



# Starting a New Food Business

Oct. 27-28, 2020 | Athens, GA



**Department of Food Science  
and Technology**

*College of Agricultural & Environmental Sciences*

**UNIVERSITY OF GEORGIA**

# **Starting a New Food Business in Georgia**

**October 27-28, 2020**

**Athens, GA**

**Food Science and Technology Bldg.**



*Agenda*

**Day 1 – Tuesday, October 27<sup>th</sup>**

<b>Time</b>	<b>Item</b>	<b>Speaker</b>
8:00 am	Registration Opens	
8:15 am	Welcome and Introduction	
8:30 am	Roadmaps for the Food Entrepreneur?	<b>Anand Mohan, UGA</b>
<i>9:15 am</i>	<i>Break</i>	
<b>Session 1 Product Development</b>		
9:30 am	Food Product Development for the Food Entrepreneur	<b>Anand Mohan, UGA</b>
10:15 am	Product Development-Group Activity	<b>Jade Long, Koushik Adhikari, &amp; Rakesh Singh, UGA</b>
10:45 am	Group Activity Report	
11:30 am	Principle of Thermal Processing	<b>Kevin Mis Solval, UGA</b>
<i>12:15 pm</i>	<i>Lunch</i>	
<b>Session 2 Business Planning</b>		
1:00 pm	The Business Side of Starting a New Food Business	<b>Rob Martin, Albany SBDC</b>
1:45 pm	Marketing Opportunities for Small Businesses in Georgia	<b>Lauri Jo Bennett</b>
2:30 pm	Georgia Grown	<b>Kelli Williams, Georgia Grown</b>
<i>2:45 pm</i>	<i>Break</i>	
3:00 pm	Chef Demonstration	<b>Chef Matthew Raiford, The Farmer &amp; Larder</b>
<i>5:00 pm</i>	<i>Adjourn</i>	

*The order of subjects and starting times may be altered due to availability of speakers and time required for discussion and the exams that follow each lecture.*

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**Day 2 – Wednesday, October 28<sup>th</sup>**

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<b>Time</b>	<b>Item</b>	<b>Speaker</b>
<b>Session 3</b>	<b>Regulations and Food Safety Guidelines</b>	
8:00 am	Flavor of Georgia	<b>Sharon Kane, UGA</b>
8:45 am	Technical Innovation & Entrepreneurship: Leveraging University R	<b>Kirk Kealey, UGA</b>
<i>9:15 am</i>	<i>Break</i>	
9:30 am	Marketing Your Product	<b>Linda Mahan &amp; Jeannie Powell, <i>Local Event Management</i></b>
10:15 am	An Overview of GDA Regulation	<b>Natalie Adan &amp; Colby Brown, <i>GDA</i></b>
10:30 am	An Overview of FDA Regulation	<b>Janet Gray, FDA</b>
<i>12:15 pm</i>	<i>Lunch</i>	
1:15 pm	An Overview of Intellectual Property for Food Entrepreneurs	<b>Matthew Hoots, Smith Temple</b>
2:00 pm	Co-Packing	<b>Kenny Dasher</b>
<i>3:00 pm</i>	<i>Adjourn</i>	

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# **Roadmaps for the Food Entrepreneur**



## Am I a Food Entrepreneur?

Anand Mohan, PhD  
University of Georgia  
Department of Food Science & Technology

## Food Business is a **BIG** Deal

Food is a fundamental part of our life




Consumers will never say 'NO' to good foods

## Food Entrepreneurship

Your business is like planting a tree

It needs to be skillfully nurtured and cared and allow to grow with time, love, courage, energy, and YOUR **MONEY**



## Are you a **Wa** entrepreneur?

**Remember**

**"Wantpreneurs" Never Make it Happen**

Successful people are not exempt from failure



## Thinking of a start-up?

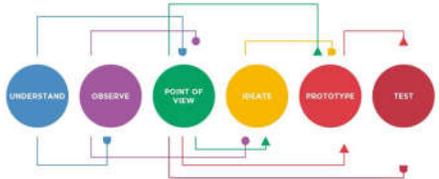
Think like **Design Thinkers**:

- Be a problem solver
- Be creative and collaborative
- Be focused on outcome than output
- Be customer centric



*The most important attribute of a successful start-up is more happy customers.*

## What Design Thinkers do?



- Know your customer and what they want.
- Define your core problem and make sure to solve it.
- Develop structured ways to generate ideas in succession.
- Turn prototype ideas into testable product.
- Validate the prototype with real customers.



## Signs of food entrepreneurship

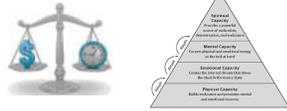
Self-starter



Personal attributes

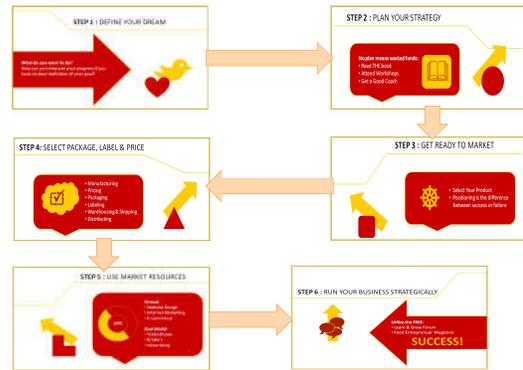


Decision making



Physical and emotional stamina

## Your dream from kitchen to market



## A roadmap of food business



## Ingredients of a food entrepreneur

- You have a passion to do something.
- You have the nerve to take risks.
- You think outside the box.
- You have the determination to get back on your feet even after a bad fall.
- You have the support of people close to you.

## Protecting your business

- Plans for protecting your business.
- Protecting patent, trademark or copyright of your business?
- Insurance agent to discuss the type(s) of insurance your business will need?

## Do you have enough money?

- To start your business?
- To get supplies and/or ingredients?
- To get a salary and profit after expenses
- Have you talked to a banker?
- Do you know where to get credit?

## Building or space



- Have you found a good building?
- Is the building in a good location?
- Will you have enough space?
- Can you afford to alter the space?
- How about lease / zoning requirements?
- Is the building accessible?

## Equipment and supplies

- Do you know what you will need?
- Do you know cost of equipment and supplies?
- Do you know your suppliers?
- Have you compared prices and credit terms of various suppliers?
- Will you save money by buying secondhand equipment?

## Completing your checklist



- Did you answer "yes" to all of the previous questions? or do you need to do more research?
- Develop goals to complete the checklist.
- Don't be afraid to ask for assistance.
- Remember, starting a business is simply taking risks.

Adapted from the Minnesota Department of Agriculture "Starting a Food Business in Minnesota," January 1998

## Will you be the next great food entrepreneur?

Bill Darden – Red Lobster

Dave Thomas – Wendy's

Col. Harlan Sanders – Kentucky Fried Chicken

Ray Kroc – McDonald's

Ruth Fretel – Ruth's Chris Steak House

Steve Ells – Chipotle Mexican Grill

\_\_\_\_\_ - .....???

I BELIEVE ANYTHING IS POSSIBLE  
I SEE OPPORTUNITY WHEN OTHERS SEE IMPOSSIBILITY  
I TAKE RISKS. I'M FOCUSED. I HUSTLE  
I KNOW THAT NOTHING IS UNREALISTIC  
I FEEL OVERWHELMING LOVE  
I EMBRACE MY CHILDLIKE WONDER & CURIOSITY  
I TAKE FLYING LEAPS INTO THE UNKNOWN  
I CONTRIBUTE TO SOMETHING BIGGER THAN MYSELF  
I CREATE. I LEARN. I GROW. I DO.  
I BELIEVE IT'S NEVER TOO LATE TO START LIVING A DREAM  
**I AM AN ENTREPRENEUR**

WHAT MATTERS MOST IS HOW YOU SEE YOURSELF.

"Anyone who has never made a mistake has never tried anything new."

Albert Einstein

www.HowDoYouGetThatConfidence.com



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# **Food Product Development for the Food Entrepreneur**

# Value-Added Product Development for Food Entrepreneur

**Kitchen to Market Approach**  
A Concept of Food Product Commercialization

## Outline

- Value-Added Product Development Process Overview
- Product Concept and Commercialization Development
- Food Safety for Shelf-Stable Foods



## Value-Added Food Products



## What is Value-Added Product Development

“The creation of products with new or different characteristics that offer new or additional benefits to the customer.”

“Product development may involve modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a newly defined customer want or market niche.”

-Business Dictionary

The primary goals:  
-to deliver a delicious product that satisfies a consumer need.  
-to be compliant to the regulatory policies and to be safe for consumers.



## Why Value-Added Product

“The creation of products with new or different characteristics that offer new or additional benefits to the customer.”

“Product development may involve modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a newly defined customer want or market niche.”

-Business Dictionary

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## Motives for New Product Development

- Financial growth
- Sales growth
- Competition
- Advances in technology
- New invention
- New regulations
- Material cost changes
- Demographic or lifestyle changes



## Overview

**Development → prototype**

- **Recipe**
  - Sensory testing
  - Cost estimate in large scale
  - Feasibility of recreating/running in plant
- **Procedure**
  - Easiness/ comprehensive
  - Food safety
- **Small manufacturing**
  - Scale up



## Overview



**Raw Materials**

- Opportunity
- Conceptualization
- Formulation
- Value-Addition

**Process**

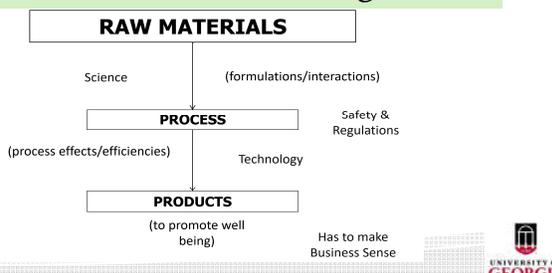
- Process Characteristics
- Process Efficiencies
- Technological Innovation
- Product Safety

**Product**

- Marketability
- Commercialization



## Overview of Manufacturing Process



**RAW MATERIALS**

Science (formulations/interactions)

**PROCESS**

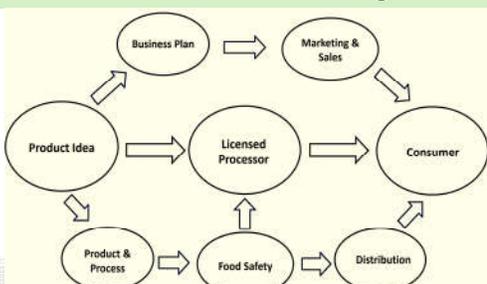
(process effects/efficiencies) Safety & Regulations Technology

**PRODUCTS**

(to promote well being) Has to make Business Sense



## Overview of Manufacturing Process



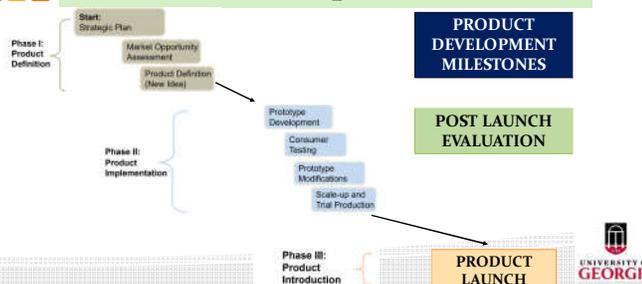
Product Idea → Business Plan → Marketing & Sales → Consumer

Product Idea → Licensed Processor → Consumer

Product Idea → Product & Process → Food Safety → Distribution → Consumer



## Product Development Process



**Phase I: Product Definition**

- Start: Strategic Plan
- Market Opportunity Assessment
- Product Definition (New Idea)

**Phase II: Product Implementation**

- Prototype Development
- Consumer Testing
- Prototype Modifications
- Scale-up and Trial Production

**Phase III: Product Introduction**

- PRODUCT LAUNCH

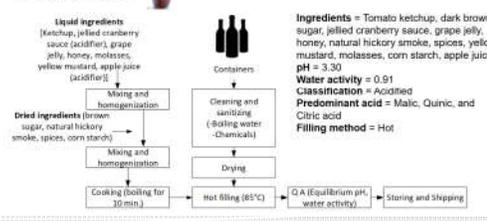
**PRODUCT DEVELOPMENT MILESTONES**

**POST LAUNCH EVALUATION**



## Example

### BBQ Sauce



**Liquid Ingredients** [ketchup, jellied cranberry sauce (acidifier), grape jelly, honey, molasses, yellow mustard, apple juice (acidifier)]

**Dried Ingredients** (brown sugar, natural hickory smoke, spices, corn starch)

**Containers**

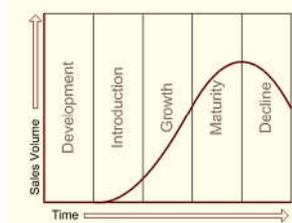
**Ingredients** = Tomato ketchup, dark brown sugar, jellied cranberry sauce, grape jelly, honey, natural hickory smoke, spices, yellow mustard, molasses, corn starch, apple juice. **pH** = 3.50 **Water activity** = 0.91 **Classification** = Acidified **Predominant acid** = Malic, Quinic, and Citric acid **Filling method** = Hot

**Process:** Mixing and homogenization → Cleaning and sanitizing (Boiling water -Chemicals) → Drying → Hot filling (85°C) → Q.A. (Equilibrium pH, water activity) → Storing and Shipping



## New Product Life Cycle

- Development
- Introduction
- Market growth
- Market maturity
- Decline



Ref: Investigating the Product Life Cycle. <http://212.85.13.29/podcast/?p=350>



## New Product Success

### Four Basic Consumer Truths

- Product needs to deliver on the concept promised
- Advertising quantity and quality matters
- Distribution drives sales
- Long-term support for new brands are needed



## Concept of New Product

- Define your product
- Why should somebody need your product?
- Who will buy this product?
- Where will you market this product?
- What is in it?
- What is the identity?



