Executive Briefs

Catering & event costing: *before vs after* MR cost engineering

By **Diego F. Parra** · Updated 2026-07-08 · Costing & Finance

QUICK VERDICT

Catering isn't quoted, it's engineered. The average operator loses 6 to 11 EBITDA points per event because they quote with intuitive food cost and ignore the real cost of logistics, off-site waste and extra labor. Before: margins that depend on the luck of the event. After MR cost engineering: every event with a governed prime cost ≤55%, break-even calculated per head and predictable EBITDA. The difference isn't the price you charge — it's the decision architecture you calculate it with.

Executive Brief Strategic brief · CEOs, boards & investors · 11 min read · 2026-07-08

Catering and events are the line of business with the highest operational variability in the whole restaurant: each event is an ephemeral operation with its own food cost, its own labor and its own logistics. What is a stable cost in the dining room becomes entropy off-site. And when costing is inherited from the restaurant menu — without adjusting for transport waste, dead time or hourly staff — real margin evaporates in operations, not in the quote.

This brief distills the conference Diego F. Parra delivers to boards of restaurant groups: how to turn the events line from an erratic cash center into a business unit with known unit economics, governed prime cost and EBITDA that survives operational due diligence.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	INTUITIVE COSTING (BEFORE)	MR COST ENGINEERING (AFTER)
Theoretical food cost per head	✕ Eyeballed, 28-30%	✓ Recipe-carded, 24-27% actual
Event prime cost (food+labor)	✕ 62-71% uncontrolled	✓ ≤55% with hard ceiling
Off-site waste recognized	✕ 0% (ignored)	✓ 7-12% costed and provisioned
Per-event break-even	✕ Never calculated	✓ Calculated per head before quoting
Theoretical vs actual variance	✕ 9-15 pts unexplained	✓ ≤3 pts audited per event
EBITDA per event	✕ 4-9% volatile	✓ 13-18% predictable

	INTUITIVE COSTING (BEFORE)	MR COST ENGINEERING (AFTER)
Deposit / event cash flow	✕ Collected late, operator funds it	✓ 50% deposit, event funds cash

1. Why catering destroys margin even when the plate food cost is right

Catering destroys margin because the plate food cost is barely 55% of the event's real cost; the other 45% lives in logistics, off-site waste and hourly labor that nobody provisions. I've seen it across dozens of operations: the chef quotes a menu at 30% food cost, but off-site you get refrigerated transport, setup, crew downtime and 8% shrinkage from temperature and leftovers. That phantom cost eats 6 to 11 points of EBITDA per event. The mistake isn't in the kitchen, it's on the quote sheet: it inherits the dining-room costing, where cost is stable, and applies it to an ephemeral operation where every variable spikes. The plate turns out fine; the cash register turns out wrong. Costing the event like a big menu order is the root fault. Catering is structured as a business unit with its own managerial P&L, not quoted as an extension of the menu.

2. Catering isn't quoted, it's structured as a business unit

Diego F. Parra teaches this to boards of restaurant groups with a hard rule: every event has its own prime cost (raw material plus direct labor), which must stay below 60% of sales, and its own break-even calculated on that specific operation. When the operator treats the event as a large menu order, they ignore that extra hourly labor can weigh 18 to 25 points of sales, versus 30 to 35 points of total labor in the fixed dining room. The MASTERESTAURANT cost engineering starts from the event's unit economics: how many people, how many hours, how much transport shrinkage, and only then builds the price. Structure it, don't guess it. Off-site waste leaks 7 to 12 points of margin because it's a real cost nobody provisions or charges for. Outside the restaurant, food travels: the cold chain breaks, product gets knocked during setup, portions are overproduced out of fear of running short, and leftovers get tossed at the close of the event.

