EIT Food
Startup Manual

Better businesses for a better food system

Written by:
Ilana Taub, Michael Minch-Dixon & Joseph Gridley

About EIT Food

EIT Food is Europe's leading food innovation initiative which was set up to transform our food system. EIT Food is a European Knowledge and Innovation Community (KIC), part of the European Institute for Innovation and Technology (EIT), an independent EU body set up to promote innovation and entrepreneurship across Europe.

AT EIT Food we believe that we are all responsible for, and connected to, the food that we eat so we all need to work together to improve it. By connecting consumers with businesses, startups, researchers and students from around Europe, we support innovative and sustainable initiatives which improve our health, our access to quality food, and our environment.

EIT Food works with consumers in the change process to improve nutrition and make the food system more resource-efficient, secure, transparent and trusted. Our ambition is to redesign the way we produce, deliver, consume and recycle our food to create a future-proof food system which supports a sustainable and circular bio-economy.

About the authors

We're passionate about food and sustainability so in 2013, we quit our jobs to find a way to contribute to a better food system. We co-founded SNACT, a brand making fruit snacks from ugly fruit to tackle food waste. This means we have direct experience in having created a successful food company recognized for driving environmental and social change. We built an innovative supply chain rescuing over 220 tonnes of food from going to waste and were the first in the UK to launch innovative compostable packaging. After five years of hard work, we decided to take a step back from the day to day activities of the company and sold part of the brand at the end of 2018.

Our work has been recognized by features in the Guardian, the BBC, Channel 4, The Telegraph. We won awards such as the Best Eco Product in the Global Good Award and were selected for prestigious initiatives like The London Greater Authority's London Leader programme and the Unreasonable Impact programme. More broadly, we have wider business startup experience having created other green businesses and projects in the past. Whilst our personal food startup experience has been UK focused, we are well connected to startup culture and the sustainability sector worldwide having fostered an extensive network in both of our combined 20 years of experience. We were really excited to be asked to put together this guide and be given the opportunity to share our knowledge and experience in this space.

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Disclaimer and Copyright

This guide is intended to help agrifood entrepreneurs and startups. However, it does not replace seeking professional advice and guidance. As such, although EIT Food has made every effort to ensure that the information in this book is useful, they do not assume any responsibility for the outcome of your business.

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EIT Foreword

Dear Entrepreneurs,

Like never before, our food system needs bold innovators like you. Years of mismanagement have damaged the food industry and the food we eat. The statistics are all too familiar: more than fifty-percent of the planet is malnourished through over- or under-eating, we throw away a third of all the food we produce, and food production is one of the leading causes of environmental degradation and human rights abuses.

But, it really doesn't have to be this way. As businesses, large and small, are demonstrating, we can build a food system that is good for people and planet; a food system that generates social, environmental and financial profits. However, the current rate of change is simply not fast enough if we want to avoid some of the environmental and health disasters predicted.

I believe that startups hold the key to accelerating this process of positive change. It is the brave entrepreneurs and brilliant startups that will help us turn Europe's food system around in time and I'm excited to see the next generation of innovations transforming the food industry.

That's why at EIT Food, we are dedicated to building and shaping the innovators of tomorrow. By bringing together the latest and best technologies, the most advanced skills and training programmes and the most disruptive business models we can empower the food industry and society to innovate. Together, we will improve food.

This guide is filled with invaluable lessons on how to build an agrifood company that can transform the food system in a scalable and sustainable way. Best of all, it is written by other agrifood entrepreneurs so that you can learn directly from their challenges, successes and wisdom.

This guide is just one small part of what we offer startups at EIT Food. I encourage you to explore www.eitfood.eu to uncover all the opportunities available to you. From grant funding to business training, from industry partnerships to investments, we have a programme to support your startup's growth and success.

Wishing you the very best of luck on your entrepreneurial journey.

Warm wishes,

Dr. A. M. (Andy) Zynga
CEO, EIT Food

How EIT Food can help you

EIT Food offers agrifood startups of all stages different types of support and works across all EU member countries, as well as Switzerland, Turkey and Israel. If you want more information about these initiatives or to apply, please visit our website at www.eitfood.eu.

Early Stage

- **Online tools:** a guide to help new startups develop their business model
- **Legal and accounting support:** low-cost, free legal and accounting support to help new businesses get registered and establish accounting practices
- **Hackathons:** a network of events across Europe to help aspiring entrepreneurs find solutions to pressing challenges in the food system and meet others

- **Mentors and network:** a series of events and online platform to help entrepreneurs meet the people that are key to their development
- **Entrepreneurship training:** resources and training for startups to help them develop the skills they need to be successful

Mid-Stage

- **Innovation Grants:** more than €500,000 distributed to new startups every year to get new products/service to market
- **Co-working spaces in offices, farms and factories:** places to develop your business in the city or in the country
- **Demo Days:** a calendar of events where startups can present to and meet possible investors/industry partners

- **Seedbed Incubator:** An international incubation programme of 10 weeks that gives early-stage entrepreneurs the tools, resources and network to test their business idea with 100 potential customers

Advanced

- **Food Accelerator Network:** a 4-month programme to help the best startups to grow and disrupt our food system. The best startups can receive up to €100.000 in funding

- **Business services:** a portfolio of business services to help European agrifood startups to grow including access to a large network of agrifood investors
- **Rising Food Stars:** a network of the best agrifood startups in Europe that can participate in large-scale, EU-funded innovation projects with other EIT Food partners

So you want to change the food system!

1. Introduction
2. What you need to know before starting an agrifood business
3. Where do you start?
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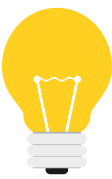


“The value of an idea lies in the using of it.”
– Thomas A. Edison

Chapter 1

Introduction

If you're reading this, you're either starting or have recently started a food business, congratulations! What an exciting time! Starting a business is a journey paved with challenges and opportunities, and whilst there is plenty of startup advice out there, we felt there was a gap in the market. So, we sought to create a manual for entrepreneurs and aspiring entrepreneurs in the agrifood space in the broadest sense of the term, meaning activities across the entire food supply chain. Think of this as an encyclopaedic startup guide tailored to the food sector. A practical manual and collection of tools which will guide you in implementing a strong business strategy, by providing questions, templates and resources for learning and fostering progress.

The manual is split into 9 key startup topics with each chapter being populated with theories on those topics, case studies and testimonials/tips from entrepreneurs. We have structured the manual in a way that allows you to read it from start to end but also as stand-alone sections you can dip in and out of. Indeed, a startup journey is never straight-forward, and you'll have to work on most of the elements laid out in different chapters simultaneously. You may want to skip some chapters all together if they're not relevant or too easy for you. The guidance in this manual isn't exhaustive so we've made sure that each chapter finishes with additional resources alongside a summary of key take-aways (if you're short on time or lazy, you could just read those) and some activities for you to get working on. We hope you'll find this guide as interesting as it was for us to create and that it'll be useful for your journey.

What you need to know before starting an agrifood business

We thought the best place to start this guide would be to ask food entrepreneurs what they wish they'd known before starting a food business, nothing beats direct experience to tell you how it really is!

Before starting an agrifood business, I wish I had known...

