



RECIPE FOR SUCCESS: SELLING FOOD PRODUCTS



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SELLING FOOD PRODUCTS: BUSINESS PLANNING GUIDE

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INTRODUCTION: TURNING A RECIPE INTO A PROFITABLE PRODUCT

Do you have a favorite recipe that everyone raves about? Have you often thought about producing and selling it? Whether it is your homemade salad dressing, marinara sauce, or jam, everyone says it is the best they have ever tasted. You feel strongly it will do well in the marketplace. Before you get started there are many things you need to consider. This guide has been developed to help get you started as a food entrepreneur.

Bringing your product to market can be exciting and rewarding, but may also be time consuming and back breaking. You need to consider some of the advantages and disadvantages to bringing your home-made product into the specialty foods marketplace.

Advantages:

- Creating your own work schedule
- Doing something you love/are passionate about
- Benefiting directly from your hard work
- Unlimited earning and growth potential
- Satisfaction of being your own boss
- Sharing favorite recipes with others

Disadvantages:

- Long hours
- Personal strain/change of lifestyle
- Financial risk linked to start up costs
- Filling many roles within the business
- Risk of regulatory violations
- Product failure

It is very important to understand the proper steps needed to turn a recipe into a profitable product. You can't simply make a food item in your home kitchen, place it in a bottle, and start selling it. You need to follow the many production and labeling requirements that exist to keep consumers safe. You need to understand the markets you want to enter. You need to get your product to those markets. You need to know your competition. You need to determine the correct selling price for your product and much more.

First, you must be honest with yourself. What is your vision for your business? Will it be a fun hobby? Do you expect it to remain small, providing only part-time income? Do you envision something larger with an expanding product line and future employees? Describing your vision of the business is best done through a business plan. This guide includes a discussion of the elements of a business plan. The **Small Business Development Center (SBDC)** can help guide you through the process of developing your plan.

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This guide will discuss creating a marketing strategy and offer an understanding of production and operational issues. A complete case study has been included to give you a glimpse of what one small food producer went through to bring its food idea to market. You will see that despite thorough research and planning, many unexpected issues and concerns can arise, causing delays and added expense. The guide includes sections on industry regulations and resources available in the State of New York.

Every effort has been made to make this guide as accurate as possible based on the authors' experiences and research. Rules and regulations in the food industry continuously change and evolve. They vary by county and state and are often determined by the food item itself. Contact the SBDC for free one-on-one counseling before venturing into the food business. To find the SBDC nearest you, go to the New York Small Business Development Center (NY SBDC) website at www.nysbdc.org.

The purpose of this guide is to provide a general introduction to those seeking to bring food products to the U.S. marketplace. Each food category and cooking / packaging process involves different rules and regulatory agencies. The authors of this guide and the SBDC have neither liability nor responsibility for any harm caused directly or indirectly by use of the guide.

WRITING AN EFFECTIVE BUSINESS PLAN

A business plan is a comprehensive document that describes your business and represents the first step in your business journey. The Small Business Development Center specializes in assisting you with developing your business plan. This process forces you to take a realistic look at exactly what your business will involve and helps you estimate start-up costs.

- It enables you to organize and prioritize all of the great ideas you have for your business.
- It allows you to set realistic goals.
- It communicates your business ideas to others including lenders.
- It shows why your business venture is feasible and if it is profitable.

Your business plan must be focused, clearly define target markets, and prove to lenders that you will have sufficient cash flow to repay debt and cover all business expenses.

Business Plan Outline:

Statement of Cash Sources and Uses – Start Up/Expansion Expenses

This is also known as the Funding Request. It spells out the amount of money you need, where it will come from, and how you will spend it.