce a great variety of baked goods. There's almost no limit to the combinations of products you can provide to your customers. Of course, many bakeries choose to specialize in a single line of products like breads or cakes or even bagels, but many are also generalists baking up a little bit of everything for their grateful customers.

What you choose to make in your bakery depends on your own interests and preferences. You may already be experienced making your own breads or cakes and have decided that this will be your specialty area. Still, you should be aware of all the products that you can branch out into as your business grows, especially since your customers might just surprise by repeatedly asking for products other than the ones you chose to specialize in. Here are some popular products you might choose to produce at your bakery:

### 1.2.1 Breads

Without a doubt bread is the most sought-after product that a bakery can produce. According to a study by ResearchandMarkets.com, bread is consumed by 99% of all U.S. households. The same study reported that consumers had made a shift in 2008, due to the economic crisis, to consuming more bread as they started preparing more meals at home. This is more great news for new bakery owners.

Bread can be made from many different flours and in many different forms. You can make bread using white flour, whole wheat flour, rye flour, corn meal, or oats to name a few. Breads can be formed into an amazing variety of shapes like rolls, twists, sticks, loaves, flat breads and so on.

White bread is still tops among consumers, especially Italian and French breads. According to a 2003 study by the Tortilla Industry Association, consumption of breads in the U.S. breaks out as follows:

- White bread 34%
- Tortillas 32%
- Specialty breads 10%
- Rolls and buns 9%
- Whole grain 9%

- Bagels 3%
- Other 3%

Other breads are also making great inroads. Note in the list above that tortillas account for 32% of all breads consumed in the U.S. As the low-carb fad has faded, consumers are showing a greater interest in more natural breads. Since 2001, the growth in these specialty breads has been rapid because they are perceived as healthier. The natural breads segment showed an increase of 23% in revenues in the supermarket sector for 2008 alone, according to a survey by ACNielsen, showing that there is clear interest among consumers for this kind of product.

While the basic ingredient in bread is always some sort of flour, many different ingredients can be added to make bread's flavor more interesting. This could include anything from different cheeses to fruits to nuts and more. This endless variety of combinations of different flours and add-in ingredients gives you a chance to create your own unique signature breads that will keep your customers coming back for more.

## 1.2.2 Cakes

Cakes are another favorite for consumers. According to a 2007 study from the Perishables Group, cakes account for nearly 30 percent of total bakery sales, and sector growth is ongoing. Paul Sapienza, Vice President of Operations for Retail Bakers of America, says that "Decorated cakes and cupcakes seem to be on people's minds a lot." They are also one of the more high-profit products for bakeries to produce. Sapienza adds: "Especially due to the popularity of cakes on TV shows, bakers are able to get very creative and charge accordingly." Cupcakes are another popular item right now.

If you're not that familiar with cakes, check out the variety next time you shop in the baking aisle at your local supermarket. You'll see white, chocolate, one-layer, multi-layer, frosted, filled cakes, and on and on. The offerings are almost endless.

Cupcakes and muffins are basically tiny cakes. They are a perennial favorite for office social gatherings, children's parties, and other more casual events because they are cute, they can be individually flavored or decorated, and are ready to serve without utensils.

Wedding and custom cake decorators take cake design to the professional level using fondant, a gummy sugar-based substance that can be pressed flat, cut and sculpted any way you wish. Many if not most wedding cakes are fondant-covered, giving them an elegant finished look. Gum paste flowers or other decorations complete a stunningly decorated cake for any special occasion

If you choose to make cakes your specialty, you may also offer:

- Cheesecake
- Christmas cake
- Coffee cake
- Fruit cake
- Pound cake
- Rolled cake
- Shortcake
- Torte

### 1.2.3 Other Products

#### **Brownies**

Mmmm, brownies... You can offer a wide variety of traditional or gourmet brownies. Your options include brownies with different textures (fudge brownies, cake-like brownies, chewy brownies), flavors (mint chocolate, caramel, peanut butter, etc.) sizes (such as jumbo brownies or brownie bites), with or without nuts or frosting. You can even offer no chocolate “blondies.”

#### **Cookies**

Serve them up warm by the dozen, or decorate each of them with faces, balloons or other edible images. If you want to specialize in gourmet cookies, consider including bars, squares, and brownies in the mix to offer a full range of gourmet single-serve sweets. Like brownies, there’s an almost endless variety of delectable squares and bars you can offer, from Rice Krispie treats to Nanaimo bars.