"How to actually run a business! I wanted to solve a problem and running a business was the result. I had no idea how to run a business, basic financial planning etc. In the end, it's all about the right attitude, then you can deal with everything. But it would have been convenient if I had a business education, knew something about logistics, how to manage finances etc."
– Chantal Engelen, Co-Founder at Kromkommer

"That people are very personal about their food and attach emotions to it. And in relation to agriculture, that you're working with biological inputs, which is different than other processes as biology does its own thing."
– David Rosenberg, Co-Founder & CEO at Aerofarms

"How different running your own business is to running another business. As much stress as I thought there was when running other businesses, there was always a safety net. When you're running your own, there is a completely different level of stress and dedication. And I used to think that I couldn't switch off when I was running my own company but your inability to switch off when it's your own is completely different. It's all consuming, it affects your personal life. Your relationships with your friends, with your family. That said I don't want to sound too negative. If my current business fell over, I would do it again in a heartbeat."
– Steve Dring, CEO & Co-Founder at Growing Underground

"That retail is such a challenging environment"
– Willem Sodderland, Founder & Seaweirdo at Seamore Foods

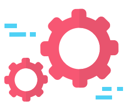
"The food industry is the oldest industry the world – one of the oldest, we've always had to eat. Because of that, it's going to be more multi-faceted than other sectors. It's a high volume business, and typically low margin industry compared to others. So, it's important to know that price matters, and that speed matters and so really designing your products with those things in mind… and the fact that there are a lot of players that exist that have scale… as an entrepreneur how are you going to overcome those scale challenges."
Marc Zornes, Co-Founder at Winnow Solutions

"That the retail world is very intricate, complicated and forever changing! It's not as simple as a handshake and doing business, it's a much bigger beast."
– Jim Cregan, Co-Founder at Jimmy's Iced Coffee

"Coming from a combined food and biotech perspective, I wish I had appreciated the fact that things always take longer than expected."
– Arturo Elizondo, CEO & Co-Founder at Clara Foods

"I wish we had understood the food safety and regulatory environment. We didn't know anything about that at all. At the very beginning, we got advice from lawyers who said that our neighbour to neighbour model doesn't fall within the realm of needing to be regulated and we didn't revisit. And then we introduced a new model where volunteers pick up food from businesses and that definitely needs to be regulated. It's really difficult to understand the system, what the actual rules are and what the whole ecosystem is."
– Saasha Celestial-One, Co-Founder at Olio

"How long everything would take and also how much quicker it would go if I had brought experts on board earlier."
– Solveiga Pakštaitė, Founder at Mimica Touch



"I wish we'd had someone working with us who knew about food regulation and legislation – it's such an overlooked area of the industry but it's absolutely vital for a successful business."
– Kate Hofman, CEO & Co-Founder GrowUp Urban Farms

"I started when I was in college, I didn't know anything… We knew we had a great idea and we focused on getting the product out and luckily found some early adopters who would forgive inconsistency in the product but for anyone looking to start and not doing it as a hobby – I would advise focusing on making the best tasting product because that's what earns you the opportunity to do everything… like your mission."
– Dan Kurzrock, Co-Founder & Chief Grain Officer at Regrained

"I think there are so many different types of food businesses - starting a social enterprise catering company versus a high-tech computer vision product are universes apart, and I feel fortunate to have had the experience to do both. Before starting ImpactVision, I wish I'd known how challenging it is to sell hardware to the food industry and how slim the profit margins are for the majority of food companies. That being said, I wouldn't rather work in any other sector than food and in the supply chain specifically, I think we are at a point of significant digitisation, which is really exciting."
– Abi Ramanan, CEO and Co-Founder of ImpactVision

General start-up advice before getting started

About love: Running your own business is not an easy ride. Chances are it will be a lot harder (and more rewarding) than you ever could have imagined so make sure you're working on something you love and care about. Instead of going after any old market opportunity, try to solve a problem close to your heart. If you're only in it for possible financial gains, you will lose stamina and won't persevere through all the setbacks you're bound to encounter. However, two things are worth mentioning here:

1. When you're running your own startup, a great chunk of your time is spent on tasks such as sales, marketing, customer service, networking, strategy development, figuring out logistics, and administrative tasks like invoicing and payroll. So, even if your business is solving a problem you're passionate about, be prepared to spend a lot of time on things you might not love so much. As a business owner, you MUST get comfortable being uncomfortable and be willing to embrace uncertainty.

2. It's important to love what you do, but don't fall madly in love with your own idea. You and your business are better off if the object you love is the problem you're trying to solve, not the idea. Get feedback early on and iterate on the idea. Listen to your customers and the feedback – don't take things personally and be willing to learn.

Money, money, money: Besides making a budget for your business, spend time making a personal budget. There is no such thing as an overnight success and getting steady income from your startup will take time. So, you might want to hold on to your day job, do freelancing/consulting or get a part-time job before giving your all to the new business. Having sure stream(s) of income will save you from many sleepless nights and unnecessary stress. Also, once you have calculated the expenses related to your business idea, prepare to double, triple or quadruple the number. It's likely you will face unexpected costs, so it's good to be both financially and mentally prepared.

As a small business owner, it's crucial to get to grips with managing cashflow. Track where your money is going and ensure you can justify every expense. The investor Mark Cuban says "never buy swag. A sure sign of failure for a startup is when someone sends me logo-embroidered polo shirts. If your people are at shows and in public, it's okay to buy for your own employees, but if you really think people are going to wear your branded polo when they're out and about, you are mistaken and have no idea how to spend your money." That might sound a bit harsh but serves a good reminder to track your money and be savvy with your expenses – you will have a lot of them.

Get out there: If you want to run your own successful business, be prepared to put yourself out there and get over the fear of public speaking. Attend events, use social media and offer your help to others (might sound counterproductive but often pays off and leaves a positive lasting impression). You might also want to consider, for instance, starting a blog or creating video content. No matter how great your idea is, chances are it will not sell itself so make yourself and your idea known. Develop your communication and public speaking skills, tell people about your idea and get comfortable selling. Also, aim to build relationships instead of just chasing transactions.

"Everything is figureoutable."
– Marie Forleo

Where do you start?

Before getting started, it's useful to arm yourself with as much knowledge as possible. You should understand what's ahead of you and have some understanding of general business concepts – something we've included below. We've also listed several additional resources at the end of this chapter. Beyond doing lots of reading, a great way to get started is to talk about your idea/concept to as many people as possible.
Many entrepreneurs feel the need to be secretive about their idea, but most people don't start businesses, and there is a big difference between having an idea and actually executing it. The benefits of talking to people – friends, family, industry experts, potential customers, people you look up to, researchers – will be immense: they help expand your thinking and develop your network. So, don't be shy, reach out to people and get started!

Business Concepts 101

A business is composed of many disciplines and as the founder (or co-founder) of a startup, you need to be involved in or at least have some understanding of all of them:

Strategy: this refers to determining how your company will achieve its objectives and vision for the next few years. It's essential to plan how you will do things.

Accounting: this is the process of keeping financial accounts and recording transactions in your business such as what goes in (revenue) and what goes out (expenses).

Financing: the process of obtaining or providing capital (i.e.: money) to fund business activities.

Sales: the backbone of any business. Without sales, you cannot have revenue and turn a profit, meaning you cannot survive.

Marketing: the process of promoting and selling products and services. This includes disciplines like advertising, PR, and pricing strategies.

Operations: refers to functions relating to how products and services are made, like managing your supply chain and logistics.

Human resources: refers to people management, taking care of your team.

Return on investment (ROI): this refers to how much benefit is derived as a result of an investment. This tends to refer to a financial return, though it can refer to wider returns (environmental, social) in the case of sustainable companies. Investors will be looking to understand what kind of return they can expect if they invest in your business.

Supply & demand: every market is composed of a supply side and a demand side. The supply side consists of sellers, people or businesses selling products and services, and the demand side refers to buyers, people (consumers) or businesses buying products and services. As an entrepreneur, you should see yourself on the supply side as it's what you sell that will determine your business's success. You'll of course be on the demand side too as you buy products and services from others in your value chain.

Competitive advantage: is what makes your product or service stand out against the competition. It may be price related (e.g.: you stand out because you are cheaper than your competitors) or may refer to a certain attribute or condition that means what you offer is superior.

Going at it solo or having a co-founder?