## Concept of New Product

- What product?
- How will I make it?
- Who is the consumer?
- Business plan?
- Financial considerations?
- Regulatory?
- Research product
  - trends
  - environmental factors
  - new technology
- Make prototype

**\*Document everything\***



## Category of New Product

What category do you want to sell your product in?

- Refrigerated or Shelf stable
- Acid, Acidified or Low Acid
- High moisture or dry
- Organic or not
- Natural or not, etc.



## Ingredients and Ingredient Functionality

- List out all the ingredients used in making your product
- Initially try to make the best product you can and document everything
  - Ingredients (form, source, manufacturing info, quantities, percentages)
  - Sequence of the use of ingredients (including any preprocessing)
  - Process (steps, time of each step etc.)



### Developing Kitchen Recipe

- Make the product few times in your kitchen (keep record of everything you did, measured, mixing, and cooking time and temperature etc.)
- If you change ingredient:
  - Notice if any variation in finished product
  - Ingredient behavior - pH shift, textural changes etc.
  - Processing needs (needs longer or shorter cooking)



### Developing Kitchen Recipe

Processing

- Size of the cookware used
- Process parameters (temperatures, times, mixing, pH)
- Quality of the finished product before packing
- Quality after the estimated shelf life period



### Developing Kitchen Recipe

Processing

- Taste tests (Sensory evaluation)
- Evaluate the final product for its sensory attributes
- Develop an identity for the product
- Make sure to evaluate this every time you make the product to ensure consistency



### Developing Kitchen Recipe

Quality Assurance

- Same product every time
- Same product when it reaches the consumer
- How?
  - Train the personnel on specific responsibilities, sanitary standard operating procedures (SSOPs), and protocol
  - Monitor product for target taste and integrity during production
  - Complete set safety checkpoints for product
  - **Take** and **Keep** records of each batch and corrective actions taken (if necessary)



### Developing Kitchen Recipe

Development → Packaging

- **Package**
  - Food safety
  - Durability
  - Aesthetics
- **Label**
  - Nutritional info
    - allergens
  - Graphics
  - Regulatory/legal
    - Claims



### Developing Kitchen Recipe

Shelf Stable Foods




### Developing Kitchen Recipe

#### Tomatoes - pH Values

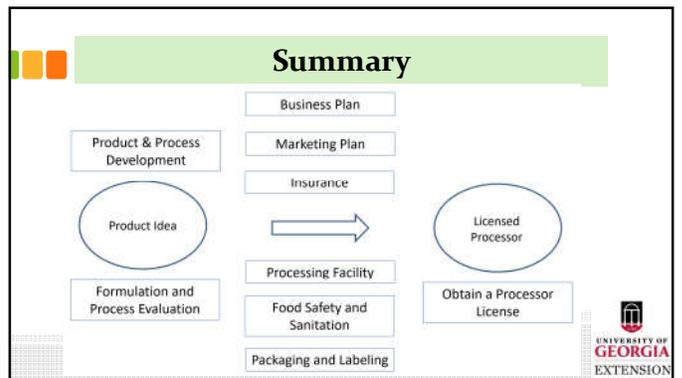
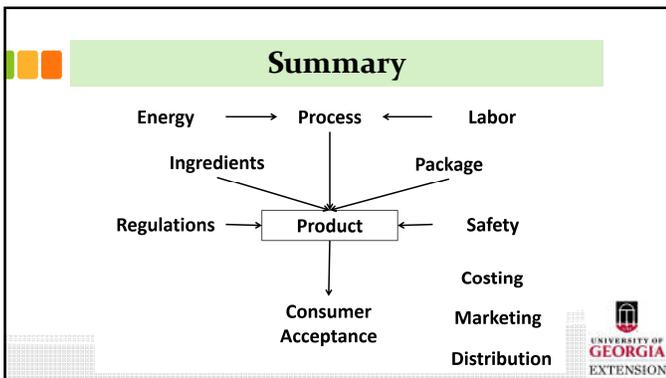
 Roma Tomatoes 4.34	 Beefsteak Tomato 4.54	 Red Roma Tomatoes on Vine 4.42
 Yellow Tomatoes 4.45	 Tomatillo 3.81	



### Developing Kitchen Recipe

#### Peppers - pH Values

 Pasilla 6.65	 Anahelm 5.47	 Jalapeno 5.63
 Habanero 4.94	 Serrano 5.59	 Yellow Bell 4.91

Thank you!

## **Product Development Competition Exercise**

In this exercise, you will be taking the knowledge you have gained about product development and use it to create your own product. You will be split into six groups and each group will have a different product. You will be presenting your final project to the class and our expert panel for judging. You have roughly 20-30 minutes to answer the questions below.

### **Who?**

1. Who is the target market?

### **What?**

2. What is your objective with this product?
3. What customer need is solved with your product?
4. Describe your product using your five senses (i.e. taste, texture, appearance...etc).
5. What does the packaging look like? Describe both the graphics and the essentials in labelling.



Starting a New Food Business Workshop, October 27-28, 2020

Team #1. Dipping sauce for chicken nuggets.

Team #2. New flavor of chip.

Team #3. Powdered sports drink mix.

Team #4. Lunch-box dessert.

Team #5. New flavor of pre-packaged muffin(s).

Team #6. Breakfast meat product.



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# Principles of Thermal Processing

# Principles of Thermal Processing

Kevin E. Mis Solval, Ph.D.  
Assistant Professor

UGA – Food Science & Technology



## Introduction

- Theories that form the scientific basis for thermal processes
- Identify and review major factors affecting thermal processing – to ensure that a **scheduled process** is adequate for destruction of disease-causing and spoilage organisms



## Definitions

- pH** – it is an indicator of the product's acidity (1-14).
- Water activity ( $a_w$ )**- it is an indicator of the free moisture in a product (0-1).
- Acid foods** – Foods that have a natural pH of 4.6 or below
- Acidified foods** – Low-acids foods to which acid(s) are added. They have water activity ( $a_w$ ) >0.85, and finished equilibrium pH of 4.6



## Definitions

- Low-acid foods** – Any food (other than alcoholic beverages) with finished equilibrium pH > 4.6 and  $a_w$  > 0.85
- Scheduled process** – It is an adequate process (established and approved by a **process authority**) for the manufacturing of a food that will not permit the growth of foodborne pathogens.
- Food processing authority** - A person or organization having expert knowledge of thermal processing requirements for foods. Must have adequate facilities to make processing determinations.



## Basis of Thermal Processes

- Complex... and requires the knowledge of food microbiology and processing methods
- Need an understanding of the food
  - Formulation
  - Characteristics
  - Processing system
  - Packaging system



## Methods for thermal processing



- Conventional Canning:
  - Fill container** → hermetically seal container → process the food and container together



## Goal: Heat Everything to Minimum Temperature for Minimum Time

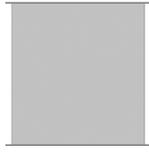
Conventional Canning



Cold spot in Retort?

“Temperature Distribution”

AND...



Cold Spot of Product?

“Heat Penetration”

## Commercial sterility (shelf stable)

- “...free of microorganism capable of reproducing in the product at non-refrigerated conditions of storage and distribution”



## Thermal process for acidified foods

- Acidified foods shall be **thermally processed to an extent that is sufficient to destroy the vegetative cells of microorganisms of public health significance** and those of nonhealth significance capable of reproducing in the food under the conditions in which the food is stored, distributed, retailed and held by the user. Permitted preservatives may be used to inhibit reproduction of microorganisms of nonhealth significance (in lieu of thermal processing).



## Acidified Foods and Low $a_w$ Foods

- Acidified
  - Process based on product heating data, pH and final product temperature
  - **Hot-fill-hold** process may be used
  - Pasteurizer or atmospheric cooker may be used
- Low  $a_w$  ( $\leq 0.85$ ) foods
  - No regulations in place for thermal processing
  - May receive a mild heat treatment



## Hot filling

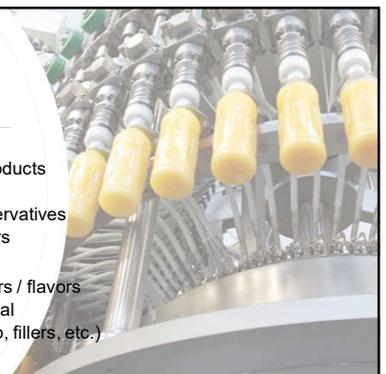
- Thermal process applied to acidified foods to control the growth of microorganism.
- Liquid food is heated to  $>194$  °F ( $\sim 90$ °C) to inactivate spoilage microorganism, then containers (glass or plastic) are filled with hot liquid, capped, and turned on its side or upside down to ensure the cap is thermally treated as well. The containers are rapidly cooled.
- Examples: Liquids with pH  $<4.6$  such as juices, soups, spreads, flavored waters, vegetable drinks, marinades, etc.
- Temperature monitoring is critical



Source:  
<https://caamatek.com/news/what-are-the-different-filling-methods/>

## Hot filling

- **Benefits**
  - Increased food safety of products
  - Longer shelf life
  - Reduced quantities of preservatives
  - Increased palatability, flavors
- **Disadvantages**
  - Undesirable change of colors / flavors
  - Temperature control is crucial
  - Additional equipment (pump, fillers, etc.) to handle hot liquids



## Cold filling

- Cold liquid food is added to a cold container, then both the liquid and container may be heated at predetermined conditions (temperature and time).
- This is a common method for fresh products including fruit juices and soups.



Source:  
<https://capmatek.com/news/what-are-the-different-filling-methods/>

## Cold filling

- **Benefits**
  - Easy to handle cold liquids than hot liquids
  - Less investment in processing equipment
- **Disadvantages**
  - Temperature control is crucial for thermal treatment
  - Semi-continuous process
  - May require the use of a kettle or retort



## Process schedule

- Process designed to provide a commercially sterile or shelf-stable product.
- Regulatory agencies require that a process schedule be established by a "processing authority."

*What time and temperature are needed to destroy the most resistant spoilage organism or disease-causing organism that could survive and then grow in the finished product?*

## Process determination

- Requires knowledge of the following factors:
  - Product characteristics
  - Container size & type
  - Processing procedures
  - Characteristics of microorganisms



## Process schedule

- Includes
  - Product initial temperature
  - Process temperature
  - Process time
  - Other critical factors



## Business Process

## Process schedule

- Will identify "critical factors" need for the process
  - Examples: viscosity, particle size, solid/liquid ratio, headspace, flow rate, etc.
- Once established for a particular food, the scheduled process is specific for all aspects of the food formulation, food processing system, and food package and must not be altered without consultation with the processing authority.

