



## Adding Value to Locally Grown Products

### Thinking of adding value to what you grow?

**The Small Business Development Center (SBDC) can help you learn more about what that involves and determine your first steps!**

SBDCs provide one-on-one consulting from qualified professional consultants at no cost, as well as live and on-demand training on a variety of topics.

This handout was developed by The University of Scranton SBDC to provide you with an overview of things to consider as you select your value-added strategy, along with addressing the questions most commonly asked by food and farm entrepreneurs.

### Considering Adding Value

#### Why might I begin adding value to a locally grown product?

In the marketplace, there are price makers and price takers. In order to set the price to cover what you need, to cover all costs and bring in additional revenues (profits). In other words, rather than sell for “the going price,” you need to create a reason for your customer to see your product as different and special – well worth paying a bit more.

This is where adding value comes in. The US Department of Agriculture’s definition of “value-added” has four components:

- Producing the product differently (i.e., organic, grass-fed, or locally produced)
- Processing what is grown or harvested (such as converting your goats’ milk to cheese)
- Product segregation (marking strawberries as Grade A and “seconds”)
- Producing with farm-based renewable energy

In this fact sheet, we will concentrate on “processing” to add value since this type of activity will require starting a food business in its most basic sense. To start this type of enterprise, there are a number of regulations that you will need to meet since food safety is a top concern. Which specific requirements you’ll meet depends on the type of product you want to make, where you intend to sell it, and other factors. As a start-up food business owner, you will have to answer this series of questions to determine whether what you have in mind will comply with the regulations:

- What type of product do I want to make?**  
Some foods can be made legally in an inspected, registered home-style kitchen (called a Limited Food Establishment), while others can only be made in a commercial kitchen. The dividing lines between the two often center on your source of water, and whether a food product is time/temperature controlled for safety (TCS) or can be safely stored at room temperature.
- What equipment will I need?**  
Converting a family recipe to commercial batches will increase the volume that you make at one time, possibly requiring a steam kettle or other industrial capacity equipment, and food safety testing tools (such as a pH meter or a moisture gauge) which will increase start-up costs.



## Applying FSMA

### What is FSMA?

Congress launched the Food Safety Modernization Act (FSMA, commonly pronounced “FIZZ-ma”)<sup>(6)</sup> in 2011, with the FDA as the lead agency. In 2015, the FDA finalized seven major rules to cover human and animal food safety – including mention of very small businesses, which needed to comply by 2018. It is possible to start a food business complying with only local or PDA policies, including Good Manufacturing Practices (GMPs)<sup>(7)</sup>. However, if your products will be sold across state lines or by eCommerce, FSMA compliance will be required. For that reason, it is important to start, or grow, your business with an awareness of FSMA.

### FSMA Facts

- Businesses that make, process, pack, or hold human food must comply with the Preventive Controls for Human Food (PCHF) rule. However, PDA inspected businesses making less than \$1M annually, can claim Qualified Facility<sup>(8)</sup> status.
- Even though Qualified Facilities may be exempt from PCHF rule, they must still comply with the Good Manufacturing Practices (GMPs) in the Code of Federal Regulations.
- Your company is not required to develop written GMP compliance guides. You are not required to monitor or keep a record of each time the practices are followed.
- GMPs compliance does include integrating these food safety requirements into the on-the-job training for all employees, so each person understands his/her role.
- You must keep a training form for each employee, recording the dates on which that person was trained about cleanliness, health requirements, and performing assigned tasks and individual standards.
- In addition to the initial FSMA rules (Produce, PCHF, and PCAF), FDA introduced a Food Traceability rule in November 2022. All businesses are to comply in January 2026. The Food Traceability rule requires all businesses across the supply chain to develop and adopt a Food Traceability Plan.
- This Food Traceability applies to all companies that manufacture, process, pack, or warehouse foods found on the Food Traceability List (FTL)<sup>(9)</sup>, regardless of size, to enable “faster identification and rapid removal of potentially contaminated food from the marketplace, resulting in fewer foodborne illnesses and/or deaths.”
- Food Traceability Rule is the first FSMA rule to include retail food businesses (restaurants, grocery stores, food trucks, etc.) - so that they must also track when an FTL item passes from farm to customer.
- A “Factsheet on the FDA FSMA Food Traceability Rule for Retail Food Establishments (RFEs) and Restaurants”<sup>(10)</sup> explains how retailers will comply in 2026.
- Additional food safety regulations focus on specific food products or processes:
  - Seafood, Meat, Poultry, Egg, Catfish, Sprouts, and Juice Hazard Analysis Critical Control Points (HACCP)
  - Foreign Supplier Verification Program (if you import ingredients)
  - 3rd Party Inspection and Certification Program (if you sell to chain retailers)
  - Sanitary Transportation of Human and Animal Food (for shipping and delivery)
  - Low-Acid and Acidified Canned Food Regulations (better process control school training)



- After these initial steps, go to the PDA website to retrieve the Application Packet - Limited Food Establishment<sup>(12)</sup> (LFE). This is the registration that you will need to make food in a residential kitchen. It is called “limited,” because in-home food production is restricted to specific items that are NOT Time/Temperature Control for Safety (TCS) Foods (formerly called potentially hazardous foods, "PHF"). TCS foods are foods that will support the growth of bacteria and require temperature controls (kept hot or cold) to keep those foods safe to eat.
  
