

Beyond Fresh

Creating Products



Megan Bruch Leffew, Marketing Specialist, Center for Profitable Agriculture

Real Life Solutions™

WEXTENSION
INSTITUTE OF AGRICULTURE

In this session...



This Photo by Unknown Author is licensed under CC BY

- What is value-added?
- Opportunities
- Challenges
- Factors of Success
- 5 Major Steps to Creating Value-Added Products

Real Life Solutions™

WEXTENSION
INSTITUTE OF AGRICULTURE

What is value-added?

- Allow producers to earn a greater portion of consumer expenditures by processing, packaging or marketing crops, livestock or farm resources.



Real Life Solutions™

WEXTENSION
INSTITUTE OF AGRICULTURE

Why?

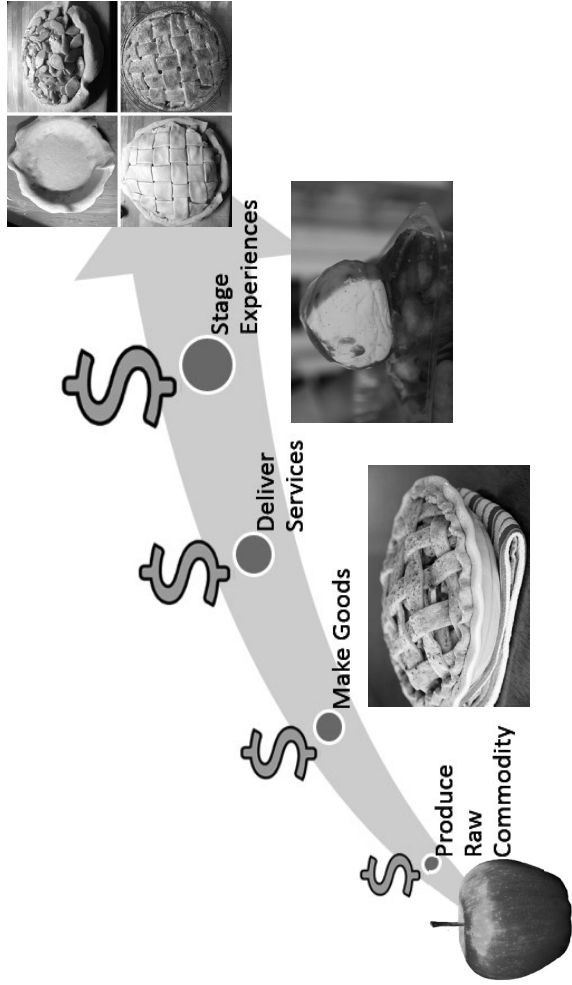
- Opportunities to increase financial returns
 - Remove middlemen from supply chain
 - Take advantage of demand for fresh/local products and experiences
 - Use product that would go to waste
 - Market small quantities



<https://www.ers.usda.gov/data-products/food-dollar-series/documentation.aspx>

Real Life Solutions™

WEXTENSION
INSTITUTE OF AGRICULTURE



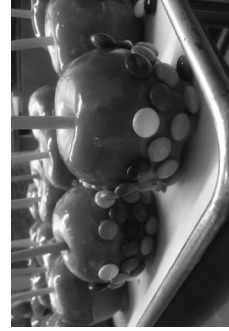
Norton Family Farm



Real Life Solutions.™

WEXTENSION
INSTITUTE OF AGRICULTURE

Granddaddy's
Farm



Hatcher Family Dairy



Real Life Solutions.™

WEXTENSION
INSTITUTE OF AGRICULTURE

Donnell Farm Meats



Real Life Solutions.™

WEXTENSION
INSTITUTE OF AGRICULTURE

Real Life Solutions.™

WEXTENSION
INSTITUTE OF AGRICULTURE



Real Life Solutions.™

WEXTENSION
INSTITUTE OF AGRICULTURE

Real Life Solutions.™

WEXTENSION
INSTITUTE OF AGRICULTURE

Opportunities

Locally sourced food...

