Start & Run a Home-Based Food Business

Mimi Shotland Fix
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Laws are constantly changing. Every effort is made to keep this publication as current as possible. However, the author, the publisher, and the vendor of this book make no representations or warranties regarding the outcome or the use to which the information in this book is put and are not assuming any liability for any claims, losses, or damages arising out of the use of this book. The reader should not rely on the author or publisher of this book for any professional advice. Please be sure that you have the most recent edition.
Acknowledgments

I was happy being a faux pastry chef and never intended to be a writer, but sometimes things don’t work out the way we plan. Thank you Professor Zencey for the encouragement to make writing a second career after the first one took an unexpected turn. The next book really will be the one we worked on.

Thanks to my publisher for making this transition possible. Editors Eileen and Tanya reshaped the manuscript so that you, my reader, would have a better understanding of running a home-based food business.

To my husband Dave, who washed all the dishes, spent hours alone, and never (hah!) complained. For my daughter Gemmae, who as a two-year old fell into a bucket of blackstrap molasses and taught me the value of safety rules. To son-in-law Eric, my always cheerful webmaster, who gladly accepted oatmeal cookies as payment. To David Jr. for the dessert table photos. Thank you to all of my family and friends for their sacrifice in eating countless test batches of baked goods. Finally, to my readers: I hope this book takes you one step closer to that first (or second!) career you always planned.
Having a home-based food business is perfect if you're a stay-at-home parent, unemployed, or retired. It's also great for people who work outside the home and are looking for a second job to make extra money. It's especially helpful for people who are not satisfied in their present job or career, because it can be a way to ease into the food business without leaving the security of a job. If you do have a full-time job and depend on that income, don't quit yet. Give this a try and see how you like it.

For many people, the idea of owning a food business is a fantasy that seems unattainable. But with a few simple steps and very little expense, anyone can start a home-based food business and make money. The important thing is to find a product that people want (maybe you make your family's secret salsa recipe or give away jams that taste better than those you can find at the market). Once you've found the product people want, simply make it, wrap it, and deliver it.

If you have thought about a home-based food business and find it appealing but are not skilled in the kitchen, an option is to first learn the craft. Work in a food production environment (e.g., bakery, catering business, or restaurant) and you'll pick up a few skills while seeing a business from the other side of the counter.

Take courses offered through adult and continuing education programs or look for cooking schools that have an affordable

Introduction
on quantity cooking in commercially equipped kitchens for off-premises service. They told me how to create menus, transport hot foods, set up bar service, and rent linens. My needs were different. I wanted to learn how to resize recipes and set up my kitchen space for efficient quantity production. I needed help in pricing, packaging, and labeling my baked items. I also wanted to know how to find customers. I was totally unprepared, but I moved ahead. I stumbled along asking questions, making mistakes, and learning as I moved forward.

For approximately two years I continued in my kitchen until I heard about a small neighborhood pizza shop that had closed. Its production area was the same size as my home kitchen! I rented the space but had no idea how to design a commercial production area or a retail store.

There are often some limitations to using your personal budget. Professional help was cost-prohibitive for me so I continued along on my own, often unsure about my decisions. I converted a shop into a bakery and continued to ask questions. While holding on to my basic approach to home baking, I learned techniques that helped speed up my production and create more professional products. Eventually my humble beginnings resulted in an all-scratch bakery and café, a free-standing building with numerous employees. I had built a successful retail and wholesale business.

I've worked 25 years in the food industry. After owning and operating a bakery business for 15 years, I worked in other commercial kitchens as a baker and (faux) pastry chef. I also worked in the corporate food world of research and development, both as a baker/chef developing new products and creating prototypes for a national snack food company.
and as a home economist, developing and testing a new generation of ovens to compete in the rapid cook arena. However, after a particularly strenuous pastry chef position, I was unable to continue the heavy physical demands of commercial baking. I returned to school but also refocused my love of baking by creating new recipes for smaller-scale baking in my home kitchen.

