# Checklist for Starting a Value-Added Dairy Foods Business

There are several things to consider when starting a Value-Added Dairy business, such as marketing, manufacturing, and on-farm production to help launch your successful business!

## Marketing:
- Perform consumer market research. Who are your potential customers? What are their needs?
- Determine your marketing mix. What is your product line?

## Manufacturing:
- Define your product. What will you make? How much will you make?
- Define how you are going to make your product. Research manufacturing processes and key process parameters.
- Define the facility and equipment needs to make, store, and distribute your product.
- Get regulatory approval for your facility.

## On-Farm Production:
- Determine how much milk you will need. Consider that you can use 100% of your milk production; a portion of your milk and market the remainder; or purchase milk from another producer.
- Plan for the future. If your value-added product attribute depends on the production system, then plan for the transition.

## Business Planning:
- Plan for management of both businesses. Will the farm and the value-added business be managed separately or together?
- Develop a business plan that includes: business goals and strategies, a financial plan, and an HR plan, a marketing plan, and a processing plan.
- Perform an investment analysis and project cash flow. These will allow you to assess the profit potential.
- Build a good advisory team.

## A SUCCESSFUL and SUSTAINABLE business is the result of a solid understanding of your markets and the technology needed to make your products, and a commitment to the highest quality farming, manufacturing, and business practices.

For more information, please follow us at extension.psu.edu.

This program was developed by Food Safety CTS, LLC, for Penn State Extension.

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Penn State Extension supports dairy processors and producers with technical assistance and education focusing on safe, high quality milk and value-added dairy products and business success.