If you haven't started yet and are unsure whether you should go at it alone or with (a) co-founder(s), consider the benefits and disadvantages of both sides:

Solo

- Potential for less startup costs (fewer salaries, fewer people to support)
- Allows you to set your vision by yourself, and you make all the decisions
- Less potential for conflict (well none as long as you're by yourself), BUT...
- It can get very lonely and carrying all the responsibility yourself is daunting
- Investors often refuse to back solo founders and prefer backing teams

With a partner

- More likely to have a broader range of skills and experiences (which can only be a good thing)
- Less likely to head in the wrong direction as you can bounce ideas off each-other and act as sounding boards
- You get to share the stress, the costs and responsibility, BUT...
- Conflicts can happen and having a co-founder is very much like being in a relationship (or a marriage) and takes a lot of work

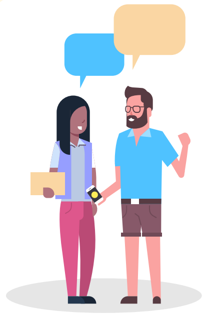
It's worth considering a few points when taking on a partner:

- **Are you equally committed to making this venture work both financially and from a time perspective?** Make sure you both (or all if more than two) have similar expectations of the commitment you're bringing to the table.
- **Do you like each other?** You will spend a lot of time with your co-founders. A lot of that time will be in a stressful situation, so you should find people whose company you enjoy.
- **Do you have complementary skills?** Two heads are better than one. Assess your skills and see how they complement each other (or not). When you're starting, you need to be a master of many professions (accounting, business development, marketing, compliance, human resources, sales, vision etc...) so it makes sense to find co-founders who are better at and more enthusiastic about certain tasks than you are.
- **Last but not least, make sure you discuss early on what will happen if there is a conflict, how decisions are made or if one of you wants to leave.** It's always better to have those difficult discussions when you're on good terms than further down the line under stress.

Check out co-founder networks like FoundersNation or coFoundersLab that help you find co-founders but also vet compatibility and provide tips and advice on how to make your founding team a success.

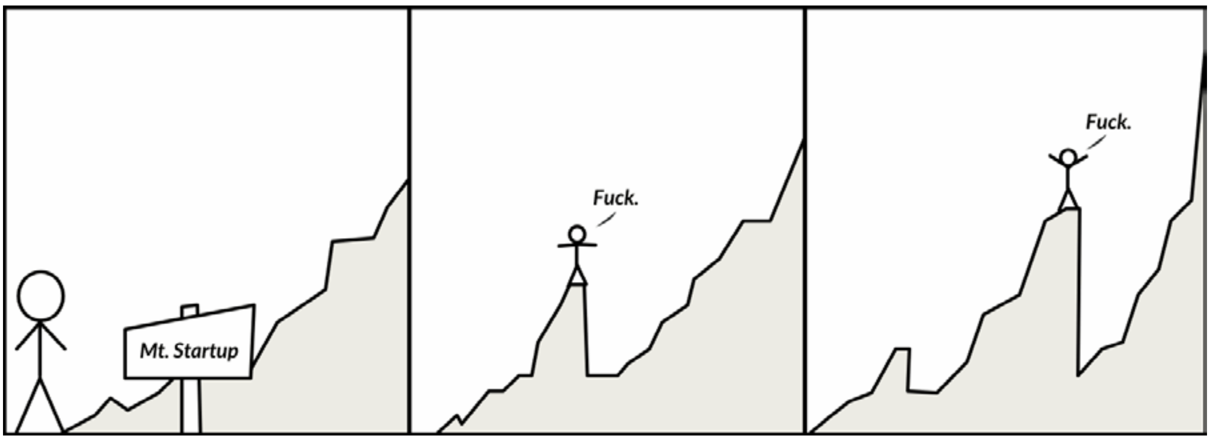
Entrepreneur testimonials on having co-founders

"My founders left along the way. It is important that you think about this when you start working together. If you break up after a while, there is always discussions about money etc. I see this everywhere around me. Put things on paper to avoid big fights along the way."
– Chantal, Co-Founder at Kromkommer

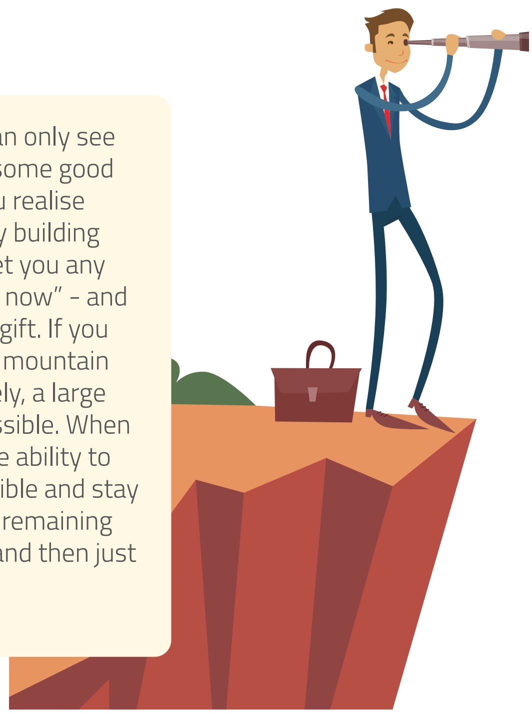


"Having a co-founder is incredibly important. I think you're crazy enough to start a business with a co-founder, let alone without one. One of the most important things you do early on is figuring out what you don't know and it's probably most things, so find someone who can complement what you bring to the table. Plus, it's more fun… you get to share your success with someone else and you get to provide therapy for each other when things aren't going so well."
– Dan Kurzrock, Co-Founder and Chief Grain Officer at Regrained

Mount Start Up



(https://john.onolan.org/vision/)



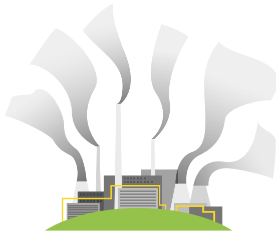
"Building a startup is like climbing a mountain where you can only see forward, but not up. (…) Every time you think you've made some good progress toward success, you discover a giant ravine as you realise that half the stuff you just spent all of your time and energy building was wrong. It got you to where you are now, but it won't get you any further up the mountain. Each time you think "ok, I've got it now" - and then you hit the next ravine. Fuck. To some extent, this is a gift. If you were able to look all the way up and see just how high that mountain is - you'd probably never climb it in the first place. Conversely, a large part of startup success is the ability to look up as far as possible. When people talk about founder "vision" - I like to think of it as the ability to look far up the mountain. To avoid as many ravines as possible and stay on a path which doesn't lead to a single, isolated peak. The remaining part, I think, is how many times you're able to say "fuck." - and then just keep on going anyway."
– John O'Nolan

Creating a sustainable business

With this guide, we're trying to help you put your agrifood startup on the path to success both from a business and impact perspective. To contribute to a better food system and to build a truly sustainable business, it's important to embed those aspects in your business from day one. So what things do you need to know about whilst creating a sustainable business and why does it matter in the first place?

Why should you create a sustainable business?

We all need to eat but our current food system is putting a massive strain on the planet. In fact, it contributes 19%–29% of global anthropogenic greenhouse gas (GHG) emissions (Vermeulen, Campbell and Ingram, 2012). Food production takes up a considerable amount of resources, such as nutrients, land area, energy and water, so we should make sure those resources are used for making products that provide real value and improve people's lives whilst not putting unnecessary strain on the planet.



Agriculture contributes to climate change through GHG emissions and reduction of carbon storage in vegetation and soil. Locally, agriculture reduces biodiversity and affects natural habitats through land conversion, eutrophication, pesticide inputs, irrigation and drainage. Unsustainable agricultural practices may also lead to direct environmental feedbacks such as soil erosion and loss of pollinators (because of excessive pesticide application). (European Environment Agency, 2012).

Considering food production's negative impact on the environment, it's clear we need not only better practices but also a real appreciation for food that has been produced. Unfortunately, this doesn't seem to be the case. The Food and Agriculture Organization of the United Nations (FAO) has estimated that each year, one-third of all food produced in the world gets lost or wasted.

A sustainable food system must also take care of the people it feeds and the communities it operates in. The Green Revolution of the 1950's and 60's delivered incredible results, with the percentage of the global population undernourished dropping from 33% in 1969 to 10-12% today (World Bank). Whilst still unacceptably high, it demonstrates the capacity of our global food system to address key societal issues.

Today the challenges are different. According to the World Health Organisation, worldwide obesity has nearly tripled since 1975. In 2016, 39% of adults aged 18 years and over were overweight in 2016, and 13% were obese. Obesity is linked to cardiovascular problems, diabetes and cancer. It is a growing epidemic and can be prevented through better diets and lifestyles. Whilst availability of calories is no longer an issue in many parts of the world, quality nutrition is. A growing body of research suggests a link between highly processed food and adverse health outcomes. We're routinely exposed to high levels of sugar, salt and fat to the detriment of our collective health.

