Food for Profit

Facts for Starting Your Food Business

Business Planning

Before starting your new food business, you need a clear vision of how you want your business to operate; how it will be managed, marketed, and financed; and how you expect it to perform in the future. To achieve this goal, you need to write a business plan.

A business plan helps you define your reasons for entering the food business, the type of enterprise you want to run, and the goals you want to reach. Your plan will lay out detailed, research-supported steps for how you will reach these goals and succeed in the marketplace.

Getting Started

Writing your plan down on paper allows you to:

- Identify who you are, what your product is, and why you are qualified to succeed
- Lay out your goals and action plans for making your business profitable
- Identify and resolve potential problems before they occur
- Target areas where financing is needed and locate funding sources

A business does not exist in a vacuum. As you draft your initial plan, you create a visible version of your dream. You will need a network of advisers and supporters, and your plan will be essential for communicating your ideas to them. In fact, most lending and consulting agencies insist that you write your plan before they provide their services.

Components of a Successful Business Plan

There is no single correct format for a business plan. However, successful plans contain the following basic elements:

1. **Executive summary:** A concise one-page overview of the plan.
2. **General description of the business:** Where are you now? Where are you going? What stage of development is your business in and what is your general plan for growth? How are you going to produce and package your product?
3. **Personal and business mission statement:** What are your qualifications for success? Why are you in business?
4. **Business goals and objectives:** What is your timeline for what you want to accomplish?
5. **Background information:** What is the current state of the industry? What are current and future industry trends? How does your business fit in the industry?
6. **Ownership, government regulations, and contracts:** How will your business be structured? What government regulations apply? What contracts and leases do you intend to enter? What kind of insurance coverage is needed?
7. **Management issues:** Who will do what? How will you manage employees? How will you manage risk? How will you face the unexpected?
8. **Succession and estate plans:** Who will take over the business if you are no longer there to handle it? Under what circumstances would you hand over the business to someone else?
9. **Marketing plan:** What features and benefits does your product offer? How will you promote and sell your product? Who do you want your customers to be and what is your competition? What is the expected life cycle of your product and what plans do you have for future products and business expansion?
10. **Financial plan:** What are your expected expenses and how will you pay for them? What is the expected profitability of your venture? How will you create a budget based on financial needs and expected income? What is your current personal financial situation?

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Writing a Business Plan

If you have a hard time getting started, you are not alone! Almost everyone has to overcome writer's block before their business plans can take shape. Take heart in knowing that almost all of what you need to learn can come through researching and talking to knowledgeable people. Here's how you'll know if you are on the right track:

- New issues and problems become evident as you write. If you find some surprises to address, it means that you are taking time to make basic decisions that will impact the future of your business, as opposed to just filling in the blanks.
- You constantly reevaluate and revise your objectives and goals. Business planning is a never-ending process; your plan will grow and change along with your business.
- You will realize that there are questions to be answered about marketing, technology and regulations, and capital needs and resources.

Finding Help

Anyone can write a business plan. However, most people do not have the knowledge or discipline to sit down and write a good plan without some one-on-one assistance. Plenty of books are available on how to write a business plan, and templates are available on the Internet for you to use. But these alone are not adequate to create a plan since a one-size-fits-all approach is seldom useful.

The best way to write a plan is to find a course or consultant that can help you through the process. Penn State Extension has resources available to help you write or review your business plan. In addition, a number of agencies, such as university-affiliated Small Business Development Centers and SCORE (Counselors to America's Small Business), offer seminars and one-on-one sessions to assist you as you write your business plan.

> "Don't be in such a hurry. Mistakes can be so expensive."
> *—Pa. food entrepreneur*

For more information, contact the Penn State Extension office in your county or visit **extension.psu.edu/food-entrepreneurs**.

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