10 Steps to Starting Your Food Processing Business

Workshop Supplement
10 Steps to Starting Your Food Processing Business
Do you have a great food product that you would like to sell to others? There are many steps involved in getting a food processing business started. The BC Food Processors Association wants to help and has put together a list of 10 Steps to set you on the right path. Asking for help is one of the best ways to get started - places of where to find help are listed after each step.

More detailed information about starting a food processing business is available in the BC Food Processor’s Reference Manual available on the BC Food Processor’s Association website www.bcfpa.ca
10 Steps to Starting a Food Processing Business

1. Your Product Idea
2. Market Research and Business Planning
3. Organizing Your Business
4. Business Insurance and Regulations
5. Food Safety
6. Manufacturing Strategies
7. Product Development
8. Packaging and Labelling
9. Marketing
10. Distribution

1. Product Idea

What is your product idea? Define your product - its features, its availability and the benefits it offers customers.

Example: Wild Strawberry Jam Handpicked wild strawberries from the pristine meadows of the northwest coast. Prepared with my mother’s traditional recipe. Available in 250 ml glass jars. Only available in the fall by special order.
Once you have defined your product you need to learn about your market. Market research will help you determine if there is a market for your product, give you ideas for fine tuning your product, and help you decide how to distribute, price and promote your product. The information you gather on the industry, competitors and customers will help you put your business plan together.

**Market research will help you determine if there is a market for your product**

Example: Your research may reveal that people like smaller sizes or are willing to pay more for unique local products produced in an environmentally responsible way. You may also discover that people are having a hard time finding jam suitable for diabetics.

**Business Plan**

When you have completed your research and identified the opportunity for a new business it is time to put together a business plan. This very important document provides information about your business, what it will do, how it will be operated and what your goals are. A business plan is required by most lenders and is valuable guideline to follow to improve your company’s chance of success.
Where to find help:

**British Columbia Food Processor’s Reference Manual Section 1**

**Market Information**
Agriculture and Agri-Food Canada
Phone: (604) 666-6344
[www.agr.gc.ca](http://www.agr.gc.ca)

**Statistics Canada**
Phone: (604) 666-3691
Toll free: 1-800-263-1136
[www.statcan.gc.ca](http://www.statcan.gc.ca)

**Starting your Business**
A guide to resources for BC women
[www.fnbc.info/content/starting-your-business-guide-resources-bc-women](http://www.fnbc.info/content/starting-your-business-guide-resources-bc-women)

**First Nations in British Columbia**
[www.fnbc.info](http://www.fnbc.info)

**Business Planning**
Small Business BC
Phone: (604) 775-5525
Toll Free: 1-800-667-2272
Email: askus@smallbusinessbc.ca
[www.smallbusinessbc.ca](http://www.smallbusinessbc.ca)

**Canada Business Service Centre**
[www.canadabusiness.ca](http://www.canadabusiness.ca)
3. Organizing your Business

Your business plan will tell you if your idea is going to fly and if you should go ahead and set up your business. Before you can select and register your business name you must decide on a business structure. There are five main business structures in British Columbia.

1. **Sole proprietorship** - You plan on operating the business on your own and assuming all responsibilities, liabilities, profits or losses.
2. **Partnership** - You plan on operating the business with one or more partners and sharing all responsibilities.
3. **Corporation** - You plan on operating the business as a separate legal entity – you and your assets are separate from the business’s.
4. **Co-operative** - You plan on operating a business that is owned and controlled by members who benefit from the business.
5. **Society** - You plan on operating a not-for-profit organization where profits are used by the society.

Naming your business is very important, choose wisely - it is expensive to change a company name once you are up and running

When you know what kind of business structure you want you can go ahead with registering your business. Registering your business is a legal requirement for most forms of businesses. There are two basic steps to selecting your business name and registering it in British Columbia.

1. Name searches are conducted by the Registrar of Companies in Victoria and can be done online at Name Requests On-line or at a Service BC Centre. You can submit 3 names per request. Naming your business is very important, choose wisely - it is expensive to change a company name once you are up and running.
2. Once you have your business name you can register your business with the province, the Canada Revenue Agency, WorkSafe BC and apply for Municipal business licences at OneStop BC Business Registry.
Where to find help:

British Columbia Food Processor’s Reference Manual Section 2

Checklist for Starting Your Business.
Small Business BC
www.smallbusinessbc.ca/starting-a-business/legal-requirements

One Stop BC Registry Services
www.bcbusinessregistry.ca/index.htm

The Canadian Co-operative Association (CCA)
Phone: (613) 238-6711
Toll Free: 1-888-494-2944
Email: info@CoopsCanada.coop
www.coopscanada.coop
4. Business Insurance and Regulations

**Business Insurance**

The main purpose of business insurance is to control or eliminate unnecessary risks. Types of insurance to consider include life and disability insurance, property insurance and liability insurance. When looking for an insurance agent, ask other food processors, friends and associates for referrals.

