

SCORE
FOR THE LIFE OF YOUR BUSINESS
Southeastern Massachusetts
score.org/sema

From Recipe to Revenue Starting a Successful Food Service Business

Jan 7, 2025

Will be starting shortly, please stand by

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U.S. Small Business Administration

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Strengthening America's Economy: SCORE is a direct and effective catalyst for businesses and job creation. Small businesses need mentoring and educational support to be successful. SCORE is the most effective source of small business mentoring in the US

ABOUT SCORE

SCORE is a uniquely American organization that synthesizes two historic national ideals: entrepreneurial spirit and volunteerism.

Since 1964, SCORE has helped more than 11 million entrepreneurs start, grow or successfully exit a business. SCORE's 10,000 volunteers provide free, expert mentoring, resources and education in all 50 U.S. states and territories.

SCORE helps a diverse range of American Small Businesses and Entrepreneurs.

Of SCORE'S 2023 client base:

65%	46%	13%	9%
were women	were minorities	were people with a disability	were veterans

MASS FY23 Final Results

SCORE is of notable value to entrepreneurs and small businesses:

- **88%** of clients would recommend SCORE to family and friends
- **91%** of 'in business' clients were still in business at the end of 2023
- **48%** of 'in business' clients reported an increase in revenue

Impact on the state:

- **937** New Businesses Started
- **5,170** Total Jobs Created

Small business clients who receive 3+ hours of mentoring report higher revenues and increased business growth

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Why Have a SCORE Mentor?

- We can help you start a business or work with you to grow your existing business
- We are here for the life of your business
- We are conducting safe virtual sessions through Zoom or phone
- Confidential sessions are one hour with appropriate assignments and as many follow-on meetings as requested at no cost to you
- We have members with a broad range of experience

How does SCORE help your small business?

- Sound Business Planning
- Social Media Marketing
- Product and Service Review
- Financial Insights
- Marketing and Promotional Materials
- Resource Planning
- Strategies for Starting and Improving Vendor Relationships
- Exit Planning
- … and more!!

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Today's Webinar Housekeeping Notes

- You are all muted
- Questions can be typed into the "Q&A" feature
- We will answer as many questions as possible after the presentation
- All registrants will receive an email with instructions how to access the recording of this webinar, and the link to connect with a SCORE mentor, or…
- Use your Chat function to ask for a mentor (provide email address)

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Our Presenters

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Gary Simon



Vincent Turco

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Agenda

- What does it take to succeed?
- Finding a way in:
  - Home-Based Business
  - Commercial Kitchen
  - Mobile Food Truck
  - Brick & Mortar
- Where will you sell?
- Creating a plan
- Understanding the regulatory landscape
- Resources

What Does it Take To Succeed?*

- Starting a food service business requires:
  - Realistic expectations
  - Entrepreneurial mindset
  - Sufficient time
  - Solid Commitment
  - Sufficient Investment
  - A written Business Plan