3. Off-site waste: the phantom cost that leaks 7 to 12 points

A poorly sized buffet dumps 10 to 15% of the food produced. I've seen groups provision zero for this line and then fail to understand why the «profitable» event closed 4 points below the quote. The MR discipline is simple: measure historical waste by event type, provision it inside the standard cost, and charge it inside the price. What you don't provision doesn't disappear; it just changes pockets and comes out of yours. The catering price should start from real cost and target EBITDA, not from what the competitor charges. Traditional quoting chases the neighbor: it looks at what the venue next door charges and adjusts downward to win the event, without knowing whether that price leaves margin or destroys it. The MASTERESTAURANT cost architecture reverses the order: first you calculate the event's total real cost —prime cost, logistics, waste, allocated overhead—, then you define the target EBITDA, typically 15 to 22% for the events line, and only then set the price.

4. From the competitor's price to the target-EBITDA price

That way the price stops being a bet and becomes a decision with known unit economics. Winning an event at a price that loses money isn't selling, it's subsidizing the client with your own working capital. Labor per event is the most underestimated variable and can weigh 18 to 25 points of sales when you hire extra hourly staff. In the dining room, labor is stable and spread across hundreds of covers a month; in an ephemeral event, you hire servers, support cooks and setup crew for 6 to 10 hours for a single operation, and that cost doesn't dilute.

Diego F. Parra insists on a concrete cash figure: every extra hour of setup and teardown that wasn't quoted is margin coming straight out of EBITDA. The MR cost engineering calculates the real man-hours of the full event —prep, service, teardown— and loads them into the standard cost before setting price.

5. Labor per event: the most underestimated variable

Counting only service hours and forgetting setup is the silent leak that sinks events that looked profitable on paper. A prime cost governed below 60% of sales is the number that makes the events line's EBITDA defensible in a due diligence. When a restaurant group seeks investment or a sale, the buyer doesn't look at the pretty quote: they look at whether the events unit has repeatable unit economics and margins that don't depend on the event's luck. A catering with erratic prime cost, swinging between 55 and 78 points depending on who quoted, is a red flag that punishes the valuation multiple. The MASTERESTAURANT discipline turns the events line from an erratic cash center into a unit with standard food cost, budgeted labor and provisioned waste, event after event. That's the asset that sells: not the event that was profitable by luck, but the system that produces predictable margin with or without the star chef present.

6. The event's break-even: when to say no

The event's break-even defines when a catering is accepted and when it's rejected, because not every signed event is business. Each ephemeral operation has a minimum of covers or sales below which the fixed setup cost —transport, minimum staff, permits, insurance— isn't covered and the event loses money even if the plate food cost is perfect. I've seen operators accept 30-person events with a cost structure sized for 120, and close the month happy about «a full calendar» while each small event subtracted 3 to 5 points of EBITDA. The MR rule is clear: calculate the break-even by event type and size, and below that threshold you either adjust the price or say no. Saying no to an event that loses money is a cash decision, not a matter of commercial pride. Intuitive costing treats the event as an extension of the menu; MR cost engineering treats it as a business unit with its own managerial P&L, its own prime cost and its own break-even point.

7. The difference that decides the margin

Before, off-site waste — transport, temperature, setup, leftovers — is a phantom cost nobody provisions, surfacing as a 7 to 12 point capital leak. After, it is costed and charged inside the price. Traditional quoting chases the competitor's price; MR architecture starts from real cost and target EBITDA, and only then sets price. Price stops being a bet and becomes a decision with unit economics.

POINT BY POINT

A/B analysis: intuitive costing vs MR cost engineering

SOURCE OF FOOD COST

A · INTUITIVE COSTING (BEFORE) Copied from dining-room menu with no off-site adjustment

B · MASTERESTAURANT Recipe-carded with transport waste provisioned

Verdict: MR: an event's real food cost differs from the dining room's; costing it the same gives away 3 to 5 margin points.

PRIME COST CONTROL

A · INTUITIVE COSTING (BEFORE) No ceiling; discovered in payroll

B · MASTERESTAURANT ≤55% ceiling validated before quoting

Verdict: MR: prime cost governed before signing is the difference between 6% and 16% EBITDA.

BREAK-EVEN

A · INTUITIVE COSTING (BEFORE) Not calculated per event

B · MASTERESTAURANT Calculated per head before price

Verdict: MR: quoting without break-even is a bet; with it, a unit-economics decision.