Early in my career, as I learned the professional approach to baking for efficient quantity production, I was able to successfully adapt many home techniques to the commercial production process. Now, after returning to my home kitchen, I’ve discovered that many commercial techniques can also be adapted for home use. In this book I have many shortcuts to share, because I’ve combined commercial and home-baking processes to give you the best of both baking worlds.

I’ve watched as the food industry has grown and changed into a global marketplace. I’ve seen that there’s always a market for local homemade goods. You only have to look at the marketing techniques used by large corporations. Their labels give the impression of fresh-from-the-farm homemade goodness. Their labels literally read: homemade, fresh from the oven, and just like grandma’s. Spend some time in the grocery store, convenience mart, or anywhere food is displayed (don’t forget vending machines). Take a stroll through the green markets and look at what people are buying and eating. Look around at your local hometown eateries, neighborhood shops, farmers’ markets, and countryside stands. What do you see? Homemade goodness rules!

Throughout the book I will provide you with many suggestions for your home-based food business. This book is written for all levels of bakers and people with a wide variety of business goals. Read through the whole book, even the parts that do not seem to apply to your situation, because there are valuable tips in each area and suggestions that may help you improve your skill set. If you are already skilled at one of the steps, then good for you! If you already have a great recipe (or ten!), you’re way ahead, but there are other steps involved. For those of you currently in business who want answers to specific questions, or simply want to grow your business, this book will help you too. Please remember that you’re not alone. My website (www.BakingFix.com) continues to help support your efforts. Visit me there, ask questions, and learn about other owners of home-based food businesses.

You can experiment and go slow, or charge forward. By starting in your kitchen with no pressure of expensive overhead, you have the ability to go as fast or as slow as you would like. If you want to have a food business but cannot do it from your own kitchen, this book will give you alternative ideas.

This book includes everything you must know about starting and staying in business. With detailed, step-by-step advice, this practical guide supplies you with all of the key ingredients to transform your dream into reality. Food products will always be in demand so there will always be a business waiting for you.

Good luck and enjoy — the best to all of you!

— Mimi
Basic Buttermilk Muffin Batter

Yield: Makes 6 large or 12 medium muffins

1-2 cups total additions (dried or seasonal fruit, chopped; nuts or coconut)

1 large egg

1/3 cup oil

1/2 teaspoon baking soda

1/3 cup granulated sugar

1 cup buttermilk (or 7/8 cup milk with 2 tablespoons vinegar or lemon juice)

2 teaspoons vanilla

2-1/2 cups all-purpose unbleached flour

2 teaspoons baking powder

1/2 teaspoon salt

Prepare the additions and set aside.

Preheat oven to 375°F and line the muffin pan with paper cups or use pan spray.

In a medium bowl, beat together the egg, oil, sugar, buttermilk, and vanilla. In a separate bowl, stir together the flour, baking powder, baking soda, and salt.

Pour the dry ingredients on top of the wet and stir gently until mixed. Some small lumps are okay. Then stir in the prepared fruit or other additions. This should be a thick batter.

Divide batter into 12 medium or 6 large muffins, filling the pans almost to the top.

Bake for 20 to 30 minutes depending on size. Turn down the oven heat if the tops are getting too brown. They will be done when a finger pressed gently on top leaves no imprint.

Cool thoroughly before wrapping and storing. These keep for two days; can be frozen for up to six months.

For variations of this recipe see the file on the CD:

Muffins and Quick Breads
Chapter 1
Location and Space

The first step in starting a home-based food business is deciding whether your kitchen is up to the task. You may already be aware that you need to find a bigger kitchen to do your work. This chapter will help you decide what will work best for you and how to utilize the space you have.

1. Start Your Business in Your Kitchen

Most home kitchens have the basics — hot and cold running water, a decent floor with solid walls — which can be used for home-based food production. Even a tiny apartment-sized kitchen can work well enough to get you started. (See section 1.1 for how to work in a small space.)

If you don’t have a good working stove or refrigerator, it’s still possible to start a business with a product that needs no appliances. Chapter 2 has suggestions to get you started.

