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PLAN A RECIPE
FOR
SUCCESS

BIZBYTE

CIRCLEUP, A SILICON VALLEY-STYLE ACCELERATOR, HAS RAISED \$50 MILLION FOR SMALL FOOD AND BEVERAGE COMPANIES SINCE ITS FOUNDING IN 2011.
—NEW YORK TIMES

Having a passion

for food and even identifying oneself as a “foodie” is a long way from operating a successful food business. The first step is to gain some experience in producing commercially fit food. This can be accomplished by hiring a food consultant who can help with the presentation of the recipes; by working for someone who is already producing muffins, cookies, or salads; or by teaming up with another small business person who is producing similar products.

Menachem Lubinsky, president and CEO of Lubicom Marketing and Consulting, is a leading strategic marketing expert and a frequent lecturer at marketing seminars. In 1989 he founded the Kosherfest, a trade show for kosher food vendors with thousands of participants each year.

Under no circumstance should someone go into a food venture blind. As good as the recipes might be, the big question is: How will it stack up once it is out on the shelf or refrigerator? One must have a good idea of what the competitive market is like. Another way to get going is to find a business that is willing to

“subcontract” to produce some of your recipes.

In deciding how much time to devote to the home-based business, it's important to know how much needs to be produced. Is there any packaging involved? What else is going on in your life that requires a time commitment (i.e., household, children)? Not being a people person has nothing to do with production, but it might come into play if and when sales comes into the picture.

In general, before taking a product national, it is important to have a model in place that worked in a more limited setting. For example, perhaps concentrate locally to begin with and then measure the extent of your success. How was it received? How did it stack up against competitors? If the answers are positive, there is a good case for a regional or national distributor. You also need to consider the shelf life, and how it will be shipped. In general, a good distributor should be able to answer these questions and take the product to the next level.

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NABISCO HAS PRODUCED NEARLY 500 MILLION OREO COOKIES SINCE IT'S INTRODUCTION IN 1912.

—DELISH.COM

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ONE STEP AT
A TIME

Food seems to be

your passion and this is a good basis for success; even a small business has the potential to create wealth. You do, however, have to be committed to your “baby” and be willing to take on some risks to make things work.

Business is a team sport, and involves a few skills. In addition to your ability to cook or bake, sales skills are important. It also helps to be savvy with numbers and money. Production involves ordering materials and organizing labor and workflow. Selling at a profit requires knowing your costs, and setting realistic prices. You mention you aren't a people person — sales requires people skills, so you might decide to either upgrade your skills, or look for someone else who can sell your products. To succeed, you, or your team, should be able to cover the key areas of marketing, finance, and production.

The best way to build your team is to find family and friends who will “work for the future,” taking little or nothing during the initial start-up phase with the promise of future rewards, if and when the business takes off.

It's a good idea to minimize initial investments: Borrow or rent equipment, use your home, skimp on business cards, be wary of loans, and focus on the bare minimum you need to expedite the orders on hand. Take things one step at a time. Listen to your customers, follow their tastes, and focus on

what they order.

Your first action steps should be:

1. Visit bakeries and other food businesses. See what sells (the more shelf space devoted to a product, the more it sells), what the prices are, and what the tastes and fashions are. Focus on the items that are most popular.
2. Choose a target audience or market — your neighbors, a caterer, a synagogue, a delicatessen. Plan a menu or product that fits their needs, calculate the cost of materials and labor, add 10–25 percent profit, and if your target market is a retailer, check if they can double that price and still sell it at a reasonable price. Make a sample, photograph it, and offer it for sale.
3. Calculate how much time per week you will spend on your business, including office work and shopping, and estimate how many products you need to sell at market prices to break even. Make sure to value your hours at a reasonable market rate, say \$15–\$25 an hour.
4. Get a mentor or friend who knows business and wants to see you succeed. Talk to him or her about your progress once a week. Being an entrepreneur can be lonely, and it's easy to get discouraged or lose focus. Such a friend, coach, or partner can help you work out where you are and what your next action steps should be.

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IT TAKES JUST 6 DAYS TO START A BUSINESS IN THE US, COMPARED TO A WHOPPING 38 DAYS IN CHINA.

—INTUIT SMALL BUSINESS INNOVATION STUDY

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MANY NATIONAL CHAINS IN THE FOOD INDUSTRY ONLY DEAL WITH DISTRIBUTORS AND NOT WITH INDEPENDENT DEALERS OR SALESPEOPLE.

—ENTREPRENEUR MEDIA

the question I've loved cooking all my life and currently follow a number of the kosher blogs about trends and recipes. I guess you could call me a foodie. My family and friends love my food, and on several occasions people have suggested that I start some kind of food business. The thing is, I'm averse to risk, so would want to start small, for instance making cookies or muffins or perhaps even salads. I'd like to know from people with experience: What do I need to know about running a home-based food business? Are there do's and don'ts? How much time should I expect to spend on the business and how do I get started? For instance, I'm not such a people person. Would this mean that I would have to sell my products to local supermarkets — and not out of my own home? Lastly, let's say I succeed in doing that. How do I then scale from local to national and beyond?

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IF YOU
WILL IT...

In the kosher world,

a proper *hechsher* is extremely important. A home-based business will rarely get a *hechsher* since the *mashgichim* are not comfortable entering a home at any hour, as they must to check on the operations of the business. Therefore, the most realistic way to start a food business in the kosher world is to rent or create a separate space with its own lock and key that is accessible to you and your *mashgiach* at any time. If your business is within the confines of your home, it should have a separate entrance as well. Here are some other points to ponder:

Time: You should expect to spend a lot of time in the kitchen. That means lots of time away from your spouse and children, missing many precious moments. Working part-time is not worth the effort financially. Working full-time will eventually pay off but you have to be very organized.

Energy: You need to have the energy to juggle your daily life and your business. I'm not sure if one person can juggle it all if you want your business to grow. Vital administrative tasks may include e-mailing your orders, preparing the work list for your employees, making an ingredients list, and constantly managing inventory.

Batya Kahan started "Batya's Kitchen" in 2008, primarily cooking Pesach meals for families. It has since expanded into catering small house parties such as *sheva brachos*, *yahrtzeit seudos*, and other events.

Cooking and/or baking, though tiring and time consuming, is the easiest part of the business.

Money: Many people who enter the industry never learn how to charge properly and eventually go out of business. There is a lot that goes into the formula: cost of ingredients and labor, *hashgachah*, electricity, packing, storing, stocking, inventory, gas, equipment investment and repairs, marketing/advertising, your children's babysitter, and your time.

It takes a while to figure out what everything really costs you. Proper planning and purchasing on a wholesale level can make the difference between a profit and a loss on any particular job.

Being a people person is very important in this business — as it is in any business. But let's say you have amazing talent but not much of a head for sales and marketing. It can still work. First do your part in creating a product that people will love, then hire someone to move it forward. Will it cut into your profit? Probably. But it will be the only way for you to grow.

Wishing you much *hatzlachah!*

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ONLY 2% OF SMALL
BUSINESSES ARE
FRANCHISES, WHILE
54% ARE HOME BASED.
—EQUIFAX

Have a dilemma for
our *parnassah* experts?
E-mail a synopsis to
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*This column will appear
once a month.*

