

How to Start a Food Business: Writing a Business Plan¹

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This factsheet is one in a “Food Entrepreneurship in Florida” series that assists beginning and established food entrepreneurs by providing them information on topics highly relevant to starting and running a food business: regulations, safety, labeling, processing, and marketing. This series serves as a useful guide to help make a business plan and determine the feasibility of starting a food business.

Before starting a new food business, you should set a goal and have detailed plans to accomplish that goal. A comprehensive business plan is critical in achieving this goal, and it should include how you want to manage, market, and finance your business. This well-written business plan serves as a reference for your venture. A business plan is

also an important analytical tool, which helps you define reasons for starting the business, assess the prospect for business success, and identify potential issues you may face. Moreover, this plan is a financial tool that can show investors that you are worthy of their financial support. Therefore, a business plan should be clear, research-based, and realistic. However, writing a good business plan is often a challenge, and it requires great amount of effort. This factsheet provides guidance on how to write a good food-business plan.

Why do I need a business plan?

Writing a business plan can help you identify your business, determine what your products and business goals are, and provide a roadmap for your business. Although a business plan may not be a requirement to start a business, the process of writing the plan allows the business owner to clarify the goals and direction of the potential business. As you write your goals and action plan, you can create a clear vision for the future and identify (and possibly resolve) potential problems before they occur. As you start your business and begin to search for financing, you will need to meet with lending and consulting agencies or other investors. It is essential to have your business plan ready to communicate your ideas to them. In fact, many types of loans, including ones from the Small Business Administration (SBA), require a business plan. Even if the financing

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does not require a plan, having one will make your application more favorable to bankers.

Reasons for writing a business plan include:

- Identify your business and your product(s)
- Define and modify objectives and action plans to achieve those objectives
- Identify and resolve potential issues
- Support loan application and/or raise equity funding
- Facilitate communication when receiving business assistance or consultation
- Set a value on your business for sale or legal purposes
- Analyze current market and target consumers
- Define agreement between partners, if any

How do I write a business plan?

Writing a business plan can be a daunting task. It is critical to put a lot of thought into developing the plan. Here are several tips for writing a business plan:

- Take time to identify potential issues and problems. When you develop a business plan, you should be objective in assessing your business' success. Identifying potential issues and making decisions on how to manage problems and issues will greatly help your business. For example, food safety is an important component of any food product sold to the public, and a foodborne illness associated with your product can lead to financial problems or even lawsuits in the event of a serious outbreak. It is important to address how you are going to ensure your business is as insulated as possible from as many risks as possible.
- Address honestly the strengths and the weaknesses of your business/product. Your business plan is especially important when you apply for funding. You have to convince lending agencies and/or investors of the viability of your business and present yourself as a responsible entrepreneur. Most business plans will address the strengths and benefits of your product(s) and/or your business. It is also important to identify your competition and analyze the current market. Explain how your business/product(s) will stand apart from the competition and provide accurate information about threats from your competition and realistic projections for your business. Explain how your product or service is different from those currently on the market. For example, it would be challenging to enter the market of gourmet hot sauces currently due to the proliferation of these products.

- Your business plan is an ever-changing document. You must re-evaluate and revise your objectives and goals in response to any change or to new information in marketing, regulations, or capital needs and resources.

What should be in a business plan?

Even though there is no one correct format for a business plan, a successful business plan should contain the following basic elements:

1. Executive Summary: A brief one-page summary featuring the highlights of your business plan.
2. Company Summary: A factual description of your company, form of organization (sole proprietorship, partnership, corporation), and history.
3. Personal and Business Mission Statement: A section explaining your qualifications for business success and why you are in business.
4. Business Goals and Objectives: List of established goals and specific objectives and target timeline to achieve objectives.
5. General Description of the Business Project: Product and/or service description, description of production and packaging process, current business status, and general plan for growth.
6. Market Analysis (Background Information): Summary of your target customers, current and future industry trends, competitive landscape, market size, and expected market growth.
7. Marketing plan: Summary of unique features of your product/service and your promotion and selling strategies. This component can be combined with Market Analysis.
8. Management and Personnel: A description of your organization and key positions, potential management risks and issues, and how to manage identified risks. Organizational chart and resumes of key staff should be included in this element.
9. Financial Plan: A section that contains key financials, including sales, cash flow, and profits and outlines the sources and uses of the funds for the business. Income statement, balance sheet, current budget, and the projected two-year budget should be included as a part of Key Financials.

- List of owners: Contact information of the owners, including names, addresses, and phone numbers.

Where can I find help creating or writing a business plan?

If you have difficulty getting started, you can find help from various sources.

- Use a book:** There are plenty of good books available on how to write a business plan. These books can help you understand what needs to be included in a good business plan.
- Use business planning software or a template:** Using a business planning software package can provide you with an outline for a well-developed, objective-based business plan. The business software packages on the market ask questions to pull out important underlying concepts for your business idea so they can properly structure your business plan. You can avoid problems of starting from scratch by using any business planning software package. Another option is to use a template available on the Internet. Table 1 lists several sites that provide templates for business plans.
- Hire a professional consultant:** Sometimes you need one-on-one assistance to write a good business plan. A professional consultant can create the business plan for you, though at a cost. Regardless of whether or not you employ a consultant, you still need to be prepared to think through your business strategy since you are the one who knows the most about the underlying concept of your business. You should work closely with your consultant to make sure the business plan he/she develops accurately represents your vision.

In addition, State Extension specialists can help you prepare a business plan by providing resources or by reviewing your plan. A number of agencies, such as the Office of Small Business Development Centers and SCORE association (Service Corps of Retired Executives), offer workshops and one-on-one mentoring to help you create a business plan.

Table 1. List of online resources for business plan templates.

Source	Site Address
US Small Business Administration	https://www.sba.gov/tools/business-plan/1 https://www.sba.gov/sites/default/files/SBA%201010C.pdf
SCORE (Service Corps of Retired Executives)	Start-up business: https://www.score.org/resources/business-plan-template-startup-business Established business: http://www.score.org/resources/business-plan-template-established-business
The \$100 Startup	http://100startup.com/#resources
Bplans.com	http://www.bplans.com/business_plan_template/
Office Depot	http://www.officedepot.com/a/businesstools/tools/buspln_m/?jsessionid=0000hRsbqvpKQj5cPQfnJ5KlrWv:17h4h7bfo
Microsoft Office	http://office.microsoft.com/en-us/templates/business-plan-TC001162862.aspx?AxInstalled=1&c=0

Resources

- UF/IFAS. *Primer for Developing a Farm Business Plan*. (<http://edis.ifas.ufl.edu/fe720>)
- US Small Business Administration (SBA). “Build your business plan.” (<https://www.sba.gov/tools/business-plan/1>)
- Penn State Extension. “Developing a business plan.” (<http://extension.psu.edu/business/ag-alternatives/farm-management/developing-a-business-plan>)
- R.B. Holcomb, G. Muske, and P. Kenkel. Okalaho Cooperative Estension Service. “Developing a business plan for value-added agricultural products.” (<http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-981/AGEC-909web.pdf>)
- Northeast Center for Food Entrepreneurship. Cornell University. “Business plan basics.” (http://necfe.foodscience.cals.cornell.edu/sites/necfe.foodscience.cals.cornell.edu/files/shared/documents/FS_BusinessPlanBasics.pdf)