

Swot analysis

[Art & Culture](#), [Music](#)



Running head: SWOT ANALYSIS SWOT Analysis Sumptuous Cuisine Catering was established in 2005 to operate a catering kitchen and to provide specialized catering services and high end events in the Doeureville region. The company eventually specialized in event management with the provision of specific services such as space design and decor, floral designs, alcohol beverage service and music and DJs. In view of the fact that Sumptuous Cuisine Catering plans to expand its operations to a dedicated location called The Sumptuous Ballroom with funding through mortgage, issue of convertible debt and its own funding, it becomes important to conduct a SWOT analysis of the company in order to ascertain where it stands presently in terms of succeeding in its new venture (Armstrong, 1996).

Strengths Sumptuous Cuisine Catering is now a reputed catering company that provides top class event services with perfect execution to private as well as business customers in the entire area within a ten mile radius of Doeuvreville. The events managed by Sumptuous Cuisine Catering have sumptuous and delicious food and services, which has created a niche for the company in the entire region. The company has made considerable advances during the last three years and has significantly developed its core business after suffering some setbacks during the initial two years. There has been considerable improvement in its gross and operating margins that has resulted because of its constant investment in furniture and kitchen and delivery equipments. The company is particularly patronized by private and corporate markets and they will continue to do so with the opening of the Sumptuous Ballroom. Private clients are the company's biggest strength because they can be charged higher rates, which help in recession proofing

the business by way of steady revenues, especially in the present downturn.

Weaknesses Although the company's gross margins will increase with the functioning of the Sumptuous Ballroom, higher fixed costs will result. Another major factor that will enhance costs for the company and thus weaken its financial base is the sales cost of subcontracted categories that will be incurred at 80 percent higher costs as compared to other categories. The cost of marketing will be higher during the first year in order to meet the added marketing activities included in the company's new marketing strategy. Corporate business forms a major chunk of the company's business and is characterized with lower margins in view of expectation for lower prices, failing which companies can quickly shift to other catering and event management companies. The prevailing competition is intense and has made Sumptuous Cuisine Catering vulnerable to market conditions because of the presence of several companies such as Fancy Fetes, Food for Thought and Pandora's. The pressure from competition to provide several cuisine options as well as additional services has added to the cost incurred by Sumptuous Cuisine Catering.

Opportunities The adding of the Sumptuous Ballroom to the company's services will pave the way for increased gross margins and will enhance capacity in terms of industry averages and space rentals. Immense interest will be created amongst present as well as new customers who will wish to make use of the space. Sumptuous Cuisine Catering is already well established in the business and the new venture will create added ways to meet client aspirations. It is estimated that the top line sales will expand by almost 100 percent in 2012 as compared to 2009 levels. After the acquirement of the new venture, the company's net profits are

expected to increase by three times in 2012 as compared to 2010. There are lot of opportunities for Sumptuous Cuisine Catering because of its partnerships with event management companies such as Your Perfect Event LLC, Corporate Hall and Jackie Lyman Associates. These partnerships refer clients and sub contract work to Sumptuous Cuisine Catering. Threats The US market for catering was estimated at \$6. 9 billion in 2008 but has diminished significantly because of the economic downturn. The biggest threat for Sumptuous Cuisine Catering is the market's susceptibility to economic cycles because events, specifically relative to corporate events, suffer the most during recessions. Celebration events are also cut back although spending on weddings is not curtailed. The fact that the size of the industry was diminished by about 1. 5 percent in 2008 and 2009 because of the recession is clear indication that Sumptuous Cuisine Catering will be in soup if the economic environment does not improve. Another threat for the company is the enhanced operating costs that will result from the functioning of the Sumptuous Ballroom, which will cut down profits in the short term until steady profits begin to show. List of References Armstrong, M. (1996). Management Processes and Functions. London: CIPD.