- To determine if your planned product(s) can be made in an LFE, check the information section (in the application) listing the categories of food most often legally produced in a registered, inspected residential kitchen, including most baked goods (cakes, cookies, fruit pies); candy; jams and jellies; high-acid, acidified, or fermented foods; and fresh fruit juice.

Most items outside of this list are considered TCS foods, which can only be produced in a registered "commercial" food establishment, using a kitchen that meets the full regulatory code requirements, including separation from residential-use areas, equipment for commercial processing, and adequate plumbing fixtures. Setting up such a facility will greatly increase your start-up costs. If your product is TCS, see the "Commercial Kitchens" section below.

Assuming you "pass" these initial steps for an LFE, there are some general rules with which you will need to comply:

- No animals/pets are permitted in the home at any time if the personal home kitchen is used.
- Children are not allowed in the kitchen during the food processing hours.
- All business-related ingredients must be placed in food-grade containers, and stored separate from those for personal use (separate shelves, separate cupboards, etc.). These supplies must be properly labeled, stored, and protected.
- Family and commercial food cannot be prepared at the same time. A “dual-use” kitchen requires you to carefully schedule your time so that private and business activities do not conflict.

*These are some general rules to consider. Keep in mind that there may be more rules with which you need to comply.*

### **Commercial Kitchens**

If checking the requirements for Limited Food Establishment registration tells you that you can't make your product in your home, it doesn't necessarily mean that you should drop the idea entirely — but it is a signal that you will need to think a bit outside the box about how and where your food can be made.

One option to explore is to convert your basement (with exterior entrance), garage, or any other area on your property to the kitchen you need. Similar to the Limited Food Establishment, described above, you will need to confirm with the zoning authority that you may have a business at your residence, and water standards from DEP must be met. To fully consider this option, go to PDA's website for a copy of the Application Packet - Food Establishment Registration<sup>(13)</sup>. The instructional portion of this document describes all requirements for a commercial kitchen, including kitchen set-up and equipment.

Doing a cost analysis for all equipment and renovations will enable you to see if having a secondary kitchen on your property might be a working option. However, before investing in the new kitchen, do some “comparison shopping,” armed with the requirements of a suitable facility, to make sure that the costs justify the benefits.

One alternative to creating a facility on your premises is using a shared community kitchen. Shared kitchens are specifically set up for start-up businesses (tenants) to make their products on a regular basis. Some shared kitchens are also “incubators,” providing additional services and guidance for food business owners. A good place to find shared kitchens is The Kitchen Door<sup>(14)</sup>. While not an all-inclusive list of shared kitchens, looking at the listings within a specific radius of your home will provide you with a better idea of the type of facility you will need for your product.



## My Follow-Up Items

After reading through this document and making notes, list some of the tasks you plan to complete or items you would like to explore further. If you add target deadlines for completion, it's more probable that you'll actually finish them! To help you get started, we've listed a few suggested items below. If any of the included items are not in line with the choice that you're evaluating, put N/A in front of it.

- Contact The University of Scranton SBDC for assistance.
- Determine the product(s) I want to make.
- Decide whether I will sell my products direct to consumer, by eCommerce, or wholesale.
- Check with my municipality to see if zoning will permit me to make my product in my home.
- Contact PA DEP regional office for public water source approval.
- Research the type of equipment I will need to process and package my product.
- Determine who will inspect and license/register my business.
- Complete ServSafe Manager training/certification.
- Review the Current Good Manufacturing Practices checklist to ensure compliance.
- Comply with the FSMA rules and "FSMA Facts" that apply to my current operation.
- Proactively apply the Food Traceability Rule to my operation.
- (If the product is non-TCS)* Take the "first steps" in setting up my Limited Food Establishment.
- (If the product is TCS)* Identify where I will access a commercial kitchen for my Commercial Food Establishment.
- Complete and submit my application for a Limited Food Establishment or Commercial Food Establishment registration.
- Complete the paperwork (PDA or local health agency) for a Retail Food Facility or Mobile Food Facility.
- After registering my Limited or Commercial Food Establishment, set up an online account with FDA to complete facility registration and Qualified Facility attestation.
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## Resources

- (1) [PDA Bureau of Food Safety and Laboratory Services](#)
- (2) [U.S. Food and Drug Administration Registration of Food Facilities and Other Submissions](#)
- (3) [FSMA Final Rule for Preventive Controls for Human Food](#)
- (4) [Pennsylvania Department of Agriculture's Local Health Departments List](#)
- (5) [PDA Food Safety Webpage](#)
- (6) [Food Safety Modernization Act \(FSMA\)](#)
- (7) [PDA Current Good Manufacturing Practices \(GMPs\) Food Establishment Checklist](#)
- (8) [FDA Qualified Facility Attestation](#)
- (9) [FDA Food Traceability List](#)
- (10) [Factsheet on the FDA FSMA Food Traceability Rule for Retail Food Establishments \(RFEs\) and Restaurants](#)
- (11) [PA DEP Office Locations](#)
- (12) [PDA Application Packet Food Establishment Registration - Limited Food Establishments](#)
- (13) [PDA Application Packet Food Establishment Registration - Food Establishments](#)
- (14) [The Kitchen Door](#)
- (15) [ServSafe Manager Online Course & Exam](#)



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