



Cornell University
New York State Agricultural Experiment Station

Steps to Start a Specialty Food Business

Fact Sheets for the
Small Scale Food Entrepreneur

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Steps to Start a Specialty Food Business

Introduction:

The following is a list of the basic steps to starting a specialty food business. While each specialty food business is unique and subject to specific product requirements, the list below outlines the overall process. The steps are grouped by topic. Keep in mind that each topic effects the others: your product type and packaging will effect your labels; the ingredients to make your product will effect your cost and production plans.

The Product:

1. Develop a prototype. Test it out on people. Collect and incorporate feedback on flavor, texture, and appearance.
2. Determine the market form you would like the product to have: shelf-stable, refrigerated, frozen, baked, canned, etc.
3. Determine the batch size you will need for commercial operation. A good start-up size for a liquid product (dressings, etc.) is 5-10 gallons. For solid product, consider a 15-25 pound batch.
4. Consult a Process Authority to scale up your recipe. Take the following into consideration:
 - a. The formulation may change due to regulatory and food safety requirements.
 - b. Testing (pH, water activity, etc.) may be required for compliance with regulations.
 - c. It may take several attempts to achieve a scaled-up product comparable to the original; ingredient amounts will not change proportionately. For example, you may double the tomato sauce in a BBQ recipe but find you only need to slightly increase the amount of garlic.
5. Get approval for your recipe from a Process Authority. This resulting document, a Scheduled Process, will help avoid product safety and quality issues.
6. Determine the cost of ingredients based on your approved, scaled-up recipe.

Business Planning:

1. Write a Business Plan. It will help you focus your business goals and determine if you need funding.
2. Consider liability insurance. It is affordable and can protect personal assets in the event of a problem with your product.
3. Determine a form for your business: sole proprietorship, corporation, partnership, limited liability, subchapter(s) corporation.
4. Register your business with the state.
5. Get assistance from business resources: state agricultural departments, state extension organizations, SBDCs, SCORE, NECFE, local economic development agencies.

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Labels:

1. Decide on a product name.
2. Determine applicable regulatory requirements. Ask your state regulatory officials for help or contact NECFE. Consult the FDA Food Labeling Guide.
3. Determine what storage information must be on your package: refrigerate, refrigerate after opening, etc.
4. Choose a size and shape which is compatible with your packaging.
5. Invest as much in your labels as possible. They are the first thing customers will see.
6. Make test labels, or labels for small, initial, batches, on a computer printer to cut costs.
7. Decide if you wish to make health claims. If you do, you must have nutritional analysis done and invest the time and money for FDA compliant nutrition labeling.
8. Decide whether or not to invest in a bar code. The membership fee is \$750, but most large stores and chains will not consider your product without one. If you do not plan to sell to large distributors, you don't need one. www.uc-council.org

Market Decisions:

1. Write a Marketing Plan. It is a framework for research on competition, ceiling prices, target markets, etc. and structures your marketing goals and methods.
2. Decide where you will sell your product. Generally, start off small – at farmers markets, fairs, road-side stands, etc. These are also good places to test market your product.
3. Determine a selling price for your product, taking the competition and your financial needs into account.
4. Develop a distribution method: your car, the mail, a fellow specialty food entrepreneur, distributor, broker.

Production:

1. Decide where you will produce your product: commercial kitchen, pilot plant, co-packer.
2. Find storage space for ingredients, packaging, and the final product.
3. Schedule time with experts at the production facility to learn about equipment.
4. Determine when, based on ordering supplies, you can produce and package product.
5. Schedule time at a processing facility to produce your product.

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