Tasty New Thing

PRACTICAL PERSPECTIVE FOR NEW FOOD COMPANIES
Ohhh! Is this home made?!?
COTTAGE FOOD IS AWESOME

IF (AND ONLY IF) YOU QUALIFY AS COTTAGE
Cottage Foods

* Baked Goods (no refrigeration required)
* Dry Herbs
* Candy
* Some Jellies (Natural pH below 4.6)
* Fruit Pie, Pecan Pie
* Vinegar
* Cucumber Pickles
* Many others!
NOT Cottage Foods (TCS)

* Cheesecake, Cream pie, Meringue Pie
* Salsa, any canned tomato product
* Jerky
* Tamales
* Liquid Beverages
* Kombucha
* Flavor Extracts, Beer
* Many, many others!
Labeling must be exact

Best Home Bakery in Texas
123 Random Street
Anytown, TX 78777

Chocolate Chip Cookies

Contains the following allergens:

Eggs Nuts Soy Peanuts Milk Wheat

This food is made in a home kitchen and is not inspected by the Department of State Health Services or a local health department.

Common or usual name of the product
This could be handwritten if you are buying labels in large quantities for various products.

List of major allergens.
Listing all major allergens and then circling the ingredients present is one option if you have pre-printed labels.

Statement of non-inspection.
This is the required language.
Will you take $2 for it?
Food businesses have one of the highest failure rates. Avoid common pitfalls.
Know how you are going to make money.

**Figure out your cost of goods**

Spreadsheets are your friends. Figure out what it costs to make your product, in materials and in time. Your (COGS) break even point must include paid time to manufacture. Wholesale should be higher than break even, and around half of your retail price.

Remember, if you retail, you pay for space, employees, etc.

**Prepare for your cash flow**

Most small food companies are jobs of passion, which means they are undercapitalized. There are ways to work through this, but be prepared.

Your suppliers will want cash on demand, and your buyers will want net terms to pay.
Its all about who you know.

BE FRIENDLY.

Goes without saying, right? Remember that there is food everywhere. If you present yourself poorly, there are a ton of options where people don’t need to buy from you. Make them want to buy from you.

BE ENGAGING.

Network. Be helpful whenever you can to others in the same field, or in any field that touches on what you do. Your best opportunities will come from people sending them to you.

Also, engage online. Even if you hate computers, your customers do not. People love pictures of food, and remember what they see. Breaking brand loyalty is 2/3 of the battle in winning a customer over.
Buck the trend, like all of us.

BE NICHE.

Find the thing you’re really good at, and work it for all it’s worth.
Resist the urge to knock off someone else’s product, at best you will steal half of their business. Then neither of you will do very well.

Bigger product lines do well when selling directly, but are harder to scale up. Smaller lines need volume, but are cost effective to make in volume.
Make it a combo meal.
Commercial production is not as big a step as you think, most cottage go commercial voluntarily as they grow.
**FIRST STEPS PROCESS CHART**

**STEP ONE**
Find commercial kitchen space or find a copacker to do your production.

**STEP TWO**
Get your state & county & city permits handled. Even if someone else produces, you are still a manufacturer.

**STEP THREE**
Get a food managers certificate. Check if local gov’t needs to validate. Employees need a food handlers.

**STEP FOUR**
Basic insurance makes other people feel better about doing business with you.
Expanding on the basics

Devilcake is in the details

Legal product has additional requirements
1. FDA registration
2. Food Scientist for shelf life
3. Nutritional info and ingredient list
4. HAACP plan?
5. Accurate expanded labeling.
Resources! Resources everywhere, and not a bite to eat!
Education resources are everywhere.

* Health and Environmental Services Dept.
* Agricultural Extension Office
* Local library (often hold classes)
* Google, Google Primer, Khan Academy, edX
Small Business resources are often cheap or free.

- Business Planning
- Accounting
- Software, Data Management
- Productivity
- Marketing
- Design / Branding
- Social Media Advertising
- Networking