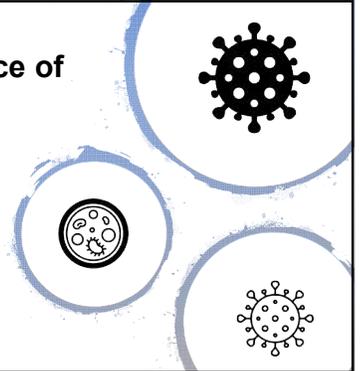


## Establishment of the thermal process



## Thermal Resistance of Microorganisms

- Factors affecting microbial heat resistance:
  - Growth characteristics of microbe
  - Food formulation – for heat resistance
  - Food formulation – for ability to grow in food



## Temperature and Time

- Most easily regulated and measured
- Destruction dependent on magnitude of heat and exposure time
  - Higher temperature = less time
  - Lower temperature = more time  
(To kill the same amount of microbes)

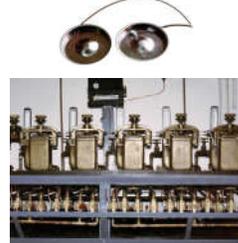


## Methods for determining heat resistance

TDT Tube



TDT Can



Three-neck flask



## Product heating characteristics

- Heat Penetration studies are used to determine the heating characteristics of conventionally canned products.
- This is used to determine the “slowest heating region” of the food in the container



## Heat penetration studies



Thermocouple in container

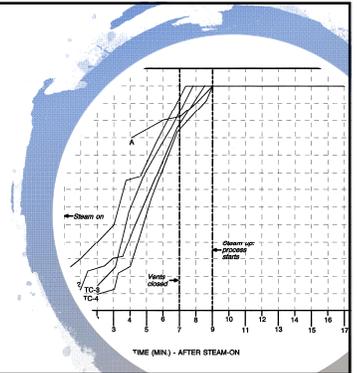


Cans in test vessel

### Calculating the process schedule

- Conventional Canning:
  - microbial thermal resistance data
  - heat penetration data
    - Used by process authority for the significant spoilage or disease-causing organisms in the product.
- Aseptic Processing:
  - microbial thermal resistance data
  - flow characteristics data
    - used by process authority for the significant spoilage or disease-causing organisms in the product.

Thermal processing is specific for a single product and must be developed and approved by a **processing authority**



Thank you!



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# **The Business Side of Starting a New Food Business**

**Housekeeping title**  
As we begin our webinar, things you need to know:



<p><b>They're in the email</b></p> <p>It's hard to listen, write, grab a bite to eat and slurp down coffee, so know that we are going to send you the slide deck of today's presentation. Give us 24 hours and they should be in your inbox.</p>	<p><b>Grab some popcorn</b></p> <p>Enjoyed it once! You'll love it twice. We're happy to send a recording as well. Check your email in 24 hours for directions on how to download it to your computer. No fair sharing.</p>	<p><b>How'd we do?</b></p> <p>We always try to get better so would you help us perfect our presentation by filling out the evaluation at the end of this webinar? It'll appear automatically or after you hit the LEAVE MEETING button. Thank!</p>
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Rob Martin robmartin@georgiasbdc.org 1

# The Business Side of Starting a Food Business

*Rob Martin – Area Director*

**UGA Small Business Development Center - Albany**

10/28/2020



Small Business Development Center  
UNIVERSITY OF GEORGIA

**Rob Martin**  
Area Director - UGA Small Business Development Center Albany

Rob Martin is the Area Director and a Business Consultant in the Albany office. Previously, he worked for a Fortune 500 corporation and has been a small business owner. He brings with him a rich background of leadership experiences ranging from manufacturing, sales and distribution to hospitality, culinary and operations management.



- M.B.A., Marketing, Georgia Southwestern University
- Director of Hospitality & Executive Chef, Sherwood Baptist Church, Albany, GA
- Operations and Account Sales Manager, Motion Industries, Inc
- 2020 Recipient of the Visionary Alumni Award, Georgia Southwestern University
- Opened a successful Food Service concept still in operation today.

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# WHAT DO WE DO FOR GEORGIA'S BUSINESSES?

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We've been committed to providing confidential consulting, training, and research assistance to Georgia's small businesses for over 40 years.

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A LARGE PERCENTAGE of businesses close within the first few years of starting. Why?

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 Lack of capital	 Unprofitable business model
 Lack of experience and leadership	 Poor financial management
 Lack of uniqueness and value	 Rapid growth and expansion
 Not keeping in touch with customer needs	 Poor pricing strategies
 Failing partnerships	 Not keeping current (technology)

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[www.georgiasbdc.org](http://www.georgiasbdc.org)



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### Georgia SBDC Network

Consulting Services

 <b>Capital Assistance</b> <ul style="list-style-type: none"> <li>• Business Plan Development</li> <li>• Information Source</li> <li>• Financial Projections and Documentation</li> <li>• Equity Analysis (Venture Capital)</li> <li>• Grant Assistance (SBIR/STTR)</li> </ul>	 <b>Marketing Assistance</b> <ul style="list-style-type: none"> <li>• Marketing Plans &amp; Calendars</li> <li>• Demographics</li> <li>• Market Research</li> <li>• Strategic Marketing Assessment</li> <li>• Retailing Assessments</li> <li>• Customer/Supplier Identification</li> </ul>	 <b>Financial Management Assistance</b> <ul style="list-style-type: none"> <li>• Record Keeping &amp; Accounting Systems</li> <li>• Ratio Comparison &amp; Financial Analysis</li> <li>• Accounts Receivable Analysis</li> <li>• Business Valuation</li> <li>• QuickBooks Assistance</li> </ul>
 <b>Management Assistance</b> <ul style="list-style-type: none"> <li>• HR Management</li> <li>• HR Compliance</li> <li>• Strategic Planning</li> <li>• Management Audits (Gap Analysis)</li> </ul>	 <b>International Trade Center</b> <ul style="list-style-type: none"> <li>• Financial Assistance</li> <li>• Market Identification/Entry</li> <li>• ExportGA</li> <li>• Export-U</li> </ul>	 <b>Minority Business Development</b> <ul style="list-style-type: none"> <li>• Minority Supplier Directory</li> <li>• Government Contracting and Certification</li> <li>• Consulting/Workshops</li> <li>• Non-traditional Financing Sources Workshops</li> </ul>

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## How do we help FOOD BUSINESS

The UGA SBDC provides core business management assistance to help businesses improve their financial performance and expand market opportunities.

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**AID IN SECURING LOAN PLACES GEORGIA PRODUCT IN STORES ACROSS THE U.S.**

With help from the UGA SBDC with business planning, financial projections, and marketing assistance, **Weeks Honey Farm** was able to secure a seven-figure USDA loan and increase product placement from 150 to 3,000 stores in 28 states across the United States.

 Business Planning

 Financial Projections

 Marketing Assistance



**Ray Crosby**  
Weeks Honey Farm

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## How do we help FOOD BUSINESS

<p><b>Market Research</b></p> <ul style="list-style-type: none"> <li>• Focus Groups</li> <li>• Opinion Surveys</li> <li>• Over/Under Supply Reports</li> <li>• Retail Reports</li> </ul>	<p><b>Economic Research</b></p> <ul style="list-style-type: none"> <li>• Labor Force Analysis</li> <li>• Industry Profiles</li> <li>• Targeted Industry Studies</li> <li>• Revenue Forecasting</li> <li>• Needs Assessment</li> <li>• Demographics</li> </ul>
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# Let's Get Started

- 1 Casting the Vision**  
.....  
Know the questions you need to ask yourself, about your product and about your consumer
- 2 Doing your Research**  
.....  
Conducting Market Research is part science, part research, and part intuition
- 3 Planning and Procedures**  
.....  
Have a plan! Put it in writing this is the roadmap for your venture. Develop the procedure for production and customer management

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**THE LAUNCH**

## Casting the Vision

A food business requires careful planning. Know the questions you need to ask yourself

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## Personal Questions

Is this the right business for me?

- Are you willing to invest the time and effort necessary to start this type of business?
- Is this type of business a good fit for your family?
- Do you consider yourself to be an "entrepreneur"?
- Do you have the necessary capital required to fund this new business?

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## Product Questions

What is it that I'm selling?

- What is your product and how will you make it?
- What is MY Unique Selling Proposition?
- Who will purchase or consume your product?
- Can you make money with this enterprise?

You have a realistic vision/purpose for this new enterprise, and you have enough "seed money" to get your food processing business started.

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## As You Plan Your New Business, Answer the Who, What, & Why's

- Who will use my product?
- What is the competition?
- Where will I sell it?
- What price will I charge?
- Why will customers buy it?

You know who your customers will be and what differentiates your product from those already on the market.

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**THE LAUNCH**

## Doing your Research

Conducting Market Research is part science, part research, and part intuition

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## Do Your Research

What am I getting myself into?

- Market Research - gathering information about markets or customers
- Target Audience – those who will buy your product
- Market Niche - segment of a larger market that can be defined by its own unique needs, preferences, or identity.



You must know who your customers will be and what differentiates your product from those already on the market.

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## Market Segments

What are my markets?

- Direct Marketing
- Grocery Stores
- Specialty, Gourmet, or Health Food Stores
- Institutional Foodservice Markets
- Internet Sales
- Mail Order



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## Hidden Cost of Selling

- Printed material costs or web design and maintenance
- Product shipping costs, handling, credit sales, returns, and lost shipments
- Customer complaints
- Advertising
- Developing and maintaining address lists

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## Can You Make Money Selling Your Product?

**A Cost of Making your Product**

Calculate all your costs, both fixed and variable. Fixed costs are the things that don't change including rent, basic utilities, insurance, salaries & taxes.

Costs for such things as ingredients, packaging, labels, shipping, advertising, promotion, supplies, etc. are variable and depend on the number units produced.

**B What will Consumer Pay?**

Consumers are generally willing to pay a premium for high-quality specialty food products, but you must determine what the market will bear.

This is where your earlier market research information gives you a clearer picture of your potential customers' buying income and helps you to determine their price sensitivity.

**C Set Price of Product**

Setting prices is one of the principal tasks of your product development in that the price of a product or service often plays a significant role in that product's or service's success, not to mention in a company's profitability.

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## Show me the NUMBERS

Where do I get the numbers?

- Reference materials (industry standards)
- Check w/competitors in other locations
- Find a lawyer or accountant who represents companies like yours
- Suppliers/equipment sellers to your industry
- Call local competitors for information on prices/services

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## Planning and Procedures

Know of the requirements to get your business up and running so you can start your business off right.

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## Are you going to need funding?

Let's Talk Financials

- What are your one-time Start-Up Cost
- What are your monthly operating expenses
- Have you considered:
  - Marketing Cost
  - Utilities
  - Labor Burden
  - Insurance
- Do you have funds to get you through your first six months of operations or until you are profitable?

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## Do a FEASIBILITY Projection

For you as much as your lender

- Detail Your Start-Up Cost
- Personal Living Expenses
- Pro Forma Financial Statement - We can help you forecast operations, income and expenses
- Cash Flow-tracks cash to project borrowing needs or How money flows in and out of the business
- Income Statement-includes non-cash items
- Balance Sheet- snapshot of assets and liabilities



Cash Flow

Profit & Loss

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## Elements of a Business Plan

Put it on paper

- Executive Summary
- Business Description
- Business Location
- Management
- Market Strategy
- Operations
- Financials
- Supporting Documents



Business Start

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## Resources Available to Help You Start Your Business



- 
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 Find your closest office at:  
[www.georgiasbdc.org/locations](http://www.georgiasbdc.org/locations)
- 
**Ga Dept. of Agriculture**  
 19 Martin Luther King Jr. Dr., SW  
 Atlanta, GA 30334  
 (404) 656-3600  
<https://georgia.gov/organization/georgia-department-agriculture>
- 
**UGA Food Science**  
 100 Cedar St #211  
 Athens, GA 30602  
 (706) 542-2266  
<https://foodscience.caes.uga.edu/>
- 
**Georgia Grown**  
 19 Martin Luther King Jr. Drive SW  
 Room 324  
 Atlanta, Georgia 30334  
 (404) 656-3680  
<https://georgiagrown.com/>

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## Local, State & Government Regulations

And how they can affect your startup

- Zoning Regulations Stipulate Designated Land Uses
- Most Permits and License Requirements are Mandated by the State
- Familiarize Yourself with the Basic Requirements for Starting a Business



You have determined which licenses and permits you will need to operate a food processing business in your community.