If you employ people you have to register with WorkSafe BC and pay premiums. When you’re covered by WorkSafe BC insurance, you’re protected against lawsuits from injured workers. If a worker is injured or contracts an occupational disease while on the job during the course of employment, WorkSafe BC covers the worker’s medical and wage-loss costs.

**Regulations**

Regulations for the food processing industry are created by government agencies to protect both the consumer and the processor. Before you begin processing you need to get as much information as possible about the regulations that apply to your product. Contact your local Environmental Health Officers for information on which government agencies are responsible for your product and processing plant.

The main agencies responsible for food processing regulations in British Columbia are the Canadian Food Inspection Agency and the BC Ministry of Health.

The Canadian Food Inspection Agency administers regulations dealing with the marketing, processing, and labelling of food products. It handles all federal inspection services related to food safety, economic fraud, trade related requirements and animal and plant health.

BC Ministry of Health ensures that all beverages and food processed in British Columbia meet the requirements of the British Columbia health, food safety and sanitation regulations. Environmental Health Officers review building plans, conduct facility inspections, provide food handling courses and investigate customer complaints and food illnesses.

Environmental Health Officers from First Nations, Inuit and Aboriginal Health provide services on First Nations land.
Example: In addition to food facility and safety regulations, Jam falls under the Canadian Processed Product Regulations administered by the Canadian Food Inspection Agency. Jam must meet specific standards with regard to fruit and sweetener content in order to be called “Jam”. Changing your formulation may mean that you may no longer be able to call your product Jam. Wild harvesting guidelines may also apply.

Where to find help:

**British Columbia Food Processor’s Reference Manual Section 4**

**WorkSafe BC**
Toll-free within BC: 1-888-922-2768
www.worksafebc.com

**Guideline for the Sale of Foods at Temporary Food Markets.**
Food Protection Services, BC Centre for Disease Control
Phone: (604) 707-2440

**BC Ministry of Health**
To find your Local Environmental Health Officer consult the Map of Provincial Health Authorities www.health.gov.bc.ca/socsec/provmap.html or call 1 800 663-7867

**Canadian Food Inspection Agency**
Consumer Products, Meat Hygiene
Phone: (604) 666-6513
www.inspection.gc.ca

**First Nations, Inuit and Aboriginal Health**
Phone: (604) 666-9766
5. Food Safety

As a food processor, making sure your food is safe is your number one priority. To prevent food safety problems you need to have a well designed food processing facility, procedures to prevent product contamination, proper food handler hygiene and food handling practices, a sanitation program and a pest management system.

A food processing facility should be designed so that the various parts of it are separate from one another. For example raw material receiving and storage, processing, warehousing and shipping should all be in separate areas. Construction and materials used should prevent pest infestations and be easy to clean.
Where to find help:

British Columbia Food Processor’s Reference Manual Section 5

Small Scale Food Processor Association
The SSFPA provides education and support for processors across British Columbia to develop food safety plans.
Phone: 1-866-473-7372
www.ssfpa.net

Food Protection Vital for Your Business.
This booklet helps plan a food business and ensure safe food. Available on line at:

FOODSAFE
FOODSAFE is a course to train food workers about safe food handling and hygiene. Check out the website for courses nearest you.
www.foodsafe.ca
6. Manufacturing Strategies

When deciding on a location to manufacture your product there are many factors to consider including construction or rental cost, customer location, material availability, trucking access and zoning. Many new food processors chose to have their products custom packed, that is pay a food manufacturing company to make their product, or rent a fully licensed commercial kitchen to reduce their start up costs.

Many new food processors have their products “custom packed” or rent a fully licensed commercial kitchen to reduce their start up costs

Example: Certain low risk foods, like jam, may be prepared at home if they are being sold at temporary markets, like Farmer’s Markets, and they meet the Guidelines for the Sale of Foods at Temporary Food Markets.
Where to find help:

British Columbia Food Processor’s Reference Manual Section 6

Your Local Environmental Health Officer  Map of Provincial Health Authorities
www.health.gov.bc.ca/socsec/provmap.html or call 1 800 663-7867

Guideline for the Sale of Foods at Temporary Food Markets
Food Protection Services, BC Centre for Disease Control
Phone:  (604) 707-2440

BC Food Processors Association
Phone: 1-877-356-1660
www.bcfpa.ca

Small Scale Food Processors Association
Phone: 1-866-547-7372
www.ssfpa.net
7. Product Development

Food product development involves building on your product idea and fine tuning it so that it is acceptable for commercial sale. Home recipes usually have to be modified to suit larger batch sizes and meet regulatory requirements. Product development involves all aspects of a product including processing, packaging and labelling.

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Example: Your previous market research indicates that you could differentiate the Wild Strawberry Jam by creating a product suitable for diabetics. A product development specialist can help develop a formulation that meets your requirements. The product development specialist can also help with processing, packaging and labelling.
Where to find help:

British Columbia Food Processor’s Reference Manual Section 9

BCIT/UBC Food Processing Resource Centre
www.bcit.ca/health/industry/foodcentre

Alberta Food Processing Development Centre
Phone: (780) 986-4793
www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/fpdc5012

First Nations Wildcrafters, BC
Phone: (250) 720-8907
www.firstnationswildcrafters.com
8. Packaging and Labelling

Food packaging is extremely important. Packaging protects your product and provides a place to present important information and advertising to your customer. Many people decide to buy a product based on how it is packaged.

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Labelling

The ultimate goal is to produce a label that is educational, user-friendly, markets the product and meets regulatory requirements. In Canada basic mandatory information that must appear on all prepackaged foods products in both English in French. (Local products and test market products may be exempt from bilingual labelling).

Information required on food labels:

- Common name
- Net quantity (by weight or volume)
- Ingredient list (declining order)
- Name and address
- Best before date
- Storage instructions
- Nutritional information
Where to find help:

Talk to other businesses about where they get their packaging and labelling materials.

**British Columbia Food Processor’s Reference Manual Section 7**

**The Packaging Association**
Phone: (416) 490-7860
www.pac.ca

**LABELLING REQUIREMENTS**

**Canadian Food Inspection Agency**
Consumer Products
Phone: (604) 666-6513
www.inspection.gc.ca

**Canadian Food Inspection Agency**
Guide to Food Labelling and Advertising
9. Marketing, Pricing and Promotion

Marketing is the process of planning and executing pricing, promotion and distribution to satisfy the customer’s and your needs. In order to properly market your product you must know what is happening in the marketplace. Without good marketing, even the best product can fail.

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There are many ways to set prices. How you set your prices depends on your costs of production, your competition, the amount of quality, service and convenience provided and the types of buyers you are targeting. The goal is to cover costs, maximize profits and remain competitive.

Promotion includes all activities designed to inform, persuade and influence people to make the decision to buy your product.

Example: Statistics Canada, government agencies and other sources provide all kinds of information about people with diabetes that can help determine where and how your product should be sold. The First Nations Agricultural Association can help with marketing first nations food products.

Low cost promotion ideas:

- Product demonstrations
- Contests
- Fliers
- Posters
Where to find help:

**British Columbia Food Processor’s Reference Manual Sections 8 – 11**

**Carving a Niche for Aboriginal Foods in 2010**
– Opportunities in the 2010 Winter Games and the Agriculture and Agri-food, Retail and Food Services Industries.
First Nations Agricultural Association
Phone: (250) 314-6804
Toll Free: 1-866-314-6804
www.fnala.com

**Statistics Canada**
Phone: (604) 666-3691
Toll free: 1-800-263-1136
www.statcan.gc.ca

**Food Processors Guide 2010**
Saskatchewan Food Industry Development Centre
www.foodcentre.sk.ca/Food_Processors_Guide/

**Agriculture Business Alternatives, Marketing - Will it Sell?**
www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex1132/$file/848-5.pdf?OpenElement
10. Distribution

Distribution channels are the paths that products flow from producer to the consumer. Direct selling is when the food processor sells directly to the consumer. Indirect selling is when you sell to the retailer or a distributor. Distributors, or wholesalers, purchase products from food processors and sell them to retail stores. A wholesaler usually represents a number of different products and has greater access to retail stores than an individual processor.

**Whether selling directly or indirectly you will need selling skills:**

- Investigating prospective buyers, the more you know the more you can sell
- Determining customer needs and desires
- Demonstrating how your product meets customer needs
- Making the sale and following up
  - Deliver as promised
  - Phone to make sure customers are satisfied

*Example: Selling directly to local stores, direct to customers through an on-line ordering system and indirectly through a specialty foods distributor specializing in health food stores are some options for selling a unique Wild Strawberry preserve.*
Where to find help:

British Columbia Food Processor’s Reference Manual Section  12

How to Sell to Major Food Retailers in British Columbia.

The Food Marketing and Distribution Sector in Canada
Agriculture and Agri-Food Canada 1999
www.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1171027586880&lang=eng

In summary:

We hope that you have found the 10 Steps to Starting a Food Processing Business helpful on your path to starting your own food processing business. Like any business, starting a food processing business is hard work that can also be very rewarding. We encourage you to move forward and make it happen!
**Success Story**

**First Nations Wildcrafters, BC**

First Nations Wildcrafters, BC specializes in ancient and legendary wild forest food products managed and harvested directly from the rain forests in British Columbia.

First Nations Wildcrafters BC, is a family operated business owned by Tseshahlt First Nations tribal member C. Anne Robinson, has operated on the Tseshahlt Indian Reserve since October 2005.

The business specializes in non timber and other value added forest products and services. Utilizing traditional ecological knowledge and cultural values the business is an industry sector leader in developing best practice standards for resource management, harvesting, processing and marketing based upon a “Whole Systems Diversification Model” the business developed.

**First Nations Wildcrafters, BC**

Phone: (250) 720-8907

www.firstnationswildcrafters.com