



# FRAME

fundamental resources for  
agricultural micro-entrepreneurs



## Module 1: Business Plan

Extension  
UtahStateUniversity.



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# Module 1: Business Plan

- Part 1: Pre-business planning
- Part 2: Business plan - production considerations
- Part 3: Business plan - marketing and finance





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## Module 1

# Part 1: Pre- business planning

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# Hobby vs. Business



You **WANT** to run a business for **FUN**

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Profit is not main concern

Other reasons:

- Teach skills to children or community members
- Produce food in a certain way
- Fun

You **WANT** to make a **PROFIT**

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Profit is the main concern

How can I effectively run a business to provide income?



# Pre-Business Checklist

- Family and business are intertwined.
- Before you can build your financial future, make sure your personal and financial standing are stable right now.
  - Personal life
  - Finance



# Personal Life

- Do I have any life-changing events?
- Do I have commitments that require large amounts of time or money?
- Do I have a good credit score?
- Is my personal debt manageable?
- Am I healthy and physically able?
- Do I have a good support system? Does my family support this business idea?



# Finance

- Do I have personal assets such as a home or savings I am willing to risk?
- Can I start this business without borrowing money?
- Do I have family or partners willing to finance me?
- Do I have a great relationship with my banker?

In 2020, payday loan companies in Utah charged 652% APR, or \$12 for a \$100 every 7 days.

The highest rate charged was 1,669% APR, or \$32 on a \$100 loan for 7 days.

# Exercise

- Pre-business checklist.

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## Are You Ready to Start a Business?

November 2021



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### Part 2: Business plan – production considerations

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# What is Your Idea of Success?

- What do you want your business to look like down the road?
- Can you feasibly make that vision a reality?
- What does the financial aspect of that vision look like?



# Basic Questions for Starting a Food Business

- Be prepared
- Plan for and picture success
  - What the business looks like?
  - Will it make money?



# What is Your Food Business Idea?

- What is your food product?
  - Where will you make your product?
  - How will you package your product?
- 
- For each question:
    - State specifically
    - Refine your idea



# What is Your Food Product?

- What is your recipe?
  - Convert your recipe from volume (cups) to weight (ounces or pounds)
- Will your recipe work on a large scale?
- Is it too time-consuming or difficult?
- Are the ingredients expensive or hard to find?

There may be restrictions on the type of product and where you can sell it based upon regulations. This will be covered in Module 2.



# What Certifications, Trainings, and Licenses are Needed?

- Business license - usually a requirement, check into your local state and area.
- Most states have specific requirements for food processors.
- What food safety trainings are required?
  - This can vary depending on the type of food products you are making.

It could take 6 to 8 weeks to obtain licenses or longer. Plan ahead!



# Where Will You Make Your Product?

- What type of space is available?
  - Restaurant kitchen
  - Incubator kitchen
  - Food processing facility
- Do you need specialized processing equipment that is not available?
- Where will you store your ingredients?
  - Is this space provided as part of a kitchen rental?



# How Will You Package Your Product?

- Look of the packaging- specialty shapes or lids
  - Specialty packaging comes with higher costs
- Label for the product
  - Functional (will not fade or fall off)
  - What must be listed? (Module 4)
- Durability of the packaging
  - Is it breakable?
  - Does it help extend shelf-life?



# Where Will You Sell Your Product?

- Wholesale – This includes sales through grocery store chains, to restaurants, etc.
- Retail – This includes direct-to-consumer sales
  - Sales from your private property
  - Farmer's Market/Craft Fair
  - Website



# How Will You Store, Transport, and/or Ship Your Product

- Where will you store your product?
  - Is space included in a kitchen rental fee?
- Transportation/Shipping
  - Weight costs
  - Cost associated with case packaging and bulk packaging





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## Module 1

### Part 3: Business plan – marketing and finance

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# Do You Know Your Competition?

- How many other options are there for customers to buy instead of yours?
- How much do similar products sell for at grocery stores or farmer's markets?
- What are the characteristics of the competing products and how does yours stand out?

There are always competitors!



# Who Are Your Customers and Why Will They Buy From You?

- Who is going to buy your product?
  - Why from you and not someone else?
- How will you customers find you?
  - How will you get their attention?
- How is your product special?

Do you have a story to help sell your product?



# What Will You Need to Buy to Get Started?

- Think through what will be required to make your product
  - If you are making larger quantities, do you need bigger equipment?
- Think through what will be required to sell your product
  - Do you have what you need to set up your sales area or for transportation?
  - You may need to collect sales tax. Check with the state department of commerce, city and county for specifics for your area.
- Price each item you need to start up the business

Utah has a state sales tax requirements and many cities have additional sales tax requirements.



# What Supplies Will You Need For Production and Where Can You Get Them?

- Do you know a source that consistently carries your ingredients?
  - Is it easy to access?
- How long will it take for you to get supplies each time you need them?
- Are spoilage or waste likely?
  - Allow for this in estimating the amount needed.

Buying in bulk is not better if your ingredients have a short shelf-life.



# What Other Expenses Might There Be?

- Do you need a compatible or secondary device to use with a mobile card reader?
- Liability Insurance may be required by some sales locations and vendors.
- Are you giving out samples?



# Where Will You Get Your Money to Start?

- How much money will you need to get this idea to the point where you can start selling?
- Do you have personal savings?
- Will you borrow from friend or other source?
  - If you borrow, you have to pay it back.
  - Can your relationship handle the risk?
- Are there other programs that you can access?
  - Small Business Administration loans
  - Producer/processor grants



# Think About Your Risk?

- Liability insurance shifts financial risk to the insurance company
- Extra time before you can sell or slower production
  - Learning curve
- Reserves insulates you from risk
  - Financial
  - Out of stock



# Potential Next Steps

- Work on more complete answers for each question. Refine and add detail.
- For each question create a list of additional information you need.
- Outline the steps to get your plan done.
- Revisit you plan and goals. See if they still align or if you need to revise.