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## Local, State & Government Regulations



- Business Licenses
- Regulatory Licenses
- Federal Tax Employer Id Number (EIN)
- Register with your Local Government
- Georgia Sales Tax Number
- Open Business Bank Account

- 
**IRS Office**  
 235 Roosevelt Ave.  
 Albany, GA 31701  
 (229) 405-6649  
<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- 
**GAS Dept of Revenue**  
 1800 Century Blvd NE  
 Atlanta, GA 30345  
 (877) 423-6711  
<https://dor.georgia.gov/document/s/forms>

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## Select Your Business Structure & Name

- Sole Proprietorships
- General Partnerships
- Corporations
- Limited Liability Companies
- Limited Partnerships
- Limited Liability Partnerships



**Ga Secretary of State**  
2 MLK Jr. Drive  
Suite 313, Floyd West Tower  
Atlanta, GA 30334-1530  
(404) 656-2817  
<https://sos.ga.gov/index.php/corporations>



**Register Your Business Name**  
2 MLK Jr. Drive  
Suite 313, Floyd West Tower  
Atlanta, GA 30334-1530  
(404) 656-2817  
<https://ecorp.sos.ga.gov/>

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## Obtain Proper Tax Information

- Personal Property and Local Taxation Requirements
- Obtain Federal, State, County and Local Tax Information
- Federal Taxation Requirements Available from the Internal Revenue Service
- Do you also need a resale certificate?

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## Checklist for your New Business

Next Steps to Take

 Select your business structure.	 File with the Secretary of State.	 Get Federal Tax Employer Identification Number (EIN) with the IRS.
 Create or register your business.	 Register your business with your local government.	 Open bank account in the name of your business
 Prepare your Business formation documents.	 Obtain Georgia sales tax number	 Obtain all necessary permits & licenses.

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## Turning Your Idea into Reality

A checklist for where to begin

**Step 1**  
Assess your personal skills and commitment to the business you are starting.

**Step 2**  
Research your market, its potential, and your competition. Use local resources and business advisors.

**Step 3**  
Develop your business idea.



Starting your Business

**Step 4**  
Check local zoning requirements or restrictions before acquiring or remodeling a property.

**Step 5**  
Obtain a copy of local and state rules, regulations and agencies.

**Step 6**  
Put into action.

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*"In order to help small businesses recover from the effects of COVID-19, the University of Georgia Small Business Development Center is currently offering all of its continuing education programming at no direct charge to small business owners, employees and prospective business owners for calendar year 2020 thanks to special funding from the CARES Act.*

[www.georgiasbdc.org/training](http://www.georgiasbdc.org/training)

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# QUESTIONS?

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**Thank You**

STAY CONNECTED WITH US

**UGA SBDC in Albany**

PHONE: 229.420.1144

WEBSITE: [www.georgiasbdc.org/albany](http://www.georgiasbdc.org/albany)





# GUIDE TO STARTING A BUSINESS IN GEORGIA

The following are suggested steps to take in order to start a business. These steps are being listed in the sequential order that is suggested you follow:

## 1 Decide on the business structure or legal entity.

---

Most common forms of business structure are sole proprietorship, partnership, limited liability company (LLC), or corporation. You should discuss the features of each type of legal entity with your legal advisor. An overview of this topic is available at [http://sos.ga.gov/index.php/corporations/commonly\\_asked\\_questions](http://sos.ga.gov/index.php/corporations/commonly_asked_questions).

If you decide on a limited liability company, partnership, or corporation, you **will** need to register your business name with the Georgia Secretary of State (SOS) office.

## 2 Decide on a name for your business.

---

When you decide on a name, contact the Georgia Secretary of State to see if any other entity is using this name. If not, then you can reserve the name by filing a "Name Reservation Request" form with the SOS. There is a \$25 nonrefundable fee to reserve a name. You can obtain the reservation request form at <http://sos.ga.gov/corporations/acrobat/applications/Form%20-%20Name%20Reservations.pdf> or online at <https://ecorp.sos.ga.gov/>. If the name is available, this process will reserve it for 30 days to allow you time to complete the steps to secure it.

Your business will automatically be registered by the name of the legal entity. If you wish to use a trade name (also called a fictitious name or "DBA"), you will need to register it with the Clerk of Superior Court in the county in which the business is located.

## 3 Prepare Your Business Formation Documents.

---

After deciding on your business structure and name for your business, you will need to prepare or have someone prepare your business formation documents. Again, you need to consult with your legal advisor on the types of documents required. An overview of this topic is available at <https://sos.ga.gov/index.php/corporations>.

## 4 File with the Secretary of State.

---

Once the business formation documents have been prepared you need to file the appropriate registration form and business formation documents with the SOS.

- You can file your domestic corporation online at <https://ecorp.sos.ga.gov/>.
- A partnership or limited liability partnership may not be filed online.

## 5 Federal Tax Employer Identification Number (EIN) with the IRS.

---

*To pay Federal taxes on income and employees; may also be required for other documentation.*

Apply for a federal Tax Employer Identification Number (EIN) with the IRS at no cost to you. If your business is a sole proprietorship you can use your SSN in lieu of an EIN and thus you don't need to apply for an EIN.

*Contact The UGA Small Business Development Center in Albany at 229-420-1144 for help with your business. We offer no-cost, confidential consultation and low-cost educational programs for your business.*

- You may apply for an EIN online at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>. The IRS will assign you a number immediately while you are still online. Be sure you can access a printer while online so that you can print out a copy of your EIN. You can use this EIN as verification of your business when completing other business formation tasks.
- For other IRS matters go online to <http://www.irs.gov/>

## 6 Register Your Business with your Local Government.

---

*Sole proprietorships are not required to register with the state, but all other business must register with the state.*

Partnerships, LLP's, LLC's, and all types of corporations may need to register with the local government where their business is located. Contact the local government office, i.e. county office or city hall, etc., in the location where your business will be located to see if you need to register your business for an occupational tax license and trade name, if applicable.

## 7 Georgia Sales Tax Number.

---

*To pay State taxes on income and employees and also submit all sales tax that you've collected from goods and services.*

You will need to submit a "State Tax Registration" application (Form CRF-002) with the State of Georgia to register your business. This will also automatically register you for a Georgia sales tax number and withholding tax number as well as other tax registration numbers that might be applicable for the type of business you will operate.

- For a list of Georgia tax forms go to <http://dor.georgia.gov/documents/forms>.
- For instructions on filing Form CRF-002 go to [http://dor.georgia.gov/sites/dor.georgia.gov/files/related\\_files/document/CRF-002%20Instructions.pdf](http://dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/CRF-002%20Instructions.pdf)
- For assistance call Taxpayer Registration at 877-423-6711, go to Georgia Department of Revenue at <http://dor.georgia.gov/>, or visit a Georgia Department of Revenue regional office.

## 8 Open a bank account in the name of your business.

---

You will need to provide the bank with identify information about yourself, i.e. driver's license number and SSN, etc., as well as proof that your business has been registered with the city, county, or state. It is a good idea to keep your business finances separate from your personal finances and thus the need for a business bank account.

## 9 Other helpful resources for starting a business.

---

For other information on starting a business, the Georgia SOS provides many helpful documents including:

- First Stop Business Information Center [http://sos.ga.gov/index.php/corporations/first\\_stop\\_business\\_guide](http://sos.ga.gov/index.php/corporations/first_stop_business_guide)
- First Stop Business Guide - [http://sos.ga.gov/admin/files/First\\_stop\\_business\\_guide.pdf](http://sos.ga.gov/admin/files/First_stop_business_guide.pdf)

The University of Georgia's Small Business Development Center (SBDC) has a booklet called "Start-Up Basics" [https://www.georgiasbdc.org/pdfs/StartupBasics\\_v1.pdf](https://www.georgiasbdc.org/pdfs/StartupBasics_v1.pdf). This booklet contains very helpful information and issues to consider for all individuals who are considering starting their own business. For more helpful brochures and information visit the SBDC website at [www.georgiasbdc.org](http://www.georgiasbdc.org).

*Contact The UGA Small Business Development Center in Albany at 229-420-1144 for help with your business. We offer no-cost, confidential consultation and low-cost educational programs for your business.*



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## **SMALL BUSINESS DEVELOPMENT CENTER**

### **BUSINESS CONSULTING SERVICES**

**2419 Westgate Drive, Suite 100  
ALBANY, GA 31707 (229) 420-1144  
ALBANY@GEORGIASBDC.ORG**

The University of Georgia SBDC offers business consulting to Georgia business owners and entrepreneurs at no direct cost. Our goal is to grow stronger, more successful Georgia businesses. Your business can take advantage of our wide range of services, including:

#### **FOR STARTUPS**

- ◆ Understanding credit requirements and lending expectations
- ◆ Access to market research analysis
- ◆ Break-even and financial feasibility analysis
- ◆ Business plan assistance
- ◆ Income and cash flow projection assistance
- ◆ Loan proposal preparation
- ◆ Understanding business entity structuring
- ◆ Research on local, state, and federal regulatory requirements
- ◆ Record keeping systems and data management assistance
- ◆ Marketing assistance
- ◆ Human resource planning

#### **FOR EXISTING BUSINESSES**

- ◆ Access to market research resources
- ◆ Business plan assistance
- ◆ Income and cash flow projections
- ◆ Loan proposal preparation
- ◆ Accounting and financial management assistance
- ◆ Cash flow analysis and ratio comparison
- ◆ QuickBooks assistance
- ◆ Strategic planning
- ◆ Research on local, state, and federal regulatory requirements
- ◆ Record keeping systems and data management assistance
- ◆ Marketing assistance
- ◆ Human resource planning  
Helping with Job Descriptions & Employee Handbooks
- ◆ Business continuity planning
- ◆ Website design & improvement
- ◆ Social Media marketing
- ◆ Business health check up



Funded in part through a cooperative agreement  
with the U.S. Small Business Administration.



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# **Marketing Opportunities for Small Businesses in Georgia**



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**Are You  
Georgia  
Grown?**



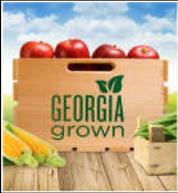
*Kelli Williams, North Georgia  
Marketing Coordinator*  
Kelli.Williams@agr.georgia.gov

## Your Georgia Grown Program

- **PURPOSE**  
Georgia Grown is an economic and community development platform designed to grow local economies throughout our state.  
Georgia Grown members are certified local producers, representing our great state. We grow better, together!

## Who Joins Georgia Grown?

- ✓ Producers & Processors
- ✓ Manufacturers & Brand Owners
- ✓ Wholesale & Distribution Channels
- ✓ Retailers & Restaurants
- ✓ Classic Agribusiness
- ✓ Ag/Ag Community-Oriented Entities
- ✓ Consumers



Georgia Grown | 

## New Membership Fee Structure

- Memberships have changed to be a function of sales to establish equity among our partners
- \$0-\$100,000                      \$100 annually
- \$100k-\$1 million                \$500 annually
- \$1 million - \$10 million       \$1,000 annually
- \$10 million +                     \$2,500 annually

## Georgia Grown Logos



Georgia Grown | 

## Marketing Georgia Agriculture

**Georgia Grown**

- Economic Development
- Marketing & Public Relations
- Nutrition & Wellness
- Education & Outreach



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## Program Updates

- New Website

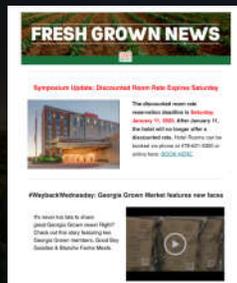


## Join today!

- Visit [georgiagrown.com/joinnow](http://georgiagrown.com/joinnow)
- Create a profile, join today
- Once you become a paid member you can access your Georgia Grown Account
  - Downloading logos
  - Updating your profile and products sold

## Georgia Grown Newsletters

- Once you become a member be sure to read your Georgia Grown Newsletter for vendor opportunities and Georgia Grown updates!



## Promotions



### SPECIALTY FOODS

- Support a range of specialty food producers from cottage food to national brand producers.
- Host dozens of exclusive Georgia Grown events throughout Georgia.

## Fresh Market



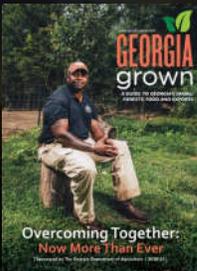
## Kroger



## Publix



## 2020 Georgia Grown Magazine



## #4 Georgia Grown Events and Shows

Mark your calendar!  
**GEORGIA**  
grown  
*Fest*  
2021  
**APRIL 17th, 2021**  
ASHBURN, GA I-75 • EXIT 82  
Hours 9am-5pm - Rain or Shine  
Plan to come out and support  
or get info to be a vendor!  
For more info please email [gpgrownfest2020@gmail.com](mailto:gpgrownfest2020@gmail.com)

## Domestic Marketing Program





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# **Chef Demonstration**

Is this a map of your tongue?