I strongly suggest that if you have no food service background but are interested in starting this enterprise, start by using your existing kitchen. Don’t remodel until you are sure that starting a home-based food business is what you want to do.

It’s wonderful to have the ability to earn income just by using your kitchen. Just make sure that you, or anyone else using the kitchen, understand that business foods must be handled differently than personal foods. For example, dipping a finger into the chocolate filling may be tempting, but spreading germs and bacteria can adversely affect your customers. One sick customer can make you a target for the health department and put you out of business.

1.2 Storage and work space in your home

If you have a lot of storage space in your home, your biggest problem may be organization. Designate and label certain areas or shelves as “Business.” Everything should be dated and labeled with contents.

Let anyone using the kitchen know your rules — this includes guests who might wander in while you’re not around and help themselves to the rolls and salad you’ve just prepared for the next day’s delivery.
If you don't have enough storage, look around your home for creative ways to turn unused space into business space. Your health inspector visits many other home-based food businesses, and might have suggestions for unusual storage ideas he or she has observed.

Nonfood items such as packaging materials can be stored anywhere. Perhaps the dining room can hold a cabinet or shelves; use the top shelf in a linen closet; or keep a few things on a shelf under your table. Food that's been opened needs to stay in the kitchen, pantry, or dining room, but unopened bags and boxes of ingredients can be left in their original containers and stored elsewhere. Be careful that you don't forget what you have and buy too much; an inventory list can be helpful but you must remember to keep it updated or it won't be of any help.

It is also important that you do not store food near moisture or in unsanitary surroundings, even if the packages are sealed. I walked into a friend's bathroom and saw five bags of sugar in her bathtub. She said there'd never been a problem but the potential is there. Note that a health inspector would not approve of this situation, so it's not a good idea to store food products in the bathroom.

Never store food directly on the floor; it's unsanitary and a health code violation in every locality I'm aware of. Check with your health inspector to see how many inches of clearance above the floor is needed and make or buy small pallets on which to stack your goods. Then you can easily clean under the pallets with a broom or vacuum without having to move everything. Garden centers and discount stores have plant trolleys that can be used as pallets. They roll, can hold a lot of weight, and work well for small spaces.

Preferably, keep all your small baking equipment (e.g., measuring cups, spoons, spatulas) in a central basket or tub. Do the same with the small cans, jars, and boxes of ingredients such as salt, baking powder, baking soda, and extracts. When you're ready to work, all you do is take out the tub or basket of tools and the container for equipment.

Having lots of work and storage space is ideal but if you have only a small place, you must be creative. Think about the kinds of foods you can produce that take up less production space. If counter and table space is tight, get a folding table or two. If the refrigerator is small, stay away from recipes requiring refrigeration of ingredients, or substitute shelf-stable ingredients. Instead of whole milk, use the less expensive powdered milk; buttermilk also comes in powdered form; or use water, coffee, juices, or teas. Limit your product line to items that use the same basic ingredients to save space. See Chapter 11, section 4, for more information about multifunctional recipes.

2. Finding a Kitchen Outside Your Home

You can still have a home-based food business even if you must use another location for production. Your home can be used as the business base, from where you conduct your business, keep your books, and correspond with clients and suppliers. If you find the laws regulating homemade food production in your locality prohibit you from pursuing work in your own kitchen, there are some ways to deal with your particular problems without having the expense of renovation or renting a retail storefront. (For more information on laws and zoning, see Chapter 4.)
When you are looking for a work space outside your home, you will need to consider what the place offers you. Each facility will be set up differently; the place you decide on should have the basic equipment and work space sufficient for your needs.

If you are going to leave any supplies at the site, it’s advisable to have a locked storage area to prevent both theft and contamination. If you cannot safely store your items there, you will need to transport these items each time you go to the production site. Don’t rely on your memory. Make a master list of all your supplies and check everything off before you go, and again when you leave the site.

The following sections discuss options for the use of a kitchen outside your home.