The social impact of our food system is not limited to nutrition. There are a wide range of issues such as low pay/forced labour, the acceptability of innovation (e.g.: GMOs) and many others that also need consideration.

We don't need more food businesses; we need more sustainable food businesses.

Picking your battles

Whilst being a sustainable business entails a holistic approach where environmental and social impacts are considered throughout every aspect of the business, it's also worth picking your battles. As a startup, you simply cannot address everything at once and you will need to make compromises. Once you look at sustainability issues, you often find it's a whole system that is not working properly and you can be tempted to fix it all. But remember, you're only a small player in a much bigger game so you must focus your efforts carefully.

Your business can't solve every problem from the start. Have a clear vision of where you want to get to from a sustainability perspective and work towards that vision in line with your business capabilities. Doing things differently (for instance, employing people from disadvantaged backgrounds, using a new type of packaging or manufacturing process) requires a lot of patience and grit. You're going against traditional embedded business processes, so it makes sense that as a startup with limited resources, you can't do it all at once. Pick your core mission, nail that and as you grow, build on that where you can.

It's also worth noting that once you put sustainability claims out there, people will be inclined to scrutinise everything you do. Most will be supportive but there will always be those who pick on the one aspect you haven't figured out yet. That's ok. Be prepared for those occasions by knowing why you've made certain decisions and knowing where you're trying to get to.

On creating a mission-led business

> "The advice I'd give to aspiring mission-driven entrepreneurs is not to fall in love with a specific important mission at the start, but to fall in love with the general idea of building a business to solve an important mission. Just like with the rest of the business, you'll never know upfront what your investigations will uncover."
> **– Tom Simmons, Founder and CEO of Cambridge Glycoscience**

The value of sustainability in creating your brand
Beyond doing the right thing, embedding sustainability from the onset has many business advantages:

- **Consumers care:** more and more studies show that consumers want to choose products that are positive for the environment and society (at least when they're asked about it). A 2017 Unilever global consumer study found an over "$1 trillion market opportunity for brands that can effectively and transparently market the sustainability of their wares." (sustainablebrands.com)

- **Business customers care:** most companies have sustainability targets to meet (in fact, the EU requires large companies to report on the social and environmental impact of their activities) so they are increasingly looking to work with suppliers and partners who can help them fulfil these. This is a great opportunity for startups.

- **Positive differentiation in the marketplace:** positive impact provides a marketing angle that can help you stand out from competition, especially more established businesses. As you create a positive impact, the media will want to talk about what you do and communities around you will be interested. Sustainability can also help you create loyalty as you help others contribute to things they care about or think are important.

- **Attracting a motivated and committed team:** people like working for mission-driven businesses. Recent surveys have shown that millennials want companies that strive for more than just making money and that it's a key motivator when they're looking for work. (forbes.com)

- **It's a market reality:** last but not least, growing resource scarcity means that if you can produce in more efficient ways, you'll be less vulnerable to market forces that affect your operations as our world changes.

If you want to skip ahead to read more about the value of sustainability in your business, head over to chapter 7 where we talk about measuring and communicating your impact.

"The thing that excites me most about being an entrepreneur is the fact that one person is able to take a problem into their own hands and do something about it. I came up with an idea that could benefit society and felt it was my duty to make it a reality."
– Solveiga Pakštaitė, Co-Founder at Mimica Touch

Chapter 1 Wrap-up

Key take-aways

If you remember only a few things from this chapter, we hope it'll be the following:

- Being an entrepreneur is harder than you think and you need to be prepared to be not only the visionary but the sales guy, head of finance, marketing person, operations manager, HR department...However, know that running your own business is also very rewarding.

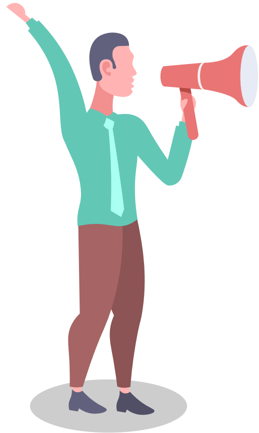
- Think carefully about whether you want to embark on your startup journey alone or with a co-founder. If you decide to have a business partner, choose someone who has complementary skills, who you like and who is as committed as you are – and have the difficult discussions (e.g. the other one wanting to quit) right in the beginning.

  Time to stop and think: are you and your co-founder(s) equally committed to make the venture work? Do you like each other? Do you have complementary skills?

- Creating a sustainable business and transforming the food system is hard but not only is it necessary to meet the needs of future generations, it also has many business advantages. These include e.g. positive differentiation in a crowded marketplace and attraction of motivated and committed employees.

  Time to stop and think: what is your core mission? Is it clear to you and your team what your main goal is in terms of sustainability and the reasoning behind certain decisions and possible compromises? (Getting clear on these questions helps you respond to scepticism and questions you might face as soon as you mention the word sustainability or sustainable business.)

Now, let's get active!



1. **Talk about your idea/concept to at least 10 people in the next month to expand your thinking and develop your network.** These can be friends, family members, industry experts, people you look up to, researchers, current colleagues, potential customers... Friends and family are great but not always an objective audience so make sure you find a few people from whom you can get an honest opinion.

2. **Pick your battles.** You won't be able to fix the whole food system at once so pick your core mission, define where you want to get to from a sustainability perspective and make it crystal clear to yourself and your team why you've made certain decisions. It doesn't hurt to put these on paper.

Additional Resources

"How to start a startup" – an interesting article derived from a talk at Harvard
http://www.paulgraham.com/start.html

A list of business courses for entrepreneurs if/when you want to explore further
https://www.ryrob.com/online-business-courses/

The pocket guide of essential startup advice
https://medium.com/swlh/the-pocket-guide-of-essential-startup-advice-20a1da42eb46

A few books to get you started:

The 4-hour workweek
by Tim Ferries

Let my people go surfing
by Yvon Chouinard (Founder of Patagonia)

The power of unreasonable people and how social entrepreneurs create markets that change the world
by John Elkington and Pamela Hartigan

The Innovator's Dilemma
by Clayton M. Christensen

Start something that matters
by Joan Salge Blake

Hooked
by Nir Eyal

Cradle to Cradle: Remaking the way we make things
by Michael Braungart

Business for Punks: Start your Business Revolution – the BrewDog Way
by James Watt

Proving to the world that your idea is worthy and developing your proposition

1. Understanding your problem-solution fit
2. Market research
3. Getting your idea in front of customers quickly & learning from it
4. Approaches to product/service design

"Doing is the best kind of thinking."
– Tom Chi*

*Tom Chi, an inventor, leader, coach and speaker who served as the Head of Product Experience at Google X where he is known for developing technology such as Google Glass and Google's self-driving cars.

You have a brilliant idea for changing the food system. You have some idea of how you'll execute it. But how do you go about proving to yourself and others that your idea is worthy of all the blood, sweat and tears that will go into it for the months or years to come? This chapter looks at how to test whether there is a problem-solution fit, whether there is product-market fit (this is what you're looking for), how you might go about efficiently conducting initial research, and provides approaches to product and service design.

Understanding problems & solution fit

At this stage, you want to understand whether your idea is fit to tackle the problem you've identified. Once you've established that, you want to assess whether people will pay for it. It's fine having a perfect solution to a problem but if no one will pay for it, it won't be a viable business. Take time to figure out whether your idea will work and whether to take the plunge. You will never get a 100% guarantee that your business will be a success, but you can increase your chances through various types of research and studies.

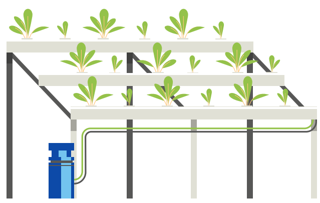
Feasability Study
As the name suggests, a feasibility study aims to assess whether an idea is feasible and will help you write a solid business plan. It's likely that your feasibility study will continue throughout the first stages of your startup as you develop your product & service. The information you gather at this stage of the process can be divided into different sections looking at market, technical, commercial/financial and organisational feasibility. The following sections will look in more detail at how you may go about gathering this information and what information is key:

- Market research
- Competitive landscape
- SWOT analysis

By the end of this stage, you should have a good idea or whether you should take the plunge (if you haven't already – a feasibility study can also be useful at a later stage of your growth)!