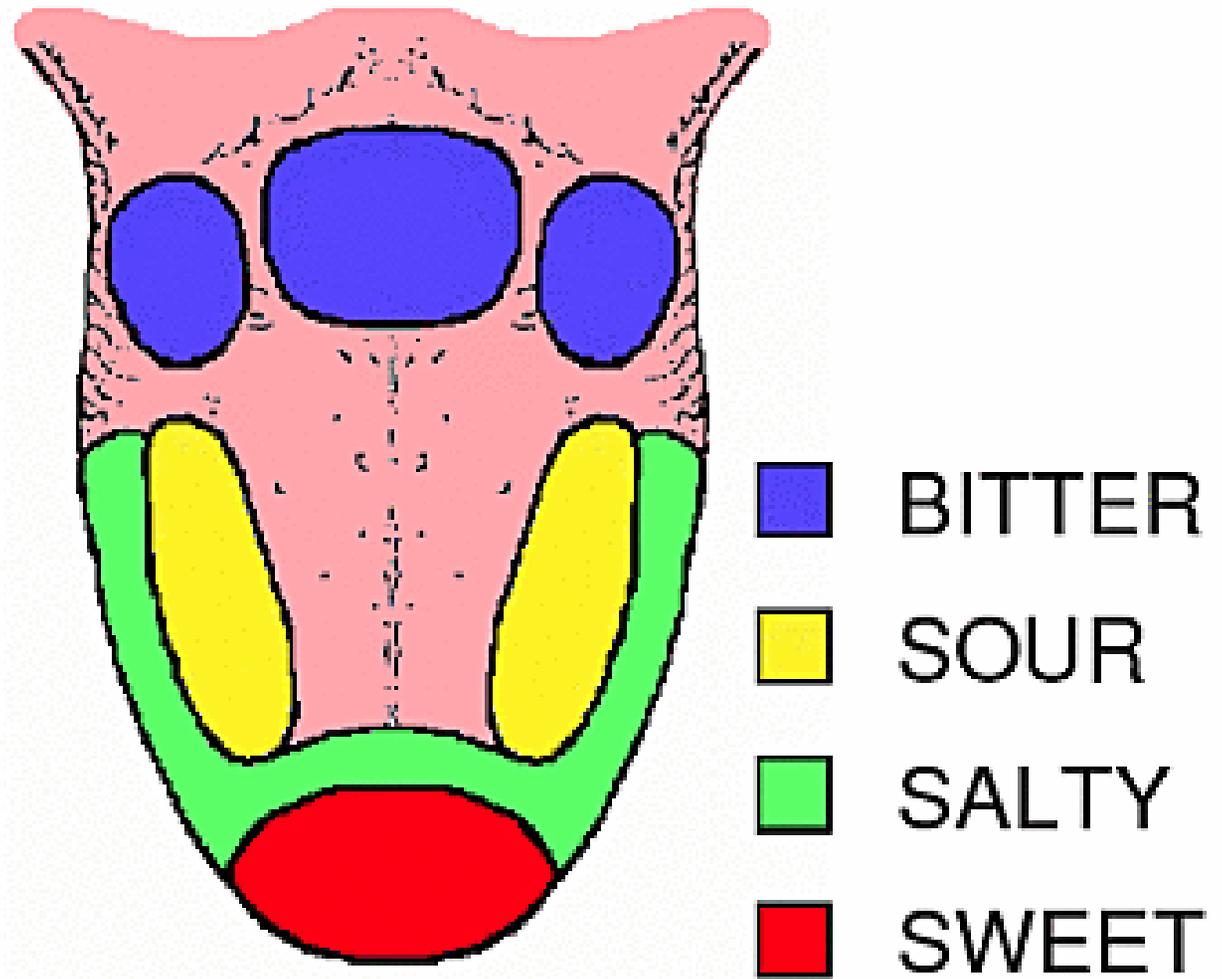


Or this?

Each tastebud detects a different taste.



Or this?





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# **Flavor of Georgia**



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**Technical Innovation  
& Entrepreneurship:  
Leveraging  
University Resources**



## Food Innovation & Entrepreneurship - Leveraging University Resources

Kirk S. Kealey, Ph.D.  
Center for Food Product Innovation & Commercialization (FoodPIC)  
University of Georgia





## A Roadmap of University Resources



Starting a New Food Business in Georgia



Food Product Innovation & Commercialization Center



UNIVERSITY OF GEORGIA  
Flavor of Georgia  
FOOD PRODUCT CONTEST  
SAVOR sweet success





## Vision & Mission - FoodPIC

**VISION**  
Develop and drive breakthrough innovations  
Create the future of the food industry  
Deliver national and international recognition to UGA  
Impact public service & economic development of Georgia, the Southeast and beyond.

**MISSION**  
Provide the vital infrastructure required for developing a new food business:

- human capital
- technical leadership
- physical facilities
- state of the art equipment






## Areas of Expertise

**TECHNICAL LEADERSHIP**

- Food Product Development
- Raw Material Evaluation and Specification
- Food Microbiology and Safety
- Packaging & Process Engineering and Development
- Sensory & Consumer Testing
- Shelf-life Evaluation and Confirmation
- Scale-up and Commercialization
- Nutrition Facts Panels






## FoodPIC Capabilities

**PHYSICAL FACILITIES & STATE OF THE ART EQUIPMENT**

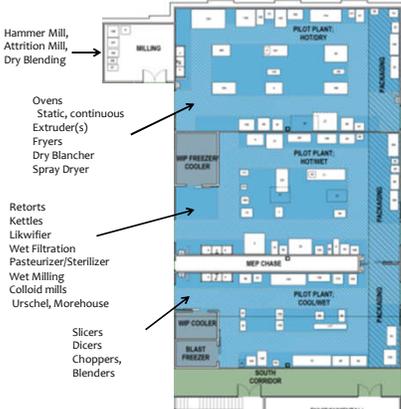








## Pilot Plants



- Hammer Mill, Attrition Mill, Dry Blending
- Ovens
- Static, continuous Extruder(s)
- Fryers
- Dry Blancher
- Spray Dryer
- Retorts
- Kettles
- Likwifier
- Wet Filtration
- Pasteurizer/Sterilizer
- Wet Milling
- Colloid mills
- Urschel, Morehouse
- Slicers
- Dicers
- Choppers, Blenders



## Another University Resource



Food & Health





Food Preservation      Commercial & Home Food Safety      Nutrition & Health




Food Science & Manufacturing



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## UGA FoodPIC is “Unique”



**ONE STOP SHOP – UGA Griffin Campus**





FoodPIC      Dept. of Food Science & Technology      Center for Food Safety



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## Recent FoodPIC Activities

New Food Developments	New Beverage Developments
Fruit Bars, Cookies, Cupcakes	Peach Nectar, Fruit Juices
Enriched High Protein Snacks	Kombucha Tea, Vinegars
GA Grown Granola Bars	Blueberry & Palm Wine
Convenient Chicken Snacks	Carbonated Pomegranate
Soft & Hard Cheeses	Yogurt
Hibiscus & Pomegranate Foods	Chocolate Milk, Kefirs
Foods from Ghana, Jamaica	Isotonic Beverages
Hush Puppies	Nut Milks
Chocolate spreads	RTD Coffees
Hot Sauces, Bar BQ sauces	
Peanut Sauces	
Meat Rubs, Jollof Rice Mixes	



## Case Study 1: Product Development at FoodPIC

**Background**  
Client purchased a small creamery and wanted to create and sell a premium chocolate milk.

**Actions**  
FoodPIC developed several prototypes, conducted informal consumer acceptance tests and scaled-up formula at creamery. FoodPIC conducted shelf life studies and generated a Nutrition Facts panel for chocolate milk.

**End Result - New Beverage launched**  
Winner of the 2018 Dairy Products Division, Flavor of GA Contest



## Case Study 2: Process Development at FoodPIC

**Background**  
Client wanted a new flavor of honey to expand his product line and thought a “smoked” flavor would be unique offering.

**Actions**  
FoodPIC developed a bench-top process to control the type and amount of smoke needed to create the client’s target profile. FoodPIC leveraged an innovative approach to ensure the smoke was homogeneously incorporated into the honey.

**End Result - New Honey Product launched**  
Winner of the 2019 Honey Products Division, Flavor of GA Contest



## Case Study 3: Technical Troubleshooting Pimento Cheese at FoodPIC

**Background**  
Two different clients had surface mold on their pimento cheeses. One client uses preservatives, the other uses mold ripened cheese in an all-natural product. Both called FoodPIC for help.

**Actions**

- On-site visit identified that the preservative solution wasn’t being evenly distributed. Adding it in thirds was the “fix”.
- Changing the formulas was not an option so the pimento cheese was packaged under nitrogen to extend shelf life.

**End Result – Successful Technical Troubleshooting**  
Both clients were able to address urgent limitations to shelf life issues by engaging with FoodPIC.







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# Marketing Your Product

**Jeannie Powell & Linda Mahan**

A Partner to Georgia Grown Business Offering Full Circle Support  
 Experienced, Invested in Our Client's Success  
 Proven Track Record - Not a "Retail Shop" - Not for Everyone..

**SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS**

## MARKETING

### Getting Your Product into the Marketplace

- \*Establish VALUE of your product
- \*Establish Marketing & Support Budget  
 Your marketing budget is an investment.  
***IT IS the fuel that drives your car!***

Understand that even if you place an item on the shelf for **FREE**...no one will touch it unless there's a message to **tell them it's FREE!**

**SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS**

**SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS**

## CONSISTENT BRANDING

Once you've established a marketing investment you need to ...

- Maintain Same Look and Same Message
- Be consistent across the board with your brand so that once consumer confidence is built for your brand, your next new item will pull from that following

**SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS**

**Labeling  
 Signage  
 POS  
 Tradeshow**

**THE MONEY SHACK**  
 Georgia Grown Store & More

**PURE RAW HONEY**

BRUCE'S BEEKEEPING FARM, LLC  
 2787 Fargo Hwy  
 Homerville, GA 31224  
 (912) 487-5001  
 www.brucesbeefarm.com

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**SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS**

## LABELING & PACKAGING

- Be sure your label or packaging stands out on the shelf
- Easily readable, unique and effective
- Professionally designed

**YOU'VE GOT TO GET THEIR ATTENTION and KEEP IT!**



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Influence Consumers



## VIABLE PRODUCT?

### Market research

- Farm Markets
- Festivals

### Engage: Taste, Value, Appearance

Remember This:

- Consumers will decide your success!!
- Invest knowing this!! Talk to Them!!

**Define what makes your product different - INVEST in what differentiates you**

SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS

**Sample your product.** Take advantage of the best way there is to educate folks about your product and to get your product in their hands. This also builds excitement and interest in the retailer location.



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## Talk to the shopper!

**No one is making money if it's just sitting on the shelf!**

You may try...

- In-Store Hanging Signs
- Shelf Talkers and Neckers
- Banners
- Table Runners
- Display Graphics



## Marketplace Success:

### Know the Business and work hard!

- Become Georgia Grown Member
- Leverage Georgia Grown logo – include in your messaging/labeling
- Have Liability Insurance
- Determine Channel of Distribution
- May Need a UPC Bar Code
- Samples
- Private Label

SPECIALIZING IN AGRIBUSINESS & GEORGIA GROWN PRODUCTS

## Marketplace Success:

### Know the Business and work hard!

- Product Guarantee
- Product Exit Strategy
- Marketing Plan
- Have a Support Network
- Know that there is no magic wand
- **Be a Good Partner!**

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## Suggestions:

Discover & offer multiple uses for your product

Wholesale – help them – samples, pos/pop, recipes, racks, displays, signage, sampling

Retail – help them – sampling, in-store materials to talk to the consumer

Farmers Markets & Local Festivals – engage for ideas and feedback

Georgia Grown Events

Georgia National Fair – Georgia Grown Store

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Independent Stores focused on Local Support  
(Carroll's Country Store or Farmview...)

Local Stores – where you shop

Regular schedule – show up on a regular basis

Co-op with other GG members in your area – for deliveries and events

Consider Agritourism locations or Consignment locations

Georgia Grown Trail 37, 41... –or other sanctioned trails in your area?