2.1 Kitchen incubators and shared kitchens

Small food businesses are a growing trend. To accommodate these entrepreneurial start-ups, a relatively new business model is developing. Centers known by various names — small business development centers, food innovation centers, kitchen incubators, food ventures, or shared kitchens — are being created to help support new (or young and growing) food businesses. These places are licensed facilities and are equipped for commercial production. Most of these centers also offer business guidance.

Each facility is different and has its own rules and prerequisites. Some expect you to have a business certificate before signing up; some offer a complete package of business and production help; and some let users sign up for only the services they need. These facilities used to be found only in large cities or were associated with universities or nonprofit organizations. But new ones continue to open, and many are now private, for-profit businesses.

In the Resources file on the CD you will find a list of such facilities in the US and in Canada. You can also do an Internet search for any new facilities which continue to open.

For entrepreneurs without the expertise or money to invest in a full-scale business, using an incubator kitchen is a wonderful way to start, especially since many of these centers offer basic business and production help. It can be just the support you need to be successful.

If using an incubator kitchen interests you, be aware that it will involve fees. While this is less expensive than renting a storefront, you will need some capital to go this route.

If you are kitchen savvy (perhaps you’ve already worked in commercial food service or have a culinary degree), there might be a facility near you where you can rent just the space, without paying for their other services.

2.2 Places that accommodate large gatherings

Another possibility is to use the kitchen facilities in a town hall, community center, house of worship, or other places which often have large production areas to accommodate gatherings. These places might welcome additional revenue. If these kitchens are not already certified, it might be easily done. A formal written agreement between you and the facility is recommended. This is further explained in section 3.

2.3 Renting a commercial space

You can sometimes work out an agreement with a business owner who already operates in a licensed kitchen. There are restaurants, catering companies, delis, coffee shops, bakeries, markets, and natural foods stores that are closed during certain hours — they might welcome the extra income from renting their space to you.
considerations should factor into your decision on whether or not to use a particular kitchen.

You should also get a formal written agreement, as explained in the next section.

3. Get the Rental Agreement in Writing

It is very important to have a signed agreement that is specific to your needs and the needs of the owner of the subletting business. (See Sample 1 for more information about what to cover in your sublet agreement.) Your business depends on your ability to use the facility for production. A lease agreement will protect both parties.

If the owner objects to a formal agreement, mention that an agreement protects him or her as well as you. I would be very suspicious of anyone who refuses this request. Anyone who objects to a written agreement usually isn’t a good choice for business dealings.

Occasionally an informal agreement works, but it basically relies more on honor of fulfillment rather than an enforceable written contract. Issues often arise with an informal agreement and bad feelings can happen, especially when money is involved.

A written agreement can help clear up any misunderstandings that might occur. It doesn’t need to be anything fancy, just a list of agreed terms. Even if you’re bartering for the space (e.g., you pay the owner or business in cakes and cookies), it’s best to have a written agreement because it protects everyone. Don’t forget to make two copies, dated and signed by both parties. For added protection, be sure to have a witness to the signatures.

In your contract you will need to clearly describe the following:

while their business is not operating. If you are producing a small quantity of products and only need a kitchen one day a week, many food businesses may welcome you on days when they are closed.

You could also look into renting space from a small restaurant during its off hours. The clean-up crew for the restaurant might be finished before midnight and the first shift might not start lunch until ten in the morning. Perhaps there’s a small cake business in your town that only uses their kitchen three or four days a week and would love to make some extra money by renting it out to you when they’re not using it. These places might also barter space so that you can pay for the kitchen with your fresh-made items or your time.

It’s important that the commercial space is licensed and has the equipment you need to process your products. The basics should be in good working order and up to code — refrigeration, sinks, electric and plumbing, walls, and floors.