## Donuts

While technically similar to bread dough, donuts are deep fried instead of baked, moving them into the range of treats. Sugar-dusted, cream-filled, or glazed, donuts offer a wonderful variety simply in their own versatility. Whole business empires have been built on them!

## Pastries

Flaky layers of a Danish or the sweet melt-in-your-mouth texture of a croissant can be a big draw for people looking for a decadent delight or a business meeting pick-me-up. In addition to flaky pastries, you can offer a variety of other types of pastries from cream puffs to phyllo pastry.

## Pies

While apple pie is a perennial favorite, seasonal pies such as pumpkin pie are also very popular. Nine-inch pies are the norm, but mini-pies or tarts for single servings can also be a popular offering.

There are few rules about what you can offer in the way of baked goods in your own bakery. As an alternative to a traditional retail bakery, you could open a bakery combined with another business, such as a café or deli. For example, if you open a bakery café, your customers can come up to the counter, order a coffee or tea, then pick out one of your sweet pastries or other treats to sit down and enjoy with friends.

As you use the techniques described in the next chapter, you will see what types of baking most appeals to you. Then you can start thinking about what type of bakery you want to set up as we look bakery niches in Chapter 3.

## 1.3 Benefits of Being a Bakery Owner

“If you love to bake and if you love to bake for other people—feeding the world, so to speak—there is no better profession than being a baker. There is so much satisfaction every day in doing your best to achieve perfection in all the breads and pastries you bake. And you get to do this every day!”

— George Eckrick, owner, Dr. Kracker

## **Flexibility**

If you're coming into the bakery business from a full-time day job, think of the independence you will have by being your own boss. No more nine-to-five. You'll be able to schedule your hours to suit your needs (within normal retail hours, of course), and with the help of staff, can take breaks and vacations when you decide you want to.

## **Freedom**

Nothing quite compares to the sense of freedom that comes with running your own business, implementing your own creative ideas, and taking credit for your own successes. Being your own boss gives you the freedom to create the type of business you want, starting with deciding what type of bakery to open and what kinds of baked goods to sell.

## **Express Your Creativity**

Many bakers get into this industry because they are naturally creative people. They love to invent amazing new recipes and wonderful new flavors. They excel at decorating the most beautiful and artful cakes and pastries. If you've been looking for a career that will help you to let your creative streak run wild, then look no further.

## **Bring Pleasure to People**

As a bakery owner you'll bring pleasure to countless thousands of people now and into the future. Your breads will be a part of the everyday meals in your community, your cakes taking part in celebration after celebration every year. You'll be a part of people's daily lives, bringing pleasure to them in ways you can't even begin to imagine.

## **Become a Community Treasure**

Few careers give you the opportunity to become a recognized fixture in your community. You can travel to just about any city and find a bakery that has been around for decades on decades. Your bakery could turn into a family legacy that will someday make your company a community treasure, too.

## Income and Growth Potential

And of course, we can't forget the potential for earning a great income. Many small retail bakeries have gone on to become major players in the industry. You might work your way up to owning a chain of bakeries across your state or across the nation. There's really no limit to what you can do with your bakery once you set your mind to growing and expanding.

### 1.4 Inside This Guide

*The FabJob Guide to Become a Bakery Owner* is organized to help take you step-by-step through the basics you will need to open and operate your own bakery. The chapters are organized as follows:

Chapter 2 ("*Getting Ready*") explains the skills you'll need as a bakery owner, and how to learn them. It covers ways of learning from experts, getting experience, and learning through observation. You'll discover associations you can join, websites you can visit and books you can read that will all help you to learn more about the industry.

Chapter 3 ("*Starting Your Bakery*") will help you decide what kind of bakery you should open. This chapter discusses whether to buy an existing bakery, operate a franchise, or open a new bakery. It also explains what you need to get started, including your business plan, start-up financing, bakery name, and other important matters.

Chapter 4 ("*Setting Up Your Bakery*") offers the information you need to actually set up your bakery. It gives advice on how to choose a location, get baking supplies, and how to lay out your bakery. You will also discover what equipment and other supplies you will need.

Chapter 5 ("*Bakery Operations*") takes you into the day-to-day challenge of running your bakery once it's open. It explains how to develop a procedures manual, and covers inventory management, financial management and pricing, and working with staff and customers. These topics and more are covered in this chapter.

Chapter 6 fills you in on marketing your business and getting and keeping customers. You'll discover tips for how to advertise and promote

your business, plus how to plan a grand opening to get people interested in your new bakery. Finally, we'll look at ways to grow your business once you're up and running successfully.

By following the steps in this guide, you will be well on your way to living your dream — opening your own successful bakery.