List all locations that sell your products on your website

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LEM  
Ag Specialty  
Marketing  
LEM-AGBIZ.COM

deeply  
Rooted in  
GEORGIA  
grown  
and Proud of it!

Contact email [jeannie@lem-agbiz.com](mailto:jeannie@lem-agbiz.com)  
Office: 229.346.3141

## Questions?

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# **An Overview of GDA Regulation**



**GDA Operational Programs**

Animal Industry    Laboratories    Plant Industry

Fuel & Measures    Food Safety    Markets

Regulations for the Food Industry | GDA

**Food Safety Division**

Regulations for the Food Industry | GDA

**Who do we regulate?**

The Food Safety Division inspects grocery stores and other retail food establishments, seafood facilities, dairy farms and milk processing plants, grain mills, food manufacturing and processing plants, bottled water plants, and food storage warehouses.

Regulations for the Food Industry | GDA

**Who we are...**

Educators + Regulators

Regulations for the Food Industry | GDA

## What do we do?

**Routine & Follow up risk based inspections**

- Sanitary conditions
- Contamination/Adulteration
- Documentation
- Ensure compliance
- Collect samples
- Employees
  - Properly trained
  - Actions
  - Health

- Plan Reviews
- Review Labels for Compliance
- Investigate Consumer Complaints
- Conduct a variety of contract inspections for FDA
- Recalled products
- Investigate disasters

Regulations for the Food Industry | GDA

## Several Partners in Food Safety

- Industry
- Federal
  - FDA
  - USDA
  - CDC
- State
  - DNR
- Local
  - Georgia Department of Public Health
- Academia
  - UGA
  - GA Tech

Regulations for the Food Industry | GDA

## How do we enforce?

GDA enforces the Georgia Food Act and other state and federal laws, rules and regulations applicable to the food industry. We work with federal partners (FDA, USDA) and other agencies to implement food safety standards for all foods produced and/or sold at the retail level within the state.

Regulations for the Food Industry | GDA

## Compliance

- Withhold from Sale (Embargo)
- Voluntary Destruction
- Reject Equipment
- Compliance Action
  - Plan of Action from firm
  - Compliance meeting
  - Administrative Action
- Cease operation
- License revocation

See more: <http://agr.georgia.gov/rules-regulations-food-safety-division.aspx>

Regulations for the Food Industry | GDA

## Licensing

- Georgia Food Act (Section 26-2-25)
- *"It shall be unlawful for any person to operate a food sales establishment without having first obtained a license from the Commissioner"*
- A license may not be transferred from one person to another person, from one food establishment to another, or from one type of operation to another.
- The Department does not issue temporary permits.

Regulations for the Food Industry | GDA

## Licensing

License fees are based on level of risk, procedural effort, and inspection time.

• Tier 1.....	\$100.00
• Tier 2.....	\$150.00
• Tier 3.....	\$200.00
• Tier 4.....	\$250.00
• Tier 5.....	\$300.00

Regulations for the Food Industry | GDA

## Facilities

**First things first...**

Receive approval from proper zoning authority for land use and comply with all other governing agencies.

**Not in my house...**

A private home and any living or sleeping areas may not be used for conducting food establishment operations.

**Requirements**

Exterior of food facility must effectively protect the establishment from weather and prevent entry of insects, rodents, etc. Materials for indoor floor, wall & ceiling surfaces must be smooth, durable & easily cleanable for all areas where food operations are conducted.



Regulations for the Food Industry | GDA

## SINKS

- Except as specified, a sink with at least **3 compartments** shall be provided for:
  - manually washing,
  - rinsing,
  - and sanitizing equipment and utensils.
- Sink compartments shall be large enough to accommodate immersion of the largest equipment and utensils.



Regulations for the Food Industry | GDA

## Hand Wash Sink

Hand washing facilities shall be installed to permit the convenient use by all employees in food preparation and ware washing areas.



20 Seconds



Warm/Hot Water

Regulations for the Food Industry | GDA

## Inspection

Inspections shall be conducted as often as the GDA deems necessary, in order to ensure compliance with state regulations, and at a minimum established by Departmental directives.



Regulations for the Food Industry | GDA

## Labels

What is required to be on the label?

- Common name of product
- Net Contents (US & Metric)
- Name & full address of manufacturer, packer, distributor.
- Full list of ingredients
- Nutritional Facts
- Allergen statement (if necessary)
- Recommended - Code (production code/exp date)



Regulations for the Food Industry | GDA

## 21 CFR 101.22 (2) Spices

The term **spice** means any aromatic vegetable substance in the whole, broken, or ground form, except for those substances which have been traditionally regarded as foods, such as onions, garlic and celery; whose significant function in food is seasoning rather than nutritional; that is true to name; and from which no portion of any volatile oil or other flavoring principle has been removed.



You can find a list of spices in 182.10 and part 184 of 21 CFR.

**CFR Title 21 – searchable website**  
<https://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfCFR/cfRSeArch.cfm>

Regulations for the Food Industry | GDA

## Manufactured Food Firms

- 40-7-18
- Finished product testing: Risk category of the product directly affects the frequency of testing.
  - Low risk – Quarterly testing
  - Moderate risk – Monthly testing
  - High risk – Twice a month
- Report positive results within 24 hours (even if product is on-site)
- Optional written Food Safety Plan



Regulations for the Food Industry | GDA

## Retail Food Operations

- 40-7-1
- Certified Food Protection Manager
- Firms that have Time/Temperature Control for Safety Food (TCS Food) and perform specific handling activities.
- Demonstration of Knowledge
- Variance & HACCP plan for specialized processing – ex: ROP, smoked meat, etc.
- Employee Health Policy & Clean up procedures



Regulations for the Food Industry | GDA

## Cottage Foods Requirements

- 40-7-19
- Use home kitchen to produce a non-potentially hazardous food to be sold to the end consumer only in the State of Georgia.
- Cottage food statement must be included on the product labeling:
- "MADE IN A COTTAGE FOOD OPERATION THAT IS NOT SUBJECT TO STATE FOOD SAFETY INSPECTIONS."



Regulations for the Food Industry | GDA

## Thank You!

<b>Natalie Adan</b> Food Safety Division Director Office: 404-656-3627 Email: <a href="mailto:Natalie.Adan@agr.georgia.gov">Natalie.Adan@agr.georgia.gov</a>	<b>Colby Brown</b> Rapid Response Team Coordinator Office: 404-656-3627 Email: <a href="mailto:Colby.Brown@agr.georgia.gov">Colby.Brown@agr.georgia.gov</a>
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For more information please visit our website at: [www.agr.georgia.gov](http://www.agr.georgia.gov)  
 Also engage with us on social media @GDAFoodSafety!

Follow us on **twitter**

Follow us on **Instagram**

Regulations for the Food Industry | GDA



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# **An Overview of FDA Regulation**

# An Overview of FDA Regulations

What You Need to Know BEFORE Starting a Food Business



Tyrico K. English, MS, MPH, Consumer Safety Officer-State Liaison  
Janet B. Gray, Consumer Safety Officer

Office of Human and Animal Foods - Division 3 East  
Office of Regulatory Affairs

U.S. Food & Drug Administration



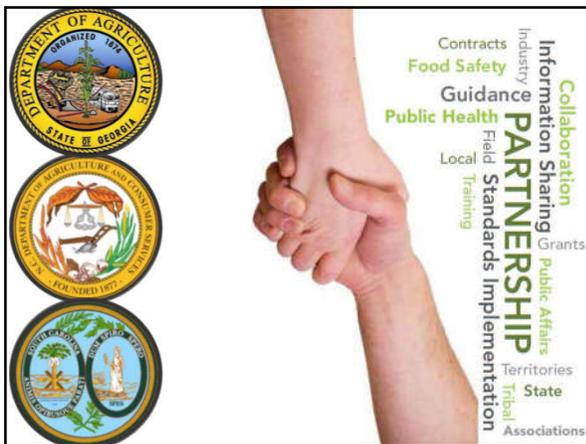
Government  
Regulations and  
Requirements  
???????



FDA  
United States Food & Drug  
Administration



**USDA-FSIS**  
United States Dept of Agriculture  
Food Safety and Inspection  
Service



## What products are regulated by FDA?





### FDA regulated Food Products

FDA regulates about 80% of the U.S. food supply.

- Canned Foods
- Baby Food/Infant Formula
- Dietary Supplements
- Bottled Water
- Food Additives
- Seafood

### FDA Law: Food, Drug, and Cosmetic Act of 1938

- Enacted by Congress
- Provides very basic quality standards for food
- Authorizes FDA to issue food regulations
- Allows FDA inspection
  - Evaluate regulatory compliance and food safety

### FDA

- FDA regulates all foods and food ingredients introduced into or offered for sale in interstate commerce (with the exception of meat, poultry, and certain processed egg products regulated by USDA).
- FDA's Center for Food Safety and Applied Nutrition (CFSAN), works with FDA field offices to ensure that the nation's food supply is safe, sanitary, wholesome, and honestly labeled and that cosmetic products are safe and properly labeled.

CFSAN Logo by FDA (2016) (Public Domain)

### FDA

- FDA-Food facilities with primarily **wholesale** sales are regulated by FDA.

- State/local governments- generally regulate primarily **retail** food establishments.
  - Direct-to-consumer

### What products are regulated by USDA?

- Meat and poultry (excluding game meat)
- Products such as meat- or poultry-containing stews, pizzas, and frozen foods
- Processed egg products, generally liquid, frozen, and dried pasteurized egg products
- Catfish

FDA	USDA
<ul style="list-style-type: none"> <li>• Products with 3% or less raw meat; less than 2% cooked meat</li> <li>• Products containing less than 2% cooked poultry</li> <li>• All non-specified red meats (bison, rabbits, game animals, deer)</li> <li>• All non-specified birds including wild turkeys, wild ducks, &amp; wild geese</li> <li>• Eggs in the shell; egg processing plants (egg washing, sorting, packing)</li> <li>• Closed-face sandwiches</li> </ul>	<ul style="list-style-type: none"> <li>• Products with more than 3% raw meat; 2% or more cooked meat</li> <li>• Products containing 2% or more cooked poultry</li> <li>• Cattle, sheep, swine, goats, horses, mules and other equine</li> <li>• Domesticated birds-chickens, turkeys, ducks, geese, and guineas</li> <li>• Egg products processing plants (egg breaking plants, dried, frozen or liquid eggs)</li> <li>• Open-face sandwiches</li> </ul>

“All I ask of food is that it doesn’t harm me.”

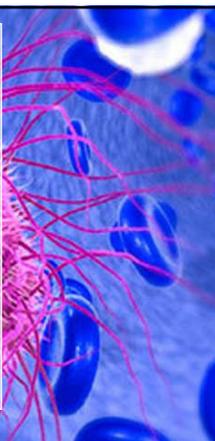
-Michael Palin (Monty Python’s Flying Circus)



### What Is Foodborne Illness?

Commonly known as food poisoning. It is an illness caused by consuming food contaminated by bacteria and/or their toxins, parasites, viruses, chemicals, or other agents.

Everyone is at risk for getting a foodborne illness. Some people are at greater risk such as infants, young children, pregnant women and their unborn babies, older adults, and people with weakened immune systems.

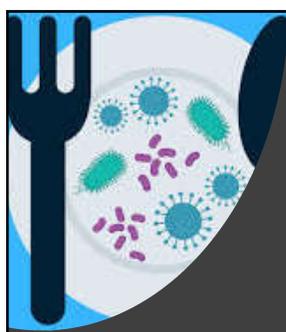


Foodborne  
Illness

Even though the U.S. has one of the safest food supplies in the world, the CDC estimates that 1 in 6 Americans get sick from contaminated foods or beverages each year. Of these, 128,000 people end up in the hospital, and 3,000 of those people die.

Foodborne illness is a significant problem in the U.S. because it is widely underreported.

### Foodborne Illness Symptoms



- Foodborne illness will usually occur within 1 to 3 days of eating the contaminated food.
- However, sickness can also occur within 20 minutes or up to 6 weeks later.
- Symptoms of foodborne illness can include: vomiting, diarrhea, and abdominal pain – and flu-like symptoms, such as fever, headache, and body ache.

### Foodborne Outbreak

When two or more people get the same illness from the same contaminated food or drink.

FDA investigates outbreaks to control them, so more people don’t get sick in the outbreak, and to learn how to prevent similar outbreaks from happening in the future.