1. Provides social benefits to consumers
2. Is good for local economies
3. Is healthier and safer
4. Is more resilient to supply chain disruptions
5. Is better for the environment

COVID - 19 Has Given Consumers Five New Reasons To Eat Local



Daphne Ewing-Chow
Food & Drink
Senior Contributor @

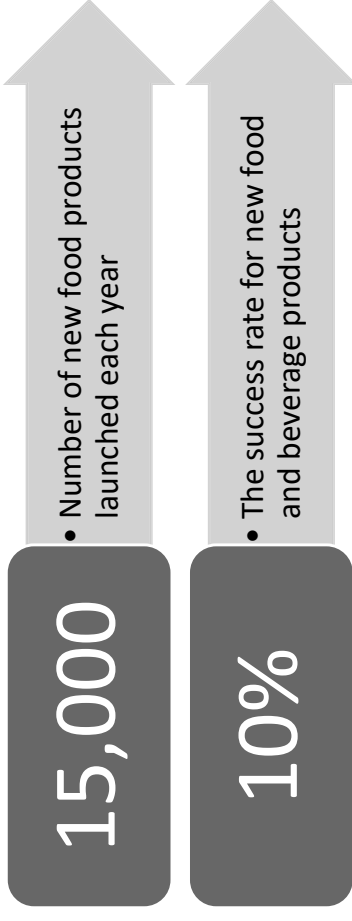
The journey of food from producers to geographically dispersed consumers relies on large, complex supply chains that, if disrupted, can impact food supplies and throw the global food system into a state of crisis.

<https://www.forbes.com/sites/daphneewingchow/2020/07/30/covid-19-has-given-consumers-five-new-reasons-to-eat-local/#4cad1a73ccc4>

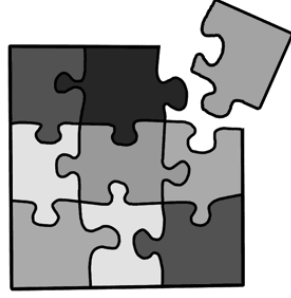
Challenges

- | | | |
|---|---|--|
| Farm Production <ul style="list-style-type: none"> • Input Selection and Purchase • Soil Fertility • Planting • Cultivating • Disease Control • Weed/Insect/ Wildlife Control • Fertilization • Irrigation | <ul style="list-style-type: none"> • Harvesting • Field Sanitation • Labor • Records Keeping • Farm Inspection/ Certification • Marketing | Value-added Enterprises <ul style="list-style-type: none"> • All Production Issues • Processing • Packaging • Storage • Regulations • Marketing • Distribution • Customer Service • Additional labor |
|---|---|--|

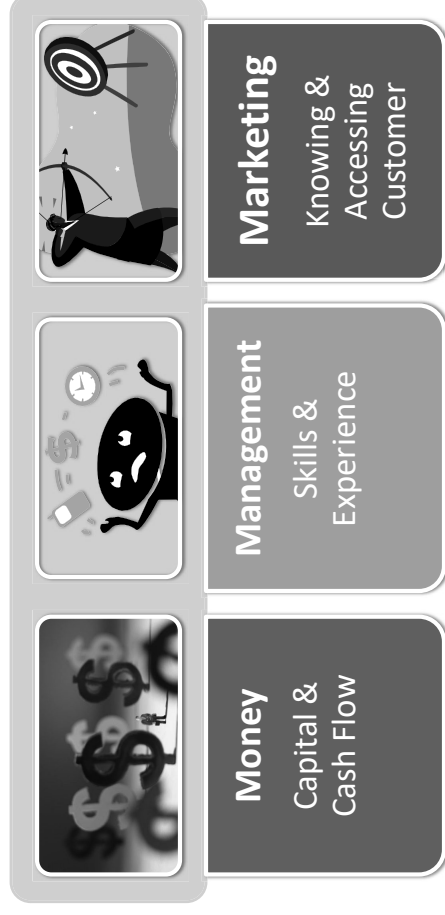
New Food Product Stats

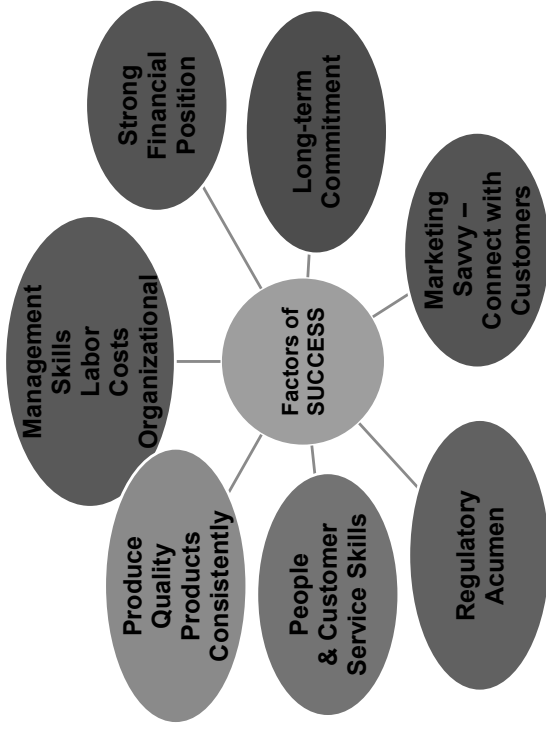


Product is only one piece of the puzzle.