Entrepreneur testimonials on "taking the plunge"

"I first looked at the macro picture of food security, population growth and realised vertical farming would be an answer to that. If you're asking me when I actually had the confidence in my plunge… that happened when I'd figured out unit economics, when I got unit economics to work."
– David Rosenberg, CEO & Co-Founder at Aerofarms



"I took the plunge when I could no longer stand doing rubbish jobs for a living. That was November 2010 and we're still here today, over 7 years later!"
– Jim Cregan, Co-Founder at Jimmy's Iced Coffee

Market research

Whether you're at the idea stage, making changes to an existing product/service or looking at developing a new product, you will need to conduct market research at some point. An important part of business success is being able to make well informed decisions and you'll be much better positioned to do that by understanding the market(s) you're operating in. Having a clear and strong understanding of your market(s) will also enable you to better focus your product/service, your marketing strategy and to convince others, such as investors and potential customers, to come on board.

Primary v secondary
Primary market research is information you gather yourself, for instance by interviewing potential customers or consumers. Some (like the ICURE programme) suggest you should speak to up to 100 potential customers before launching your business. You can pay someone to conduct this research for you though in the very early phases of a startup (with little funds), this is unlikely. Secondary market research is information you gather from existing sources like studies, publications, trade reports – you can gather it from a whole range of places like government documents, research put out by trade bodies, large companies, thought leadership from large incumbent businesses…. Market reports published by companies like Mintel and Frost & Sullivan are very expensive so it's worth checking big public libraries near you as they often house these and may be a good place to start.

Is one research better than another? You'll want to gather both types. Nothing beats direct information and insights you can get on your specific market. However, you'll also need macro-level information to paint a proper picture of the viability of your business idea and you're unlikely to gather that information yourself (it also probably wouldn't be a great use of your time or resources).

Qualitative v quantitative
Qualitative research focuses on how and why people think and feel about something whilst quantitative research will deliver facts and figures. There are benefits to both. Since the food industry evokes strong emotions in people, it makes sense to use qualitative research to understand what motivates people to make certain decisions around food (e.g.: what would make them choose one type of drink over another) or how they feel about certain food innovations (e.g.: would they be happy to eat meat grown in a lab). The downside of qualitative research is that people's actual behaviours differ from their intentions. So, whilst they may say they would choose one brand over another because of ethical considerations, unconsciously it may be price that is the ultimate factor in their decision making. Quantitative research, on the other hand, is data driven. This research is conducted through questionnaires, polls, surveys and studies. Whilst it's much more data driven, it can still be used to understand certain behaviours and particularly the appetite for a product or service.

Case study: Nice & market research

Nice, is a brand of high quality, vegan French wine, sold in cans. Nice's co-founder Lucy had previously launched another food brand and took key learnings from that on conducting research before launching Nice.

> "I'm lucky because I'm launching Nice now but I previously launched Cuckoo and that taught me so much on how to launch Nice. And I've done everything differently than I did with Cuckoo. With Cuckoo, I was really young, fresh out of university and didn't even know what FMCG stood for, or understand what categories* meant, what a category size was and launched a bircher muesli brand which was a £1 million category. With canned wine, when we had the idea, the first thing we did was invest a bit of money, well quite a bit of money for a startup to buy the category data which showed us the size of the market in detail. That meant we automatically knew that we were going after a big addressable market. Biggest learning curve."
> **– Lucy Wright, Co-Founder at Nice**

(*A "category" refers to a branch/group of FMCG (Fast Moving Consumer Goods) products that share similarities. For instance, there are categories for drinks, fresh produce, snacking, beauty products, etc. This term is used in the retail sector. Larger retailers have category buyers – someone focusing solely on one category.

Competitive landscape

As part of your market research, you'll want to spend a fair bit of your efforts exploring what your competitors are doing. This is essential to gain an understanding of what threats they pose to your business, what you can learn from them and what you can do differently. It's likely that you'll do this as secondary research (i.e.: by finding information that is publicly available) but depending on your business, there may be opportunities to speak to them directly. Within the sustainability context, competitive companies may be happy to share information. It makes sense as the motivation behind these companies is to create positive change in the world and so knowledge sharing benefits a greater cause.

You can start your competitive analysis by identifying several companies, we suggest going for the top 10 but choose more or less as you please. Categorise these as direct or indirect competition. For example, a popcorn brand could categorise other popcorn brands as direct competition and other snack companies such as crisps as indirect competition. Once you've identified who your competition is, gather different types of information on them. This will vary according to the business or product/service in question.

- **Product/service:** what are their product or service characteristics, how do they differ from yours? What's their pricing strategy? How much traction has their product or service gotten?
- **Business model:** how does their business model differ from yours? Are there gaps in their business models or areas for improvement?
- **Marketing:** how do they communicate what they're doing? What does their website say? Do they have reviews/ testimonials so you can see what other people say about them? Have they gotten a lot of media coverage?
- **Organisation:** who is on their team? Their board? Do you know who their advisors are? Where they are located? Is that a better or worse location for starting a business than yours?

A strong understanding of your competition will help you develop your company's competitive advantage and set you apart, this is particularly important in a crowded market. Some industries are more competitive than others. If you're developing a food brand that is targeting large retailers, be prepared to constantly defend why your product is different or better than what's already out there. If you're developing an innovative technology like a label that expires at the same speed as your food (check out Mimica Touch), you might face less direct competition but there will be other barriers to entry!

Case study: Olio - market research & proof of concept

Olio is a mobile app for food-sharing, aiming to reduce food waste. It does this by connecting those with surplus food to those who need or wish to consume such food. Olio founders conducted three key pieces of market research before launching Olio.

"First, we did desk research to find out how big a problem food waste was, and what we discovered absolutely horrified us – globally, 1/3 of all food produced gets thrown away, and in developed countries, well over half of all food waste takes place in the home. The next piece of research was a survey that we distributed via email and social media, and the objective of this was to discover whether people actually care about the problem of food waste. The key insight we discovered was that 1 in 3 people are "physically pained" throwing away good food, which gave us the confidence that food waste most definitely is a mainstream problem that people care about. And finally, we did a proof of concept using Whatsapp and asked 12 strangers who lived close to one another to go onto a Whatsapp group and to share any surplus food they might have over a 2 week period. The feedback from this gave us the conviction to go ahead and invest our life savings in building the first version of the OLIO app! On an ongoing basis, we get feedback from our users on a daily basis, primarily via email, and we regularly do surveys and get feedback at gatherings."
–Tessa Stuart, Co-Founder & CEO at Olio

How to ask good questions?

When asking questions, it's important you do so in a way that enables potential customers to give genuine feedback and not confirm your bias. A great book on the subject is "The Mom Test". Instead of asking direct questions like "do you like this?" or "would you buy this?", ask more exploratory ones like "how do you currently solve this problem?". Make sure you ask questions that can both support and disagree with what you're doing.

"Everyone is lying to you. They say you shouldn't ask your mom whether your business is a good idea, because she loves you and will lie to you. This is technically true but it misses the point. You shouldn't ask anyone if your business is a good idea. It's a bad question and everyone will lie to you at least a little. It's not their responsibility to tell you the truth. It's your responsibility to find it."
– Rob Fitzpatrick, author of "The Mom Test"

SWOT analysis
A SWOT analysis is a strategic analysis looking at Strengths, Weaknesses, Opportunities and Threats. It isn't, by any means, limited to the startup world and can be used at different times throughout the lifecycle of any business. It's a useful tool to help you figure out business strategy and competitive advantage, or indeed to inform whether you should take the plunge.
Strengths and weaknesses are things you have control over as they're internal to your company whilst opportunities and threats are external, part of the environment you operate in and are out of your control. It's usually depicted as a grid but feel free to get creative if you'd like to visualise it differently.