**CORE-Coordinated Outbreak Response and Evaluation Network**

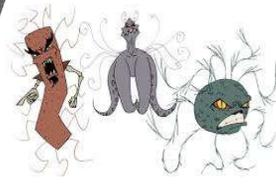
When the FDA learns of an outbreak, the agency's Coordinated Outbreak Response and Evaluation Network (CORE) works closely with state and local partners and the CDC to identify the cause and to prevent additional illnesses.

CORE was created to manage not just outbreak response, but surveillance and post-response activities related to incidents involving multiple illnesses linked to FDA-regulated foods.

**According to CDC, the most common foodborne illnesses are caused by:**

- Norovirus
- Salmonella
- Clostridium perfringens
- Campylobacter
- Staphylococcus aureus

**Most Common Causes of Foodborne Illness**



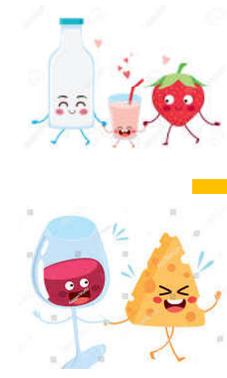
**Top 10 Riskiest Foods Regulated by FDA**



- LEAFY GREENS
- EGGS
- TUNA
- OYSTERS
- POTATO
- CHEESE
- ICE CREAM
- TOMATOES
- SPROUTS
- BERRIES

**Foodborne Illness is preventable!**

There is no single way to combat all sources of foodborne pathogens. Food manufacturers have an important role to play in preventing foodborne illness.



**How Does Food Get Contaminated?**

**The Food Production Chain-** The steps it takes food to get from the farm or fishery to the dining table.

- Production
- Processing
- Distribution
- Preparation

Contamination can occur at any point along the production chain.

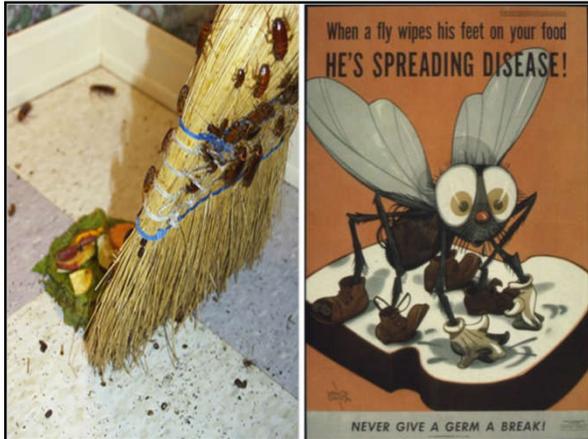


www.cdc.gov/foodsafety

**Routes of Contamination**

What conditions may contribute to contaminating product.....

- Pests
- Processing Equipment
- Employee Practices
- Storage Practices
- Transport Vehicles



### Processing Equipment

- Hygienic design
- Made of acceptable and durable material
- No niches or harborage points
- Hermetically sealed
- Accessible for cleaning, maintenance

\*Remember to **CLEAN FIRST**. **SANITIZE SECOND**. Cleaning refers to the removal of product and residual soil; sanitizing refers to the reduction of microorganisms.




### Employee Practices

**HAND WASHING IS ESSENTIAL!**

There are more germs on your phone and keyboard than on a toilet seat!




### Storage

**Food storage** areas should be clean, well maintained, and free of any conditions that could cause product adulteration.

\*Allergen items should be stored in a separate and segregated area away from non-allergen products.

\*Don't store food products near cleaning products and chemicals.

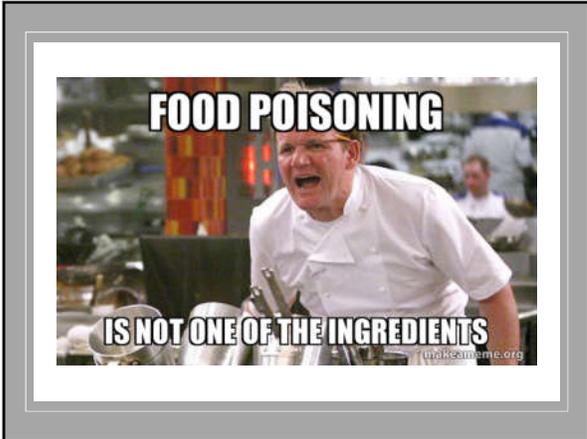


### Food Transport Vehicles



This includes containers or trucks used to receive materials and used to ship out finished product ( rail cars, tractor trailers, refrigerated trucks).

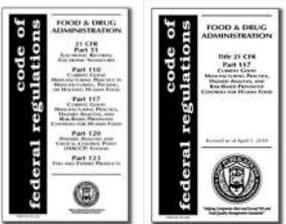
Transport containers should be clean and in good condition, temperatures monitored if refrigerated or frozen containers, ensure that nothing in the vehicle could cause adulteration of food ingredients, packaging, or finished product.



### Your Roadmap to Compliance...



### The Code of Federal Regulations



- **21 CFR 117- Current GMP, Hazard Analysis, and Risk-Based Preventive Controls for Human Food**

**Current Good Manufacturing Practices (CGMPs)**  
21 CFR Part 110 & 117

- Following CGMPs helps to ensure the safety of food.
- cGMP regulations require that food offered for sale or introduced into interstate commerce be produced under safe and sanitary conditions.
- In 1969, FDA established CGMPs in 21 CFR PART 110.
- In September 2015, the agency modernized the CGMPs and established them in 21 CFR Part 117, along with new requirements for hazard analysis and risk-based preventive controls as part of the implementation of FSMA.



### Additional CGMPs for Certain Types of Food

- Dietary Supplements- 21 CFR Part 111
- Infant Formula- 21 CFR Part 106 & 107
- Shell Eggs- 21 CFR Part 115 & 118
- Bottled Water- 21 CFR Part 129

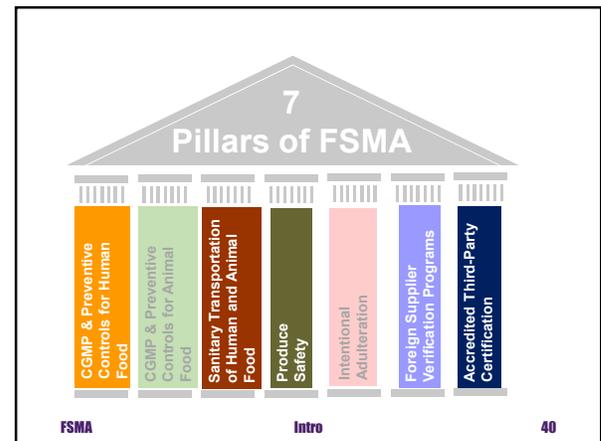


The Food Safety Modernization Act (FSMA) was signed into law on January 4, 2011.

In the past, food safety regulations focused on responding to product contamination.

The new FSMA regulations shift the regulatory focus to preventing foodborne illness.

The regulations extend prevention requirements to cover the U.S. food supply chain from farm-to-fork.



### Some of the key regulations with FSMA include:

- **Training and education**- Personnel are now required to have this under FSMA. Employees must receive training in the basics of food safety and employee health/hygiene.
- Allergens**- cGMP's must address allergen cross-contact
- cGMP's**- a provision for holding and distribution of human food byproducts that are used for animal food.
- Food safety plan**- facilities are required to have a written food safety plan that includes a Hazard Analysis and Preventive Controls.

### ALLERGENS

FSMA establishes new regulations for allergen controls.

A food allergy is a reaction to a naturally occurring protein in a food or ingredient.

The eight primary allergens also titled "The Big 8," includes milk, eggs, fish, shellfish, nuts, peanuts, wheat, and soybeans.

Undeclared allergens are the leading cause of recalls in the United States.



Subpart B- Current Good Manufacturing Practices

- [§ 117.10](#) - Personnel.
- [§ 117.20](#) - Plant and grounds.
- [§ 117.35](#) - Sanitary operations.
- [§ 117.37](#) - Sanitary facilities and controls.
- [§ 117.40](#) - Equipment and utensils.
- [§ 117.80](#) - Processes and controls.
- [§ 117.93](#) - Warehousing and distribution.



117.10 Personnel



117.20  
Plant & Grounds



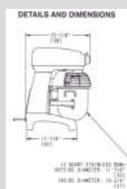
117.35 Sanitary Operations



117.37 Sanitary Facilities & Controls



**NOTICE**  
EMPLOYEES  
MUST WASH  
HANDS BEFORE  
RETURNING  
TO WORK



117.40 Equipment & Utensils



117.80 Processes & Controls



117.93 Warehousing/Distribution

**Don't Let What Happened to Me, Happen to You**

My name is David. One day, while at work, I started feeling sick and ran for the bathroom.

I felt better, so I returned to finish my shift. I needed the money! An order came in for a salad. I forgot to wash my hands or wear gloves.

I did not know I had germs on my hands. I passed my germs to the tomatoes.

... and to the cucumbers ...

... and to the entire salad ...

... and to a little girl named Ashlynn who ate the salad that I prepared.

The next day, Ashlynn got so sick with stomach cramps and vomiting. In fact, dozens of people got sick because I forgot to prepare food that day.

I could have prevented this from happening.

**Protect People Everywhere: Wash Your Hands, Use Gloves or Utensils, and Never Work When You Are Sick.**

**FIGHT GERMS BY WASHING YOUR HANDS!**

**1** Wet your hands

**2** Soap

**3** Lather and scrub - 20 sec

**4** Rinse - 10 sec

**5** Turn off tap

**6** Dry your hands

**DONT FORGET TO WASH:**

- between your fingers
- under your nails
- the tops of your hands



# Registration

**Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (the Bioterrorism Act)**

On June 12, 2002, President Bush signed into law the "Public Health Security and Bioterrorism Preparedness and Response Act of 2002," also known as the Bioterrorism Act (BTA).

This directs the FDA to take steps to protect the public from a threatened or actual terrorist attack on the U.S. food supply and other food-related emergencies.

Requires Food facilities to register with FDA



## FDA Food Safety Modernization Act (FSMA)

- FSMA requires facilities engaged in manufacturing, processing, packing, or holding food for consumption in the United States to register with FDA
- require to renew registrations every other year

## Food Facility Registration

- Facilities exempt from registration under 21 CFR 1.226 include farms, grocery stores, restaurants, farmers market, road side stands, fairs.
- Facilities may register electronically at <http://www.access.fda.gov>, by mail, or by CD-ROM for multiple submissions, to:
 

Food and Drug Administration  
Food Facility Registration, HFS-651  
5100 Paint Branch Parkway  
College Park, MD 209932  
Fax to 301-436-2804.



## Reportable Food Registry (RFR)

- The Reportable Food Registry (RFR) is an electronic portal for Industry to report when there is reasonable probability that an article of food will cause serious adverse health consequences or death to humans or animals.
- The Registry helps the FDA better protect the public health by tracking patterns and targeting inspections.
- The RFR applies to all FDA regulated categories of food and feed, except dietary supplements and infant formula.
- FDA's Reportable Food Registry Guidance for Industry May Be Accessed at <http://www.fda.gov/ReportableFoodRegistry> Reportable Food Registry (RFR)

FDA is responsible for promoting and protecting the public's health by ensuring that the nation's food supply is safe, sanitary, wholesome, and honestly labeled.






### Food Safety Myths

**You don't need to wash fruits or vegetables if you're going to peel them.**

**Fact:** Bacteria from the peel or rind can be transferred to the inside of your fruits and veggies during cutting or slicing. Always wash produce, even if you plan to peel it.

**The last meal I ate is what caused my foodborne illness (food poisoning).**

**Fact:** Except for some toxins and viruses, most harmful microorganisms take longer than a few hours to make you sick. Symptoms of foodborne illness can start anywhere from a few hours to several weeks after eating contaminated food.

**Myth: If you let food sit out more than 2 hours, you can make it safe by reheating it really hot.**

**Fact:** Some bacteria, such as staphylococcus (staph) and *Bacillus cereus*, produce toxins that are not destroyed by high cooking temperatures. Refrigerate perishable foods within 2 hours in a refrigerator temperature of 40 degrees or below.

**Myth: To get rid of bacteria on meat, poultry or seafood, you should rinse off the juices with water first.**

**Fact:** Rinsing these foods with water can increase your chance of spreading bacteria by splashing contaminated juices to your sink and counters. The best way to prepare meat, poultry or seafood safely is to ensure you cook it to the right temperature.