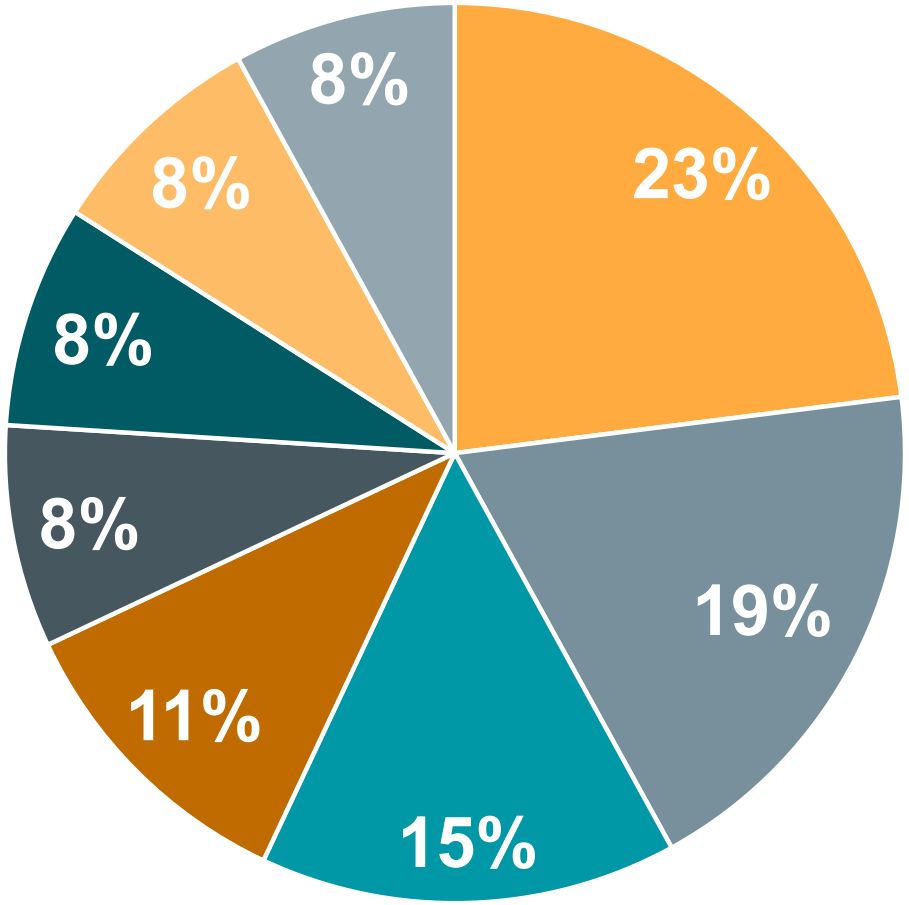
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*Setting Expectations**

What do you see yourself doing in your business?

- *Most food entrepreneurs picture themselves cooking & serving customers*
- Most of the time is spent on running the business rather than working ON the food aspect
- Involves wearing many hats
- Requires a number of different skill sets

Food Business Tasks*



- Sales/Customer Service
- Food/Beverage
- Marketing
- Financial Management
- Ordering
- Planning
- Human Resources
- Regulatory

*Entrepreneurial Self-Assessment**

Do you have the mindset to run your own business?

- Can you or your family live without a steady paycheck?
- Are you willing to work long, unpredictable hours?
- Are you a self starter who can figure out on your own what to do?
- Can you take a long view of success and persist through a learning curve?
- Are you risk averse or are you willing to risk possibly the future?

*Considering Investment**

How much will it cost to start your business?

- Initial Investments + Operating Capital
  - How much do you have?
  - How much can you raise?
  - How much can you afford to lose?
- Don’t count on grants!
- Possible to get a partner?
- Be sure to include a cushion!

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*Considering Risk**

What you are signing up for and exactly what will happen of you fail?

- Some businesses do fail
  - What is the worst thing that can happen? Typical scenario
- Best way to succeed is to be….
  - Conservative
  - Realistic
  - Well prepared → ***writing a business plan reduces risk!***

*Considering Risk**

Take Steps to protect your investment and limit your personal liability

- Operate as a business entity
- Get insurance
- Consider strategies to limit personal liability
- Consult a lawyer



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Finding a Way In*

Personal Chef

Catering or Meal Service

Food Truck or Trailer

Food Product

Packaged Products to sell at retail and/or wholesale

Brick & Mortar

Restaurant, Cafe, Bakery, Specialty

Where You End Up
May Not Be Where You Start

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Where Will You Operate?*

Option 1 - Home Based Business

- Usually under “cottage” food laws
- Usually does not require license, inspection
- Fairly restrictive
- (MA Laws here)??
- Most affordable it fits → Can be a good first step
- Be realistic about costs → **Not true that working out of your home involves “no overhead”**

Option 1 - Home Based Business*

Potential costs of operating under cottage food laws

- Forming LLC and annual renewal
- Insurance
- Bank account fees
- Fees to sell at farmer's market, events, etc.
- Marketing expenses (website, business cards, signage)
- Credit card processing
- Kitchen snd office supplies
- Packaging
- Travel and delivery
- Tax preparation/payroll
- *Your time!* (opportunity cost)