Strengths	Weaknesses
▪ Strong team with relevent experience ▪ Unique product proposition ▪ First mover advantage	▪ Established market with large existing businesses ▪ No reputation ▪ Lack of funding
Opportunities	**Threat**
▪ Growing market ▪ Veganism trend	▪ Lack of existing legislation of new technology

Above: Example of a SWOT analysis

Here are some questions and examples to get you started with a SWOT analysis:

Strengths

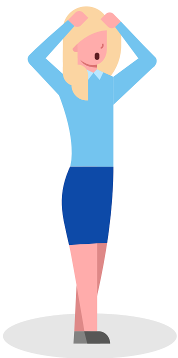
- Do you have a strong competitive advantage over others in the industry? E.g.: Mimica Touch has created an innovative one of a kind food label that expires at the same rate as the food it's associated with.
- Are you the first or amongst the first to bring this type of product or service to the market? E.g.: lab-grown fish is a completely new product. Being the first to market with this type of innovation will be a strength to grab market opportunity, reputation & PR potential. Check out Finless Foods.

Weaknesses

- Are there obvious gaps in your team? E.g.: if you're developing a business in food tech, are you missing someone with the relevant technical knowledge?
- Do you lack funding to bring your product or service to scale? E.g.: companies heavy in R&D (research & development) may need millions to validate their technology before having a product to sell on the market. This was the case for Entocycle, an automated insect farm that produces environmentally friendly insect protein to feed farmed animals.

Opportunities

- Are there growing market trends you can take advantage of? E.g.: this could be the growth of veganism if you're making vegan products, or the increase in people reducing their meat intake if you're developing meat substitutes.
- Are there changes in legislation which support your product/service? E.g.: this could be a country banning large retailers and establishments from sending any food to landfill opening opportunities for food waste businesses.



Threats

- Is your business idea replicable from other competitors? E.g.: a brand making flavoured carbonated water has a business model and product that can be imitated easily.
- Are there environmental threats that can significantly impact your business? E.g.: the cost of your suppliers may fluctuate significantly based on certain events. The price of vanilla recently skyrocketed (2017) to the point where it was found that a huge number of vanilla ice-cream brands did not, in fact, have any vanilla in them (news.sky.com).

Getting your idea in front of customers quickly & learning from it

When you're trying to figure out whether your idea will work, there is no substitute for actually trying it out and seeing how it does for real. This may seem like an unrealistic goal as products and services need funding to be developed and you will only access greater amounts of funding once you have proven a concept. But there are ways for you to achieve proof of concept in cost-effective ways. These next sections show you how to do that.

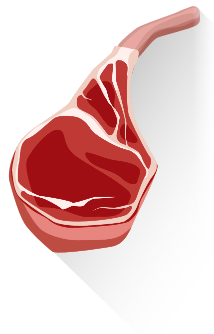
The Lean Startup
If you're interested in startups or the business world, you will most likely have heard of the lean startup already, a term coined by and a book by Eric Ries. The idea behind it is that most startups fail because they

spend a huge amount of resources on developing products and services only to discover that their customers don't really want them or don't want certain features. The lean startup process offers a method that allows for developing products and services through a much more customer-focused and iterative process.

Key to the lean startup method is the concept of a Minimum Viable Product (MVP). This is defined as *"the version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort."* This version of a product or service often has the most basic features, just enough to satisfy would be early adopters as they're likely to be more forgiving than other potential customers. Think of this as a prototype which you put out to some customers to get as much as feedback as possible and used to develop future versions.

MVP Case Study – Impact Vision: Improving Our Global Food System With Hyperspectral Imaging

ImpactVision uses hyperspectral imaging technology to reduce waste in the food supply chain. Their software provides insights about the quality foods, such as the freshness of fish, the ripeness of avocados or the presence of foreign objects non-invasively and rapidly at production grade speeds. When ImpactVision was first created, the founders' initial goal was to reduce waste in the meat supply chain. Working with a research institute in Germany, they conducted their first imaging and measurement campaign to understand the PH and colour of different beefsteaks from images (pH and colour acting as proxies for shelf life). This initial study provided a blueprint to build their first MVP. They replicated the process with a large retailer in the US and designed the first version of ImpactVision's technology composed of a beef pH and colour algorithm and a primitive user interface. Abi Ramanan said it was *"exciting because you usually only access that information using a colour-meter, a tenderness test (using a knife) and more commonly a visual inspecting using a pH meter."* The next step of the company took two years which included fundraising and changing the product.



Principles of the lean startup:

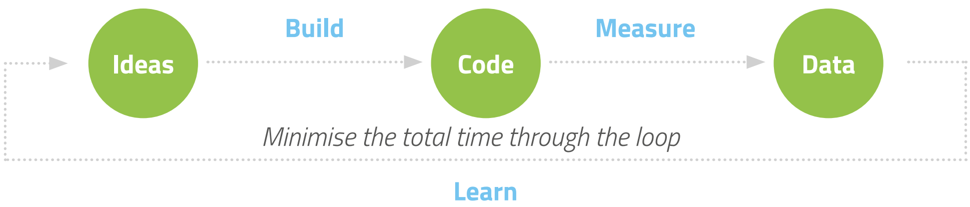
1. **Entrepreneurs are everywhere** - A startup is a human institution designed to deliver a new product or service under conditions of extreme uncertainty and it has nothing to do with the size of a company or industry. The key is thinking big, starting small and scaling fast.

2. **Entrepreneurship is management** - As an institution, a startup requires management. Flexible learning-oriented management that encourages experimenting and is geared to the concept of extreme uncertainty.

3. **Validated Learning** - Startups don't exist to make stuff, they exist to learn how to build a viable business. This learning can be validated scientifically, by running experiments that demonstrate and test each element of our vision. Validation allows you to identify key risks in your product or service and make appropriate adjustments to your product/service.

4. **Innovation Accounting** - Innovation accounting is needed to hold entrepreneurs accountable for their actions and to improve entrepreneurial outcomes. An entrepreneur should have a clear understanding of how to measure progress, how to set up milestones and how to prioritize work. This calls for a new kind of accounting that is specific for startups.

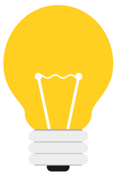
5. **Build-Measure-Learn** - Startups' main activity is to turn ideas into products or services, measure customers' response to them, and then determine whether to pivot (change something) or persevere (continue on). All processes should be aimed at accelerating that feedback loop.



Rapid prototyping
Tom Chi developed the concept of rapid prototyping. Chi describes rapid prototyping as *"the process of finding the fastest path to a direct experience of the thing you're trying to create."* Similar to the lean startup, rapid prototyping is based on the idea of getting (a) prototype(s) in the hands of potential users as quickly as possible and learning from the process. Instead of guessing, Chi advocates for learning. And to maximise the rate of learning, he advocates for dramatically minimising the time taken to try things, hence rapid prototyping. Rather than trying to make decisions by looking at whether something is good/bad or right/wrong, focus on whether you're guessing or basing your opinion on conjecture (a conclusion formed on the basis of incomplete information). Chi argues the need for direct experience over conjecture. We suggest looking at Tom Chi's short lesson (8 minute video) on rapid prototyping to get started: https://ed.ted.com/lessons/rapid-prototyping-google-glass-tom-chi.

Don't focus too much on the theory of the lean startup or rapid prototyping, they're useful guides but they don't need to be followed to the letter. The main take-away is that you shouldn't spend hours, weeks or months developing a product or service in secrecy without showing it to a potential customer. Develop an MVP/a prototype, get out there, speak to users, and listen to their feedback to improve it.

Approaches to Product/Service Design



"Design starts with the perception of a problem and ends with some-kind of related solution."
– K. M. Kim

Armed with insights on market needs, you will be well placed to develop your product or service. There are many ways of approaching the design/development phase but we will only cover design focused on the user and sustainable product design as these build on concepts already discussed. By efficiently carrying out the design process and truly considering the end user's needs, you increase your chances of the product or service being adopted successfully.