Why Businesses Fail (The 3 Ms)

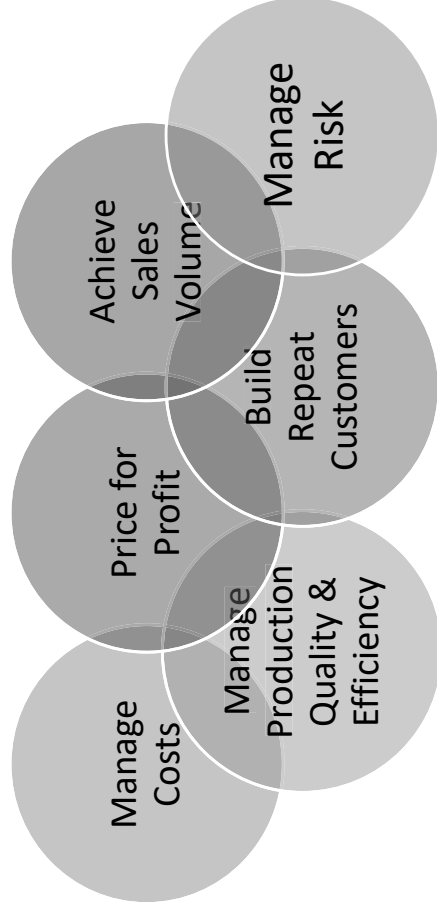




This Photo by Unknown Author is licensed under CC BY-NC-ND

<https://extension.tennessee.edu/publications/Documents/PB1901.pdf>

How achieve profitability?



Starting a Food Manufacturing Business Checklist

The checklist below contains 36 items to help potential food manufacturers evaluate and develop a product and business plan for their business. Some items may be completed before starting a business, while others may be completed after the business is established. The items are listed in chronological order; however, some may be completed at the same time.

The first column allows users to cross off items that do not apply to their business. The second column allows users to mark items that are completed. The third column provides a brief description of the item. The fourth column provides a link to the relevant document.

Items in the checklist are organized into four categories: Business Plan, Production, Marketing, and Distribution. Items in the Business Plan category are the most critical to the success of a food manufacturing business. Items in the Production category are the most critical to the success of a food manufacturing business. Items in the Marketing category are the most critical to the success of a food manufacturing business. Items in the Distribution category are the most critical to the success of a food manufacturing business.

Source: TDA - Tennessee Department of Agriculture TSDOC - Tennessee Small Business Development Center

Mark with 'X' if not applicable or 'N/A' if not completed	Completed	Tasks and Additional Resources	Technical Assistance Resource
N/A	COMPLETED	1. Assess your resources and write your mission statement and goals. - Building a Sustainable Business: https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Building%20a%20Sustainable%20Business.pdf - Starting a Small Business Training: https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Starting%20a%20Small%20Business%20Training.pdf	CFA TSDOC
N/A	COMPLETED	2. Conduct market research and identify your target audience. - Building a Sustainable Business: https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Building%20a%20Sustainable%20Business.pdf - Marketing for the Value-Added Agricultural Enterprise (PB 1909): https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Marketing%20for%20the%20Value-Added%20Agricultural%20Enterprise%20(PB%201909).pdf	CFA TSDOC
N/A	COMPLETED	3. Identify and develop your product(s) - scale-up and test your recipe and test shelf-life.	FS
N/A	COMPLETED	4. Investigate food manufacturing regulations. - Investigate food manufacturing regulations: https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Investigate%20Food%20Manufacturing%20Regulations.pdf - Manufacturing Non-potentially Hazardous Foods for Sale in Tennessee Without a Permit (PB 1881): https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Manufacturing%20Non-potentially%20Hazardous%20Foods%20for%20Sale%20in%20Tennessee%20Without%20a%20Permit%20(PB%201881).pdf	TDA FS
N/A	COMPLETED	5. Develop a sales business plan. - Building a Sustainable Business: https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Building%20a%20Sustainable%20Business.pdf - Developing a Sales Business Plan: https://www.tda.tn.gov/~/media/TSBDC/~/media/TSBDC/PDF/Developing%20a%20Sales%20Business%20Plan.pdf	CFA TSDOC