CASH FLOW

A · INTUITIVE COSTING (BEFORE) Late collection; operator funds the event

B · MASTERESTAURANT 50% deposit; event funds its working capital

Verdict: MR: the deposit turns each event into a self-funded unit and protects the group's cash.

SIDE-BY-SIDE COMPARISON

Intuitive costing BEFORE

- ✕ Quotes by copying dining-room food cost without adjusting logistics
- ✕ No provision for transport waste or setup dead time
- ✕ Extra hourly labor discovered in payroll, not in the quote
- ✕ Per-event break-even is never calculated per head
- ✕ Event EBITDA is known after it happens, not before signing

MR cost engineering MASTERESTAURANT

- ✓ Cards every event dish with a standardized recipe and off-site waste
- ✓ Prime cost ceiling ≤55% validated before issuing the quote
- ✓ Event labor budgeted by role and hour, not estimated
- ✓ Break-even per head and per event before committing to price
- ✓ Target EBITDA governed and audited with theoretical vs actual ≤3 pts

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	INTUITIVE COSTING (BEFORE)	MR COST ENGINEERING (AFTER)
Theoretical food cost per head	✕ Eyeballed, 28-30%	✓ Recipe-carded, 24-27% actual
Event prime cost (food+labor)	✕ 62-71% uncontrolled	✓ ≤55% with hard ceiling
Off-site waste recognized	✕ 0% (ignored)	✓ 7-12% costed and provisioned
Per-event break-even	✕ Never calculated	✓ Calculated per head before quoting
Theoretical vs actual variance	✕ 9-15 pts unexplained	✓ ≤3 pts audited per event
EBITDA per event	✕ 4-9% volatile	✓ 13-18% predictable
Deposit / event cash flow	✕ Collected late, operator funds it	✓ 50% deposit, event funds cash

THE NUMBERS THAT MATTER

The numbers a CEO underlines

11 pts
of EBITDA recovered per event when moving from intuitive costing to MR cost engineering

12 %
of off-site waste that intuitive costing ignores and never charges

30 %
food cost as the maximum recommended limit per event dish

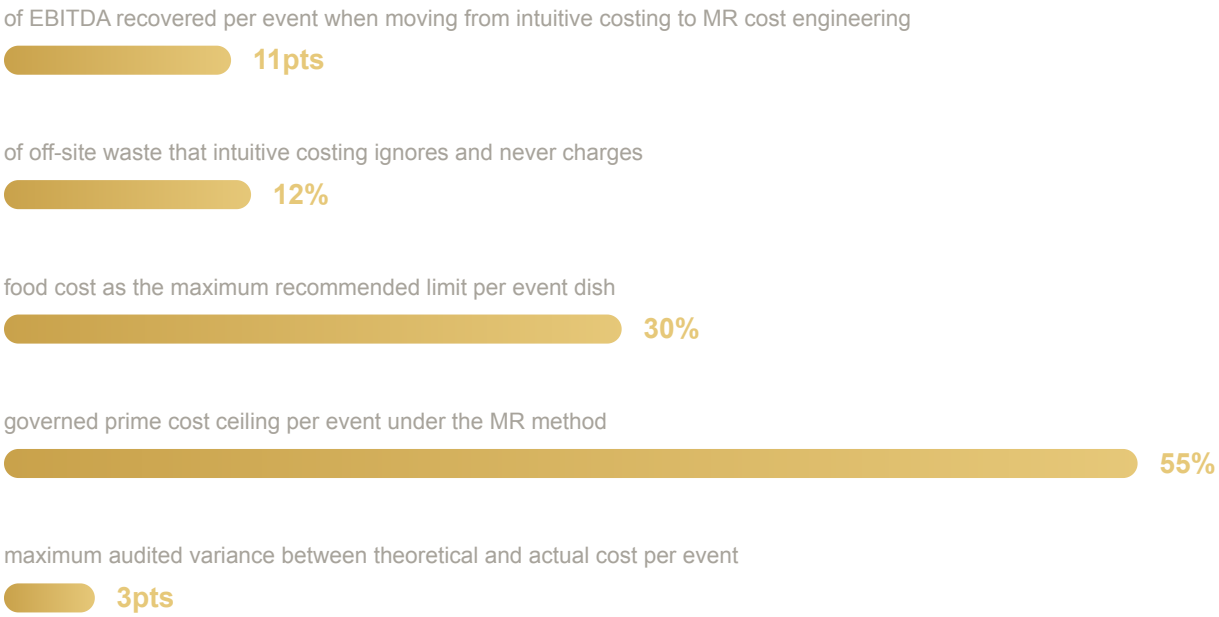
55 %
governed prime cost ceiling per event under the MR method