Design focused on the user
Human-centred design (a term originally coined by IDEO) is a framework that considers human perspectives throughout the design process. User experience design is the design of multisensory experiences, typically at the interface between humans and technology. It is one of many design disciplines that takes a human-centred approach. Human centred design can be defined as *"a creative approach to problem solving (...). It's a process that starts with the people you're designing for and ends with new solutions that are tailormade to suit their needs. Human-centred design is all about building a deep empathy with the people you're designing for; generating tons of ideas; building a bunch of prototypes; sharing what you've made with the people you're designing for; and eventually putting your innovative new solution out in the world."*

The process for human-centred design consists of three phases:

Inspiration/ Discovery phase: learn directly from the people you're designing for and try to understand their needs and challenges, forgetting any assumptions you have made before. This can be done through interviews, observation, informal conversations, secondary research or even putting yourself in your user's shoes.

Ideation/Concept creation phase: brainstorm! Taking the learnings from phase one, develop plenty of ideas and solutions. There should be no judgment here and no search for perfection, flawed imperfect ideas are welcome as you can certainly learn something from them too. It's also a good idea to present some of these concepts to your users and record their reactions, this helps inform the next stage.

Implementation/ Prototyping phase: bring your idea/solution to life. This includes the creation of prototypes and then further developments to create a product you can bring to market (think about the Lean Startup MVP & rapid prototyping we discussed earlier in this chapter).

Another user focused design process is user experience (UX) design. It can be defined as "the process of creating products that provide meaningful and relevant experiences to users. This involves the design of the entire process of acquiring and integrating the product, including aspects of branding, design, usability, and function. Products that provide great user experience (e.g., the iPhone) are thus designed with not only the product's consumption or use in mind but also the entire process of acquiring, owning, and even troubleshooting it. Similarly, UX designers don't just focus on creating products that are usable; we concentrate on other aspects of the user experience, such as pleasure, efficiency and fun, too." (Interaction Design Foundation)

Whilst both human-centred design and UX design seem obvious, it's a common mistake of entrepreneurs to develop products and services without really understanding the end-user. We identify a problem that needs tackling and then make assumptions on which solutions to develop. By using these design principles to address a problem, you know you'll develop a successful solution as you'll have kept end users at the heart of the process.

What's the most important thing to keep in mind when developing a product or service?

"It's cliché, but, your customer. That's the only thing to keep in mind is the customer. You can develop a great model and a great service, if no one buys it, you haven't got a business. If you ever lose sight of being a consumer, if you ever lose sight and don't understand where trends are going, people will stop buying your product."
– Steve Dring, Co-Founder at Growing Underground

"Absolutely relentless focus on a) discovering what your customers' problems/needs are b) developing products/services that meet those needs, even better if your solution can create additional, incidental benefits. (...) Everything, and I mean everything, from pursuing distribution partners, to attending conferences and giving talks, is secondary to developing a product that meets a deep need and solves a critical problem."
– Abi Ramanan, CEO & Co-Founder of Impact Vision

Sustainable product design
This type of design focuses on a product or service that has environmental or social benefits at the core. There are also different approaches to develop these kinds of businesses, we'll focus on circular economy and life cycle thinking (LCT) design.

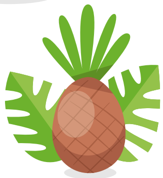
Design for a circular economy moves from "our traditional take-make-dispose extractive industrial model to one that has a closed loop, where materials, nutrients, and data are continuously repurposed" (ideo.com). Its inspiration is nature: natural systems do not waste anything. Indeed waste usually equals food for another part of the system. Much of the work around the circular economy and business has been led by the Ellen McArthur Foundation which partnered with IDEO to create a circular economy product design guide, which we recommend digging into to gain an in depth understanding of these concepts. A circular model builds economic, natural, and social capital and is based on three principles:

- Design out waste and pollution
- Keep products and materials in use
- Regenerate natural systems

Applying circular economy design to the food system entails looking beyond our traditional industrial economy and considers how value can be extracted from every aspect of the value chain from extraction, production, usage to disposal. It's a mindset that requires creating connections between parts of the industry that were previously unconnected and broadening your perspective of the user. Rather than focusing simply on the end user, circular economy design requires "researching and understanding the needs of all users or usages of the materials within the system" (circulardesignguide.com). With a growing global population and limited resources, circular economy design provides a particular exciting approach to solving many of the food industry's problems. We thought the best way to illustrate this was to give a number of examples working on different parts of the food system:

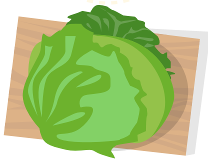
- **Tackling organic waste and providing feed to farmed animals and farmers who grow crops:** Entocycle uses larvae to convert organic waste (such as coffee grounds and spent grain from brewing beers) into sustainable insect protein that can be used to feed farmed animals such as salmon.

- **Making sustainable vegan leathers from pineapple leaf fibre:** though not creating an end product that sits in the food industry, Pinatex is a material created by Ananam that works with farmers to use an agricultural by-product to create a high end material used by many fashion companies.



- **Recycling waste coffee grounds into advanced biofuels, biomass pellets and, in the near future biodiesel:** Biobean links the food and energy sectors by having built the world's first waste coffee recycling factory.

- **Growing salads and farming fish in a closed-loop aquaponic system:** GrowUp Urban Farms has pioneered an urban farm where produce (such as lettuce) is fed using waste water from the fish.



- **Using nutrients from wastewater and transforming them into a pure, eco-friendly fertilizer that improves nutrient efficiency and reduces the risk of leaching and runoff:** Ostara has found a way of protecting water streams by both tackling wastewater and creating a new product that prevents water stream pollution thereafter.

- **Packaging that behaves just like food and returns to natural cycles:** Tipa has developed a compostable film that biodegrades in ambient composting conditions and can return to nature just like an orange peel.

Somewhat similar to the circular economy design concept, Life Cycle Thinking (LCT) refers to going beyond the traditional focus on production site and manufacturing processes to include environmental, social and economic impacts of a product over its entire life cycle (Life Cycle Initiative). Other design methodologies that apply similar mindsets are cradle to cradle design and regenerative design. All are based on the idea that we should mimic natural systems whereby waste does not exist, and where part of the output goes to create further output.

There are endless challenges in the food industry that require new type of thinking and sustainable product/ service design. Applying this perspective to your new venture not only means you're tapping into new and untapped innovative markets, it also provides great benefit in the form of storytelling and PR potential.

Chapter 2 wrap up

Key take-aways

- Do extensive research (qualitative and quantitative, primary and secondary) to ensure that there is an actual need for your product or service in the market.

  Time to stop and think: is there a market for the product or service you're offering? What is the size of this market today and in the future? How will you deliver the goods and services? What kind of technology and/or know-how is needed? How much funding will be needed to make this work? Do the economics behind the product or service make sense? Are you the right person to make this business idea a success? If the answer is no, are you able to find the right people to join your team? Are there any legal challenges that may hinder the development of your idea?

- Don't waste time in perfecting the product in isolation from your customers. Instead, create a minimum viable product (MVP), get it to early adopters as quickly as possible to get valuable feedback and iterate to create better versions. Suss out your competition, both direct and indirect. Study their product/service, business model, marketing and organisation, this will help you develop your competitive advantage.

  Time to stop and think: what are your competitors' product or service characteristics and how do they differ from yours? What's their pricing strategy? How much traction has their product or service gotten? How does their business model differ from yours? Are there gaps in their business models or areas for improvement? How do they communicate what they're doing? What does their website say? Do they have reviews/testimonials so you can see what other people say about them? Have they gotten a lot of media coverage? Who is on their team? Their board? Do you know who their advisors are? Where are they located? Is that a better or worse location for starting a business than yours?

- Do a SWOT analysis to identify your strengths and weaknesses, as well as the opportunities and threats in the marketplace.

  Time to stop and think: do you have a strong competitive advantage over others in the industry? Are you the first or amongst the first to bring this type of product or service to the market? Are there obvious gaps in your team? Do you lack funding to bring your product or service to scale? Are there growing market trends you can take advantage of? Are there changes in legislation which support your product/service? Is your business idea easily replicable from other competitors? Are there environmental threats that can significantly impact your business?

