

Tasty New Thing

PRACTICAL PERSPECTIVE FOR NEW FOOD COMPANIES

Ohhhh! Is this home
made?!?

(OTTAGE FOOD IS AWESOME
IF (AND ONLY IF) YOU QUALIFY AS (OTTAGE

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

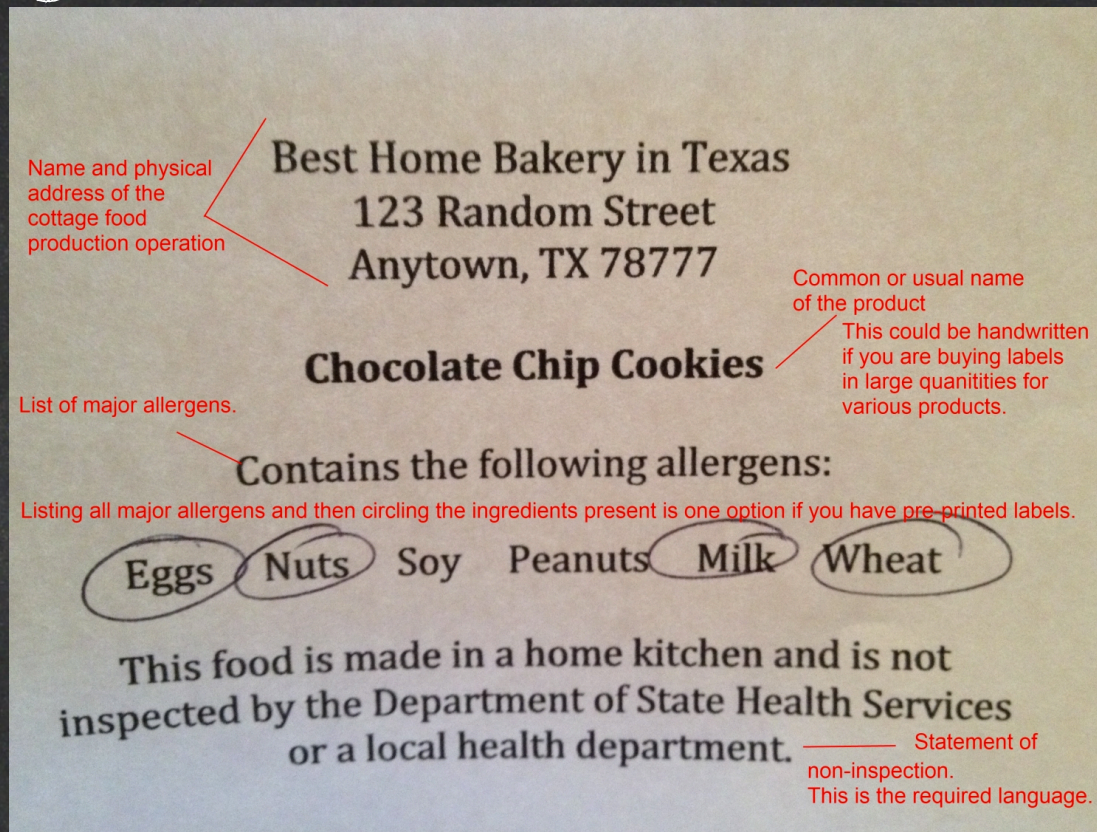


IMAGE COURTESY OF TEXASCOTTAGEFOODLAW.COM

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.

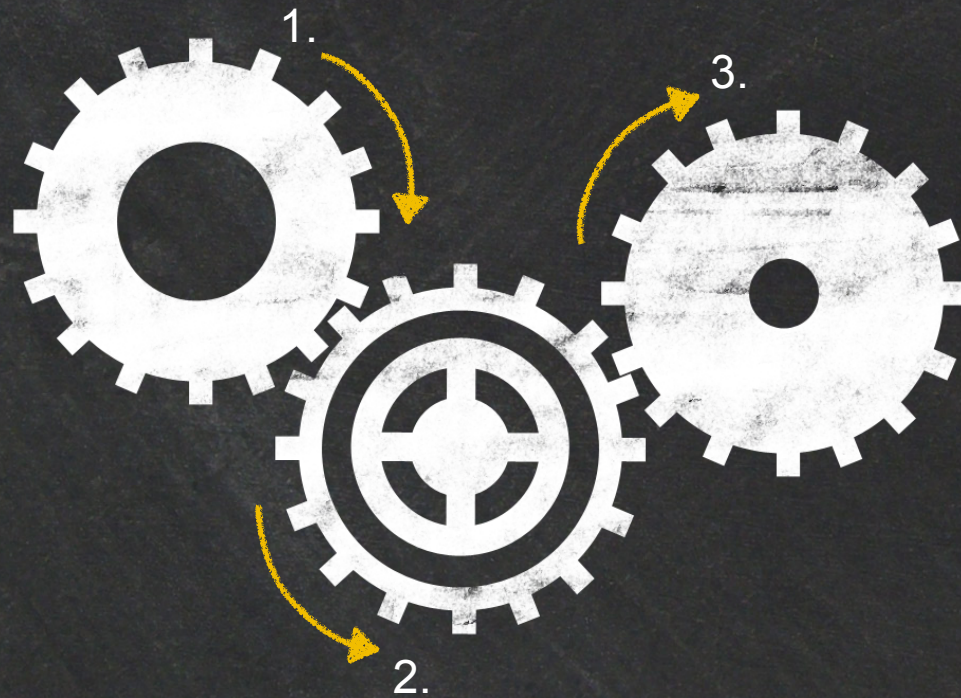
STEP THREE

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



DEVIL(CAKE 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. HACCP 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

* MARKETING

* ACCOUNTING

* DESIGN / BRANDING

* SOFTWARE, DATA MANAGEMENT

* SOCIAL MEDIA ADVERTISING

* PRODUCTIVITY

* NETWORKING