

How to Start a Food Business: Introduction¹

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This factsheet is one of a Food Entrepreneurship in Florida series that assists beginning and established food entrepreneurs by providing them with 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.

Advantages and Disadvantages of Having Your Own Food Business

While running your own food business can be a rewarding and exciting experience, it can be overwhelming and stressful. It is important to weigh the pros and cons of running your own food business and decide if you are ready to pursue a food business venture.

Advantages of running your own food business:

- Being your own boss: Enjoy the freedom of making your own decisions.
- Flexible work environment: Create a work setting that suits you.
- Passion and skill: Do what you love and excel at.
- Challenges and creativity: Embrace opportunities to innovate and solve problems.
- Use of knowledge: Apply your expertise fully.



Figure 1.
Credits: iStock/Thinkstock

- Growth and earning potential: Unlock opportunities for financial and business growth.
- Personal satisfaction: Experience the empowerment of running a successful business.

Disadvantages of running your own food business:

- Risk of failure: Be prepared for the possibility of setbacks.
- Strong time commitment: Expect long hours and dedication.
- Financial strain: Manage the financial demands and uncertainties.

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- Lifestyle change: Adapt to a new way of living and working.
- Emotional stress: Handle the pressures and emotional toll.
- Unpleasant tasks: Take on roles and responsibilities you might not enjoy.

Basic Steps to Start a Food Business

Starting your own business can be a highly rewarding and enriching experience, but it requires more than just a great idea—it demands thorough planning and hard work. Each year, approximately 20,000 new food products are introduced to the market (Martinez, Taylor, and Hooker, 2021). However, industry reports indicate that the success rate for new food products—defined as surviving more than a year on the market—is relatively low. On average, success rates range between 10% and 20%, though they can vary significantly across different food categories (Martinez, 2007; Salnikova, Baglione, and Stanton, 2019; Gill, 2022; Kansas State University, 2024). To succeed in this competitive industry, food entrepreneurs need more than creativity; they must develop a comprehensive business plan and possess a fundamental understanding of key areas such as food processing, packaging, marketing, and regulatory requirements.

Anyone considering starting a food business (or any business) should ask themselves the following questions to ensure they are ready for this highly challenging yet rewarding endeavor:

1. Why do I want to start a business?
2. What product will my business provide?
3. What differentiates my products from others that are already in the market?
4. Where will my business be located?
5. How much money will I need to get started?
6. How will I manage my business?
7. How will I advertise my business?

If you have answers (or at least some ideas) for these questions, then it is time to move on to the details. The following are the basic steps to start a food business, organized into five major topics. Keep in mind that these

topics are interconnected, and therefore, each topic can affect the others.

1. Product Development

- Prototype Development: Create an initial version of your product.
- Sensory Testing: Test the prototype (with family, friends, and potential consumers as taste panel).
- Scale-Up: Determine the batch size for commercial production and develop a formula or recipe for scale-up operation.
- Cost Analysis: Calculate the cost of ingredients based on the modified formula or recipe.
- Testing: Conduct necessary tests (such as shelf-life, nutritional analysis, and further sensory testing).
- Approval: If your product is a low acid or acidified food sold without refrigeration, consult a process authority to get your recipe approved.

2. Business Planning

- Writing a Business Plan: Write a comprehensive business plan including detailed descriptions of business organization, type of product(s) to be produced, and financing.
- Seeking Assistance: Use resources (like the state Department of Agriculture, state Extension agents, and local economic development agencies).
- Getting Liability Insurance: Consider getting liability insurance to protect personal assets.
- Financing: Determine the needed financing and potential sources of the funding.
- Business Registration: Complete the necessary business registration with the state.

3. Food Regulation

- Regulatory Requirements: Determine the regulations applicable to your product(s). Contact state regulatory officials if you plan to process and sell only in Florida.
- Federal Compliance: If you plan to sell your product(s) out of state, you must comply with federal regulations. Consult an FDA regional small business representative if needed.
- Facility Requirements: Contact the Florida Department of Agriculture and Consumer Services (FDACS) for food preparation/processing facility requirements.

- **Labeling:** Determine the required information for product labeling under the state and federal (if you plan to sell out of state) regulations.
- **Test Labels:** Create and test your labels.
- **UPC Code:** Decide whether to obtain a universal product code (UPC). You will be required to display one on the label if you plan to sell your product(s) through retail stores and/or through large distributors.
- **Health and Nutrient Claims:** If you make health claims, or nutrient claims get the necessary analysis done and ensure the claims are compliant with the FDA regulations.

4. Product Marketing

- **Marketing Plan:** Understand your product(s) and write a marketing plan, including market analysis on competition, prices, target markets, and marketing methods.
- **Sales Channels:** Decide where to sell your product, starting small (e.g., farmers markets, roadside stands, etc.).
- **Pricing:** Determine a selling price, considering competition, price stability/variability of ingredients, and financial needs.
- **Distribution:** Develop a distribution method based on your product's characteristics (e.g., direct sales, mail, wholesalers, specialty shops, or distributors).

5. Production

- **Suppliers:** Identify reliable suppliers for equipment, ingredients, and supplies.
- **Production Location:** Decide where to produce your product (e.g., your kitchen, commercial kitchen, pilot plant, or co-packer).
- **Storage:** Find storage place for ingredients, packaging, and final products.
- **Training:** Schedule time with experts at the production facility to learn how to operate equipment.
- **Permits and Approvals:** Obtain all necessary state and federal permits and approvals for production.
- **Production Scheduling:** Schedule production time at a processing facility based on supply orders.

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Resources

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3. FDA. "How to start a food business." (<https://www.fda.gov/food/food-industry/how-start-food-business>)