- Design is not just a label but encompasses the whole proposition and the value chain around it. Good design brings you closer to your customer and increases the chance of product/service adoption. There are lots of different ways to think about designing your product or service, including those approaches that consider the end user's needs and how they will experience the product or service and those that consider environmental and social aspects to create a sustainable product.

  Time to stop and think: can you or have you applied human centred design when developing your product or service? Does LCT or circular economy design apply to your product or service, could you apply some of the principles? What impact would it have on your business model?

Now, let's get active!

1. **Do a SWOT analysis defining your strengths and weaknesses** (things you have control over), as well as threat and opportunities (part of the environment you operate in and out of your control).

2. **Do a competition analysis**. Come up with a list of 10 competitors (mixture of direct and indirect competition) and research them looking at where they do really well, where they struggle, what you can learn from them and what you can do differently/better in order to stand out.

Additional resources

The lean startup website is a great place to start:
http://theleanstartup.com/

Tom Chi's own website where he offers some courses:
http://www.tomchi.com

More detailed information on doing a SWOT analysis:
https://www.liveplan.com/blog/what-is-a-swot-analysis-and-how-to-do-it-right-with-examples/

For more on Human Centred design, head to the Acumen Human Centred Design Course

Endless resources on the Circular Economy, check out the Ellen Macarthur Foundation

A few resources to brush up on your food system knowledge and news:

Food Navigator:
https://www.foodnavigator.com

Food Tank:
https://www.foodtank.com/

Food Bev Media:
https://www.foodbev.com/

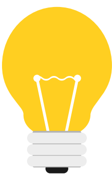
Modern Farmer:
https://modernfarmer.com/

EIT Food:
https://www.eitfood.eu/

Food Unfolded:
https://www.foodunfolded.com/

Developing a business model & building your business plan

1. From idea to business model
2. Stages of growth
3. Writing a business plan
4. Creating a financial plan
5. What to do when things don't go according to plan



"Profit for a company is like oxygen for a person. If you don't have it, you're out of the game. But if you think your life is about breathing, you're really missing something." – Peter Drucker

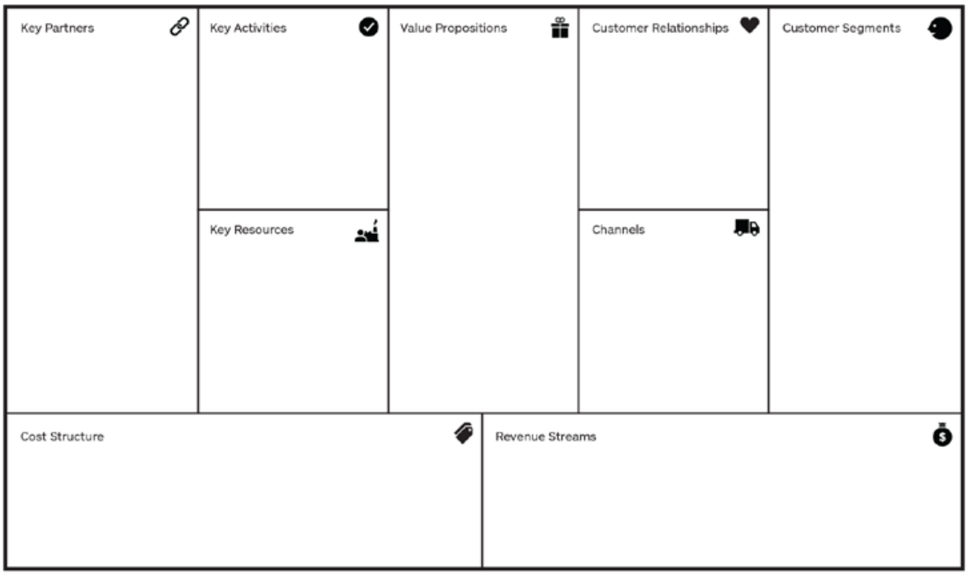
Chapter 3

Once you've decided to take the plunge, you need to figure out how to make money from it. In other words, you need to figure out what your business model is. There are lots of questions that fall under this: who is your target customer? What problem are you trying to solve? What's your cost structure? What's your profit margin? When your business model is figured out, it's time to write up a business plan! This next chapter focuses on guiding you through both of these stages.

From idea to business model

A useful tool for startups is the business model canvas developed by Alexander Osterwalder. It's a simple visual template divided into 9 sections that cover all elements of a business model. It's a great starting point when sketching the ins and out of your business. It helps you focus, have clarity on key parts of your business and is easily adaptable as your business model inevitably evolves.

The best way to get started on the business model canvas is to print a physical copy of the template below and next page, sit down with your co-founders (or an advisor/someone who can help if you're a solo founder) and brainstorming each section. The different sections can be broadly categorised under four parts of a business.



Entrepreneur top tip on business models for mission driven businesses: Link your mission to your business model!

"Part of building a business is about simplicity and having something that is simple, but works is really valuable. And that's something I'm particularly proud of. One of the ways that we designed our business is that we wanted to be a mission led organisation and we didn't want that mission to just be a part of the company, but we wanted it to intergrow in our business model. What I love about the way Winnow is built is that we only care about one number and that number is how much food waste we're preventing. And that number is how much money we're saving our clients, and that number is fairly well aligned with our revenue as a business."

– Marc Zornes, Co-Founder at Winnow Solutions

Business model canvas example:

Key partners: who are your key partners? In other words, who helps you? Think of suppliers, manufacturers, and other stakeholders. What do you get from these partners and what activities do they perform? Partners help optimise operations and reduce risk or uncertainty.

Example: a coffee company with a subscription service that has outsourced its production, may list its coffee bean suppliers, its packaging providers, its co-manufacturer, and its transport companies as key partners. If it applies certain standards like Fairtrade or the Rainforest Alliance principles, it may also list those NGOs under this section.

Key activities: what key activities does your value proposition require? In other words, what do you do as a business? What activities are important for your distribution, customer relationships, and revenue?

Example: the same coffee company's key activities would be the sourcing, selling and marketing of coffee.

Customer relationships: how do you interact with your customers? What kind of relationship do you have with them?

Example: for the same coffee company, the majority of its customer relationships would be digital in the form of direct contact via email and social media interaction. A coffee company selling its products through traditional retailers would also interact with its customers online but it would also have physical relationships such as sampling events in stores or presence at consumer-facing shows (e.g.: festival, coffee fairs etc).

Channels: what are your main distribution channels? How do your customers know about you and how do you deliver your product or service to them? Which channels work the best?

Example: in the case of the subscription service coffee company, the main distribution channel would be direct sales through the company's website. Its customers would know about it through various activities such a digital marketing, social media, PR, direct email marketing, SEO and potentially offline activities such as flyering and a presence at consumer shows & events.

Cost structures: what are your costs? Is your business cost or value driven (in other words, do you compete on price like a discount supermarket or do you place more importance on value like a high-end brand of teas?) Which of your activities and resources are the most expensive?

Example: a company's costs can be divided as fixed and variable costs. Fixed costs remain the same regardless of the amount of goods and services sold (for example: rent and salaries). Variable costs increase or decrease depending on the level of output. If you sell more of your product or service, the costs needed to produce and deliver those would increase.

Key resources: what key resources does your value proposition require? In other words, who are you? And what do you need to help drive the business? What resources are important for your distribution, customer relationships and revenue? These could be financial, physical, intellectual, human.

Example: the online subscription coffee company outsourcing its production and logistics would have human resources as its main resource as the key activities would focus on sourcing, selling & marketing. Much of the value created would thus rely on its brand (a key resource). Financial resources in the form of investment or debt may be required depending on how the company wanted to grow. If a coffee company were to run its own production and directly own coffee plantations, it would also list the latter and a factory under its key resources.

Value proposition: what value do you deliver to your customer(s)? What problem(s) do you address for them? What customer needs are you meeting? In other words, how do you help your customer?

Example: an online coffee subscription service would aim to meet different customer needs: the need and desire for great coffee and need for convenience (not having to purchase coffee outside of the home, not having to worry about forgetting to buy it and running out…).