3 | Technical Assistance and Checklist for Starting a Food Manufacturing Business in Tennessee

5 Major Steps to Creating **VALUE ADDED** Products

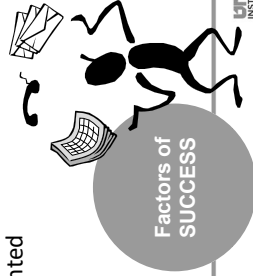
1. Assess your resources, mission and goals.



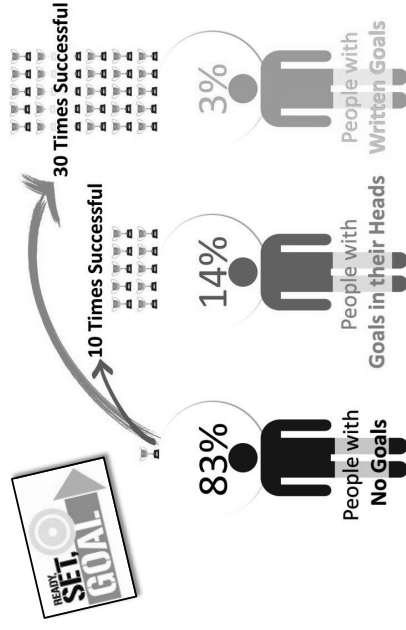
Personal Assessment

Do you have what it takes?

- Self-starter
- Responsible
- Leader
- Hard worker
- Effective communicator
- Adapt well to change
- Accepts risk
- Decision-maker
- Family support
- Healthy
- Ambitious
- Competitive
- Lifetime learner
- Goal-oriented
- Creative
- Patient
- Proactive

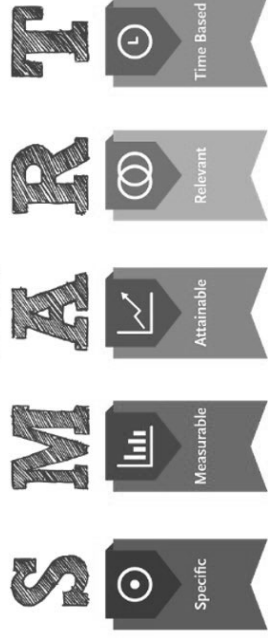


Factors of
SUCCESS



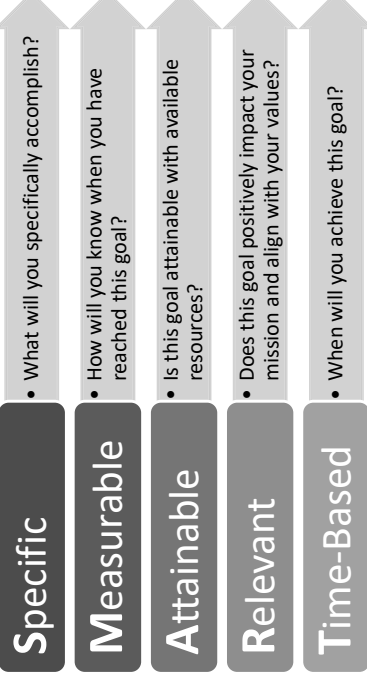
<https://www.linkedin.com/pulse/why-only-few-super-successful-people-naveen-raju/>

Set



Goals

Answer These Questions



2. Research the market.



This Photo by Unknown Author is licensed under CC BY-SA-NC

Take a Market Driven Approach

Is there a need/want your business can fulfill?

- What and how much is needed or desired?
- What is valued?
- What competition exists?

TOP 10 Trends for 2022

NATIONAL RESTAURANT ASSOCIATION

1. Packaging: Sustainable (reusable/recyclable)
2. Packaging: Food quality (travels intact)
3. Packaging: Retains temperature
4. Zero waste/sustainability
5. Immunity-boosting snacks
6. Menu streamlining (fewer menu items, cutting SKUs)
7. Immunity-boosting/functional ingredients
8. Plant-based sandwiches
9. Packaging: Food security (tamper-proof)
10. Alternative sweeteners (maple sugars, coconut sugar)

Myths and Realities Behind the Plant-based Trend

With vegetarians and vegans on the rise, plant-based products are expected to continue to grow in popularity. However, plant-based products are not always as healthy as they are marketed to be. In fact, many plant-based products are high in sodium, sugar, and fat.