**Myth: If food looks okay and smells okay, it is safe to eat.**

**Fact:** The types of bacteria that cause illness don't affect the taste, smell, or appearance of food. This is why it's important to freeze or toss refrigerated leftovers within 3-4 days. If you are unsure of how long your leftovers have been sitting in the refrigerator, don't take the risk – when in doubt, throw it out!

**Myth: I don't need to wash my hands if I just used hand sanitizer.**

**Fact:** Hand sanitizer is not a substitution for hand washing! Although hand sanitizers can effectively kill some germs on your hands, they only have an effect on the outer layer of film on your hands.

The best way to clean your hands is to first wet your hands with warm water, lather with soap for at least 20 seconds, rinse with warm water, then dry with a clean towel.



It's in your your hands now.....

Questions?



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National Confectioners Association  
Mel Melcon / Los Angeles Times  
Cake Central  
Colin Campbell- The Guardian



**Department of Food Science  
and Technology**

*College of Agricultural & Environmental Sciences*

**UNIVERSITY OF GEORGIA**

# **An Overview of Intellectual Property for Food Entrepreneurs**

# Food for Thought

An Overview of Intellectual Property for Food Entrepreneurs

Smith Tempel  
Intellectual Property Attorneys in Athens, GA  
Matthew T. Hoots

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1

## Types of Intellectual Property

- Patents – protects inventive function and structure
- Trademarks – protects identity and goodwill in commerce
- Copyrights – protects an expressed work
- Trade Secrets – Know-how
- Contracts – Non-disclosure and Non-compete agreements

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# Trademarks

A Recipe for a Successful Brand

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# Trademarks

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# Trademarks

A federal trademark registration grants you the exclusive, coast-to-coast right to use the mark in connection with your goods or services

- Trademarks identify the source of the goods or services
  - Purpose is to protect the consumer
  - Safeguards the valuable reputation of the source
- Generic to Descriptive to Suggestive to Arbitrary
- Can't be confusingly similar to the mark of another
  - balance between similarity of the goods and similarity of the marks

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Don't be a McDowell's!

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**Trademarks**  
10 Ingredients that are best left out of the Trademark Recipe

#1 – Descriptiveness

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**Trademarks**  
10 Ingredients that are best left out of the Trademark Recipe

#2 – Emotional Attachment

Goods: compression garments  
Fact Pattern: received demand letter from SKINS for identical goods promising opposition before TTAB

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**Trademarks**  
10 Ingredients that are best left out of the Trademark Recipe

#3 – Building business around mark without clearance

Goods: apparel boutique  
Fact Pattern: application for registration rejected based on confusingly similar prior registration and upheld by TTAB

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**Trademarks**  
10 Ingredients that are best left out of the Trademark Recipe

#4 – Confusing your company name with your trademark

Fact Pattern: Application was for "Sweet & Vicious" but the mark used by the applicant was "Bubbles."

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**Trademarks**  
10 Ingredients that are best left out of the Trademark Recipe

#5 – Going to market with a different "version" of your mark

Applied for                      Specimen of use

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**Trademarks**  
10 Ingredients that are best left out of the Trademark Recipe

#6 – Adopting a mark that isn't particularly unique in your industry

Fact Pattern: Large number of third party registrations incorporate "Nation" into their mark. Examining attorney refused registration in view of OLIVE NATION and CANDY NATION for similar goods.

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## Trademarks

### 10 Ingredients that are best left out of the Trademark Recipe

#7 – False specimen / Specimen not actually in commerce

Fact Pattern: Registration owner was threatening to assert his registration. Petition for cancellation granted due to false specimen indicating product not actually in commerce.





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## Trademarks

### 10 Ingredients that are best left out of the Trademark Recipe

#8 – Dilution from inconsistent use of mark



As Registered



Inconsistent Use example



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## Trademarks

### 10 Ingredients that are best left out of the Trademark Recipe

#9 – Too Clever by Half / Trading Off Goodwill of Famous Mark

# PAWLIDAY INN

Fact Pattern: Client wanted to open a pet boarding facility.



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## Trademarks

### 10 Ingredients that are best left out of the Trademark Recipe

#10 – Using Mark as a Noun instead of an Adjective



Almost became generic



Arguably generic



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## Go Forth and Brand Something Delicious!



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# Co- Packing



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# Bonus:

# Pricing for Profits

# Pricing for Profits

BEN CAMPBELL

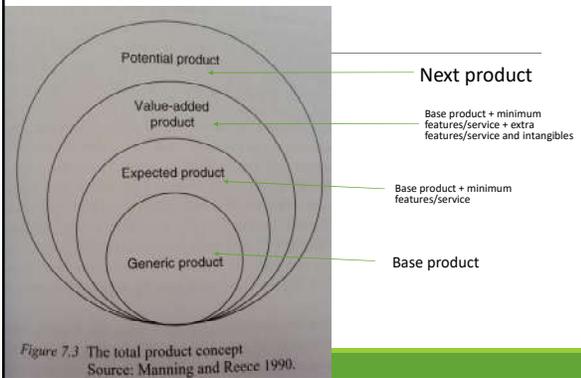
# Product

## Value bundle

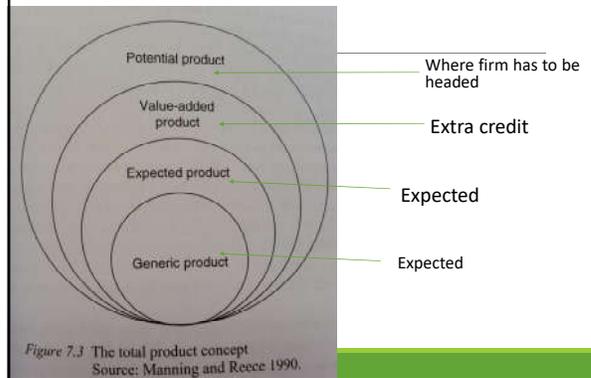
- Set of tangible and intangible benefits customers receive from the products and services provided.
- Value is benefit minus cost
  - Benefit/costs are measured differently and can be hard to measure
- To purchase value must be, at a minimum, greater than alternatives



# Product – Total Product



# Product – Total Product



# Price

What is the value of the product or service to the buyer?

Are there established price points for products or services?  
Is the customer price sensitive?

How will your price compare with your competitors?

# Price

Pricing is complex because...

- Revenue = price \* quantity
- Price impact quantity sold
- Conundrum
  - Low price = more quantity sold and spread fixed cost over more units => per unit costs reduced
    - BUT potentially less revenue
  - High price = less quantity sold and spread fixed cost over less units => per unit costs increase
    - BUT potentially more revenue

## Price

How develop price?

- Complex math, intuition, rules of thumb???
- Harder to raise price than to decrease price
- Need to consider product, demand, competitive environment, product life cycle stage, and product mix

What do you want to accomplish?

- Market penetration
- Maximize revenue

## Priority #1

You **MUST** know your costs!!!

If costs \$2 to make and you price it at \$1, you go out of business

It does not matter that your competitor prices at \$1, if it costs you more than \$1 to produce or to be profitable, then you have to price higher than \$1

## Your pricing formula

$$\text{Price} = [1/(1-\text{TM})] * [\text{ALC} + \text{AIC} + \text{AOC}]$$

- TM= *target gross profit margin*
- ALC = average labor cost in \$/unit for sale
- AIC = average ingredient cost in \$/unit for sale
- AOC = average operating cost in \$/unit for sale

## Computing Avg. Labor Cost

Start by drawing each stage of your production process.



Mark the least and most workers needed at each station.

## Computing Avg. Labor Cost

Use that diagram to construct a labor requirements table.

Station	Min-Crew	Max-Crew	Labor Standard	Machine Capacity	Wage Rate
Receiving/ Dumping	2	2	3,000 lb/hr	6,000 lb/hr	8.00 \$/hr
Washing	0	0	n/a	8,000	n/a
Labelling	1	1	7,000	7,000	8.00
Sorting	2	7	900	6,300	8.50
Boxing	2	8	900	7,200	8.50
Storage	1	3	2,000	6,000	10.00
Administration	2	2	n/a	n/a	20.00

Key part of this table is the labor standard.

## Computing Avg. Labor Cost

Use labor standards to compute labor costs at diff. plant speeds.

Quantity (lb/hr)	Receiving/ Dumping	Labelling	Sorting	Boxing	Storage	Admin.	Total Labor Cost
1 - 1800	2	1	2	2	1	2	\$108.00/hr
1801 - 2000	2	1	3	3	1	2	\$125.00/hr
2001 - 2700	2	1	4	4	2	2	\$135.00/hr
2701 - 3600	2	1	5	5	2	2	\$152.00/hr
3601 - 4000	2	1	5	5	3	2	\$169.00/hr
4001 - 4500	2	1	6	6	3	2	\$179.00/hr
4501 - 5400	2	1	7	7	3	2	\$196.00/hr
5401 - 6000	2	1	7	7	3	2	\$213.00/hr

## Computing Avg. Labor Cost

Find minimum ALC at switch points (when add workers).

Quantity (lb/hr)	Max Quantity	Total Labor Cost	Average Labor Cost
(A)	(B)	(C)	(D) = (C)/(B)
1 - 1800	1800 lb/hr	\$108.00/hr	\$0.0600/lb
1801 - 2000	2000 lb/hr	\$125.00/hr	\$0.0625/lb
2001 - 2700	2700 lb/hr	\$135.00/hr	\$0.0500/lb
2701 - 3600	3600 lb/hr	\$152.00/hr	\$0.0422/lb
3601 - 4000	4000 lb/hr	\$169.00/hr	\$0.0425/lb
4001 - 4500	4500 lb/hr	\$179.00/hr	\$0.0398/lb
4501 - 5400	5400 lb/hr	\$196.00/hr	\$0.0363/lb
5401 - 6000	6000 lb/hr	\$213.00/hr	\$0.0355/lb

↑ Minimum value = ALC

## Computing Avg. Ingredient Cost

- This is simply a recipe.
- Multiply each ingredient times the amount used.
- Multiply the result by the price of the ingredient.
- A spreadsheet is a great way to do this so you can easily update your cost as the cost of purchasing ingredients changes.

## Computing Avg. Operating Cost

- Estimate your non-labor operating costs:
  - Utilities, business licenses/taxes/fees, equipment costs (loans and depreciation), rent, etc.
- Convert everything into cost per unit produced assuming the plant speed from the average labor cost calculations.
- Now just add everything up.

## Choosing Target Margins

- The final piece of the puzzle is the target margin from the pricing rule.
- A good starting point is 20%.
- You may need to have several margins to use with different customers
  - A lower margin for high volume customers
  - A higher margin for small orders
  - The standard margin you are aiming to average.
  - Even a margin you refuse to go below.

## Your pricing formula

$$\text{Price} = [1/(1-\text{TM})] * [\text{ALC} + \text{AIC} + \text{AOC}]$$

- TM = target gross profit margin
- ALC = average labor cost in \$/unit for sale
- AIC = average ingredient cost in \$/unit for sale
- AOC = average operating cost in \$/unit for sale

## Pricing Strategies

### Penetration pricing

- Low pricing to take market share or brand acceptance
- Sell in large volume to cover per-unit costs
- New products or expect quick competition
- May gradually increase prices

### Skimming the market pricing

- High pricing to take market share or brand acceptance
- Sell in smaller volume; higher profits on those units sold
- New, unique, hard to copy, and fairly expensive
- May gradually decrease prices

## Specific Pricing Strategies

### Cost-based or cost-plus pricing

- Add constant margin to cost
- Margin must recoup overhead and handling costs and leave a profit
- Ignores market conditions

### Competitive pricing

- Prices based on competitor prices
- May or may not be price matching, may strategically be above or below market or competitor price.

### Value-based pricing

- Set price level with or slightly below perceived value
- What is perceived value?

## Specific Pricing Strategies

### Discount pricing

- Reduced price from listed price
- Volume discount
- Cash discount
- Early-order discount

### Loss-leader pricing

- Reduced price for a limited amount of time
- Draws in customers to other products

## Specific Pricing Strategies

### Psychological pricing

- Emotionally satisfying
- End in 9, two for \$1 vs. \$1 each

### Prestige pricing

- High price
- High quality or elite image product
- Intended for certain consumers
- Value has to be greater than alternatives

## Specific Pricing Strategies

### Perceived value

- Economic value analysis
  - Reference value
  - Price of competing product or close substitute
  - Differentiation value
    - Value of uniqueness of product



## And now ... questions

If you have questions, please feel free to contact me:

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