How is the kitchen equipped? Does it fit your needs? Not all commercial kitchens are alike. Perhaps you need a stovetop with two burners, but the facility only has a convection oven. Make a list of your needs, such as counter space, mixer, food processor, oven capacity, cooling rack, and baking pans. Can you supply and transport any equipment that the facility lacks? Ideally the place will have secured space where you can lock up your ingredients and small equipment. Otherwise, be prepared to haul all your materials with you.

Also consider your personal safety when choosing a place. You may be in a different, unfamiliar location. Your work hours may be during off hours when it will be dark outside. Is the surrounding neighborhood safe? These
• Specify times when you can use the space.

• Define what the rent is and when it will be paid (e.g., monthly, quarterly, or on a per-use basis). You may also want to include how the rent is to be paid (e.g., $50 per month plus a dozen muffins each time the space is used).

• Discuss how the utility costs will be divided (e.g., percentage of the utilities, flat monthly fee, or included in the rent).

• Licensing: The agreement should include the current license number or the name of the licensing agency for the facility.

• Detail what equipment and supplies you can use.

• Define who will be responsible for breakage or nonfunctioning equipment.

• Specify who is responsible for clean up. For example, what if the oven is filthy or the sink is clogged before you arrive?

• Discuss storage of your items. Will there be secured cabinets to avoid pilfering or contamination of your property?

• Include information about insurance coverage. Are you covered under the owner’s insurance or do you need your own?

Include anything else, no matter how silly you feel about mentioning it (e.g., where to park if it’s within a city district). Little things can potentially become big problems if they are not discussed in the written agreement.

Sample 1 is an example of a sublet agreement with a business owner. Included on the CD is a Sublet Worksheet that you can use if you decide to rent from a business owner.
Use of Kitchen Facility

Date: March 23, 20--

This sublet agreement between James Owner and Martha Kitchener is for use of the kitchen located in the Rye House Annex, 49 Potato Street, Mytown.

This facility is currently licensed by Mytown Health Agency. Use of this space by Martha Kitchener includes the kitchen, related production areas, and the following equipment:

- Sinks with hot and cold running water
- Refrigeration during production time
- Two worktables and adjacent counter space
- Mixer(s)
- Ovens, range, and stovetops
- Cooling racks, proof box, sheet pans, stockpots, knives, and any miscellaneous tools in the kitchen area
- Cleaning equipment (mop, bucket, miscellaneous supplies)
- Use of one four-shelf pantry cabinet, with lock

Both parties will maintain cleanliness according to licensing agency requirements.

Days and hours covered: Sunday to Friday beginning each evening at 10:00 p.m. and ending at 4:00 a.m. the following morning. Locked storage area with 24-hour access for duration of lease. Additional production time will be negotiated separately as the need arises.

Rental amount: $50 per month, paid by the first day of each month, plus two dozen muffins for each time the facility is used. (Muffin choice is at the discretion of the baker.) Rent includes use of equipment, utilities, insurance, and repairs.

Length of contract: Will continue as long as rent is paid. Either party can end lease by providing thirty (30) days' written notice.

Signature: ___________________________  Signature: ___________________________
Facility owner/manager: James Owner  Tenant: Martha Kitchener
Phone: (555) 555-0000  Phone: (555) 555-5555
Address: 126 Potato Avenue, Mytown  Address: 1467 Hobart Court, Mytown

Signature: ___________________________
Witness: ___________________________
Phone: (555) 555-4444
Address: 1637 Rolling Pin Avenue, Mytown
Pumpkin Loaf

Preheat oven to 350°F and grease 3 medium (7 x 3) loaf pans.

In a large bowl, mix together the sugar, oil, eggs, pumpkin, and liquid.

In a 4-cup measure, lightly spoon in the flour then add the baking soda, salt, and spices. Stir, then add to the liquid ingredients and mix thoroughly. Add raisins, if using.

Spoon this thin batter into your pans and bake 35 to 50 minutes, until the tops are firm to the touch and leave no finger imprint.

Cool before wrapping. These keep for one week at room temperature, three weeks in the fridge, and six months frozen.

Also makes excellent muffins.

For variations of this recipe see the file on the CD:
Muffins and Quick Breads