8400
food-service units costed across 43 countries that underpin the method's benchmarks

3 pts
maximum audited variance between theoretical and actual cost per event

VISUALIZATION

The numbers, visualized



Sources: Masterestaurant internal data

Chart by masterestaurant.com

REAL CASE

“The mistake I see over and over in catering: they quote with the restaurant's food cost and forget that off-site you lose product in transport, you pay overtime for setup, and the 12% lost to waste nobody charged for. In a three-location group we carded the 40 event dishes, set a 55% prime cost ceiling and a per-head break-even before quoting. EBITDA per event went from 6% to 16% in a quarter. We didn't raise prices — we stopped giving margin away.”

— Diego F. Parra, restaurant consultant and founder of Masterestaurant

HOW TO APPLY IT IN YOUR RESTAURANT

Strategic roadmap in 3 phases

1. **Phase 1 — Operational due diligence of real cost (weeks 1-3)**
   Deliverable: recipe cards for event dishes with off-site waste provisioned and historical prime cost per event reconstructed. Success metric: 100% of the catering menu carded and theoretical vs actual variance measured at ≤3 pts across the first 5 audited events.

2. **Phase 2 — Price decision architecture (weeks 4-7)**
   Deliverable: per-head and per-event break-even model with a ≤55% prime cost ceiling wired into the quote. Success metric: 0 quotes issued without a calculated break-even and a target EBITDA ≥13% guaranteed before signing.

3. **Phase 3 — Margin governance and cash flow (weeks 8-12)**
   Deliverable: managerial P&L per event, a 50% deposit policy and a KPI dashboard for the events unit. Success metric: EBITDA per event stabilized at 13-18% and event cash flow self-funded, with the deposit covering the setup CapEx/OpEx.

FAQ

Questions a board asks

Why doesn't the menu's food cost work for costing an event?

Because off-site brings costs the dining room doesn't have: 7 to 12% transport waste, setup overtime and dead time. Costing the event with the restaurant's food cost ignores that entropy and leaks 6 to 11 EBITDA points per event without anyone noticing.

What should the maximum prime cost of an event be?

The MR-recommended ceiling is 55% (food plus direct event labor), with food cost per dish never above 30%. Above that prime cost the event enters fragile-margin territory and EBITDA drops to a volatile single digit.

How is an event's break-even calculated?

It's calculated per head: variable cost per guest (food, drink, disposables) plus the event's fixed costs (transport, setup, hourly staff) divided by the number of guests. That number tells you the minimum price per person before committing to the quote.

How much EBITDA per event is defensible in due diligence?

With MR cost engineering, a range of 13 to 18% EBITDA per event is defensible and predictable. Intuitive costing yields a volatile 4 to 9% — a margin that operational due diligence discounts for risk, lowering the group's valuation.

DATA & SOURCES

Sector data 2026 (official sources)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Benchmark 2026	Source
Food cost óptimo del sector	**28–35% (promedio full-service 32.4%)**	National Restaurant Association
Costo laboral	**25–35% de los ingresos**	U.S. Bureau of Labor Statistics
Ventas del sector (EE.UU.)	**proyección ≈US$1,55 billones en 2026 pese a presión de costos**	National Restaurant Association — SOI 2026
Flujo de caja en pymes	**la mala gestión de caja se asocia a ~82% de los cierres de pequeños negocios**	Inc. (estudio U.S. Bank)
Costos y demanda 2026	**alzas de costos persistentes con demanda resiliente en restaurantes**	Bloomberg Línea
Prime cost recomendado	**55–65% de las ventas**	Nation's Restaurant News