Sustainability Today: Upcycled Foods and Beverages

Upcycling is a new and powerful concept in the food industry. It is a smart and innovative way to reduce food waste and create new products. Upcycled foods and beverages are made from food that would otherwise be discarded. This helps to reduce food waste and create new products that are both healthy and sustainable.

70% of consumers have purchased an upcycled product in the last 12 months.

31% of consumers have purchased an upcycled product in the last 6 months.

32% of consumers have purchased an upcycled product in the last 3 months.

The Next Big Things: Our Top 10 Food Trends for 2022

Home / Trends / The Next Big Things: Our Top 10 Food Trends For 2022

From ultraurban farming to ingredients like yuzu citrus and hibiscus, check out our predictions for hot new food and beverage trends that will light up the aisles in 2022.

WHOLE FOODS MARKET

1. Plant-based proteins

2. Functional ingredients

3. Immunity-boosting

4. Plant-based meats

5. Plant-based seafood

6. Plant-based dairy

7. Plant-based eggs

8. Plant-based butter

9. Plant-based oil

10. Plant-based sugar

A portion of the population with a

1. Need/want that your business can fulfill

2. Willingness to purchase

3. Ability to purchase

Your first and best customer



Whole Foods Top 10 Food Trends

1. Well-Being is Served
2. Epic Breakfast Every Day
3. Basics on Fire
4. Coffee Beyond the Mug
5. Baby Food, All Grown Up
6. Upcycled Foods
7. Oil Change
8. Boozed Up Booch
9. The Mighty Chickpea
10. Fruit and Veggie Jerky

Take a Market Driven Approach

Does a profitable market exist?

- Is there adequate market size and potential share?
- Able to produce at a cost low enough and sell at a price high enough to generate a profit?

Additional Resource

- Food Product Cost and Pricing Tools Webinar Recording
 - Instructor: Hal Pepper
 - tiny.utk.edu/FoodCost



Real Life Solutions.™

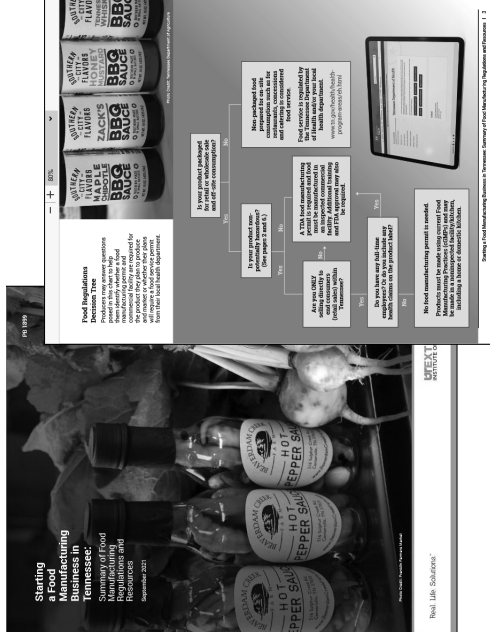
EXTENSION
INSTITUTE OF AGRICULTURE
UNIVERSITY OF TENNESSEE

3. Investigate the regulations.

- Product manufacturing/marketing
 - Food manufacturing, pet foods and pet treats, soaps and cosmetics, agricultural inputs, etc.
- Business license and taxes
- Sales taxes
- Employment regulations
- County planning and zoning

Real Life Solutions.™

EXTENSION
INSTITUTE OF AGRICULTURE
UNIVERSITY OF TENNESSEE



Real Life Solutions.™

Real Life Solutions.™

<https://extension.tennessee.edu/publications/Documents/PB1899.pdf>

EXTENSION
INSTITUTE OF AGRICULTURE
UNIVERSITY OF TENNESSEE

Summary of Food Manufacturing Regulations in Tennessee

Producers using the state's home inspection program must follow the following steps to ensure their products are safe for consumption:

1. Obtain a Food Safety Certificate from the Tennessee Department of Health (TDH).
2. Obtain a Food Safety Inspection from the TDH.
3. Obtain a Food Safety Inspection from the TDH.
4. Obtain a Food Safety Inspection from the TDH.