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*Where will You Operate?**

Option 2- Commercial kitchen

- **When and why to consider this option**
  - Informal arrangements vs. membership kitchens
  - Pro's and con's of informal kitchens
    - Can be hard to find, limited hours
    - May be shared with existing business (caterer, church, community kitchen)
    - May be least expensive option
    - May be hourly or daily result vs. long term commitment
  - Be creative in seeking out unused space from other food businesses

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*Membership Kitchens**

Cost of incubation/accelerator services vary widely

- Ranges from:
  - No additional cost over the membership
  - Increased cost for counseling services
  - Services for equity (% ownership of your business)

→ *Up to you to weigh costs vs. speed to get your business running then* growing

*Where Will you Operate?**

Option 3 - Mobile Food Operation

- Perceived as much less expensive
  - Potentially expensive but limited risk
  - Startup & operating costs can be substantial, may require external financing
  - Potential costs:
    - Food truck can run $20K-15K depending…..

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*Mobile Food Operation - potential costs**

- Regulatory costs
    - Licenses, permits, inspections to get stated can vary from $1,000 to $2,900
    - Remember to account for annual annual regulatory costs

- Usually still need a commissary kitchen
    - Licensed place to prep, store food
    - Place to hose truck, dispose of grease
    - Sometimes offer parking, may or may not charge

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*Mobile Food Operation - potential costs**

- Trucks and trailers are **heavily regulated**
- Do your homework before buying
- There are limitations size of truck and storage parking

If someone isn't doing what you are planning
or where you are planning it, there may be a reason!

*Where will You Operate?**

Option 4 - Brick & Mortar

- Most expensive riskiest operation
  - Lease commitment
  - Lease deposit
  - Personal guarantee of lease
  - Potential build out expense
  - PLUS all other start up costs

    (Licenses, Inventory, Equipment, Marketing etc.)

*Brick and Mortar**

Ways to Decrease Costs

- Think smaller:
  - How much space do you really need?
  - Can you start small and expand later?
  - Consider a kiosk, stall, pop up
  - Consider less expensive areas
  - Month to month opportunity?
  - Spaces already built out with kitchen facility
  - Consider buying a business for sale
  - Consider a Franchise
  - Partnership, space sharing



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*Where Will You Sell?**

- Order Based
  - Catered events
  - Custom orders (ex. wedding cakes)
  - Meal delivery

- Event Based
  - Festivals
  - Pop Ups
  - Farmer's Markets

Where Will You Sell?*

- Retail - Direct to Consumer
  - Market or food hall, stall, pop up
  - Food truck or trailer
  - Brick and mortar
  - Online (own website)
  - Online (through another website - Amazon, Etsy, etc.)
- Wholesale - To or through another business
  - Markets or retailers
  - Caterers
  - Restaurants, cafes
  - Distributors

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*Creating a Plan**

- Why Will Your Business Succeed?
  - How is the market evolving changing?
  - What will you do with new competitors?
  - How will you attract and keep?
    - customers?
    - Attention of the food media?
    - Employees?

*Creating a Plan**

At a minimum, your Business Plan should include

- Written summary of your business concept:
  - How will you set up the business?
  - What kind of customer experience are you creating?
  - The “Who, What, Why, When and How” details
  - Profit and Loss projections for at least 1 year - 3 year preferable
  - Marketing Plan
  - Timeline to open

If you are selling in different counties, research and comply with those laws

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*Food Business Regulations Checklist Typical for Food Truck/Trailer Laws**

- Business License for the mobile business itself
- Employer Identification Number (EIN) from IRS
- Vehicle used for business must have commercial license, driver may need a commercial driver's license
- Seller, Vendor or peddler's license
- Food Handler License
  - May need one per employee
- Health Department inspection and permit for truck
- Health Department inspection an permit for the kitchen out of the county the truck works
- Fire Dept. Inspection snd certificate
- Sales tax account for and/or local tax agencies
- Event license for selling at special events might be required for EACH event
- Certificate of Occupancy might be required for selling on private property



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*Where to Get Help**

- SCORE Mentor
- SCORE and SBA websites (score.org , sba.gov)
- Economic Development Authority for your town, area
- Membership kitchens in your area
- Mass.gov – Residential Kitchens www.mass.gov/lists/retail-food
- Entrepreneurship programs for food serve businesses
- Local food truck associations



SEMA Mentors Can Help You
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