Regulation	Requirement
Food Safety Certificate	Producers must obtain a Food Safety Certificate from the TDH before selling their products.
Food Safety Inspection	Producers must obtain a Food Safety Inspection from the TDH before selling their products.
Food Safety Inspection	Producers must obtain a Food Safety Inspection from the TDH before selling their products.
Food Safety Inspection	Producers must obtain a Food Safety Inspection from the TDH before selling their products.

1. Starting a Food Manufacturing Business in Tennessee: Summary of Food Manufacturing Regulations and Inspection

Real Life Solutions.™

Real Life Solutions.™

Regulations - Examples



Real Life Solutions.™



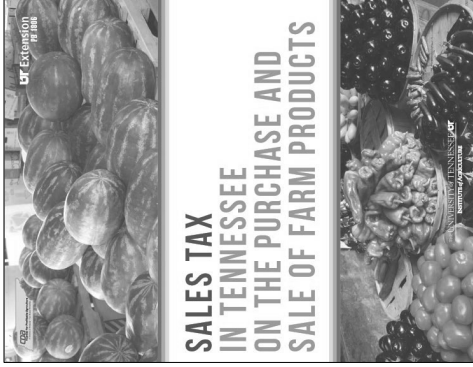
Real Life Solutions.™



Real Life Solutions.™

cpa.tennessee.edu

EXTENSION
INSTITUTE OF AGRICULTURE
UNIVERSITY OF TENNESSEE

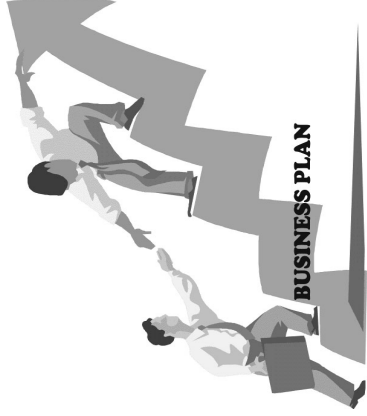


Real Life Solutions.™

<https://cpa.tennessee.edu/resources/?t=GeneralBusinessEssentials>

EXTENSION
INSTITUTE OF AGRICULTURE

4. Develop a business plan.



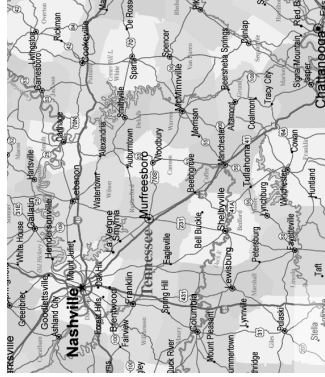
- Farm businesses that developed a business plan were 2x more profitable!
- Producers who communicate were 21% more profitable!

Dr. David Kohl
Business Planning Lite

Real Life Solutions.™

EXTENSION
INSTITUTE OF AGRICULTURE

Business planning helps determine:



- Where you are
- Where you want to go
- How you plan to get there
- What resources are needed
- Is it possible
- Expected results

Real Life Solutions.™

EXTENSION
INSTITUTE OF AGRICULTURE

Business Planning Resources



- Building a Sustainable Business
sare.org/Learning-Center/Books/Building-a-Sustainable-Business
- AgPlan: On-Line Plan Writing
agplan.umn.edu/
- Small Business Development Centers

Real Life Solutions.™

EXTENSION
INSTITUTE OF AGRICULTURE

5. Assess and manage risk.



This Photo by Unknown Author is licensed under [CC BY](#)

Real Life Solutions™

WEXTENSION
INSTITUTE OF
MANAGEMENT

Types of Risk



Risk Management Methods



This Photo by Unknown Author is licensed under [CC BY-SA-NC](#)

Real Life Solutions™

WEXTENSION
INSTITUTE OF
MANAGEMENT

In Review

- Value-added is in... but it's not easy.
- Assess your resources and the market potential.
- Develop a plan.
- Use available resources.



This Photo by Unknown Author is licensed under [CC BY-NC-ND](#)

Real Life Solutions™

WEXTENSION
INSTITUTE OF
MANAGEMENT

Beyond Fresh



Creating Products



cpa.tennessee.edu | facebook.com/ValueAddedAg | mleffew@utk.edu

Real Life Solutions™

UTK
EXTENSION
INSTITUTE OF AGRICULTURE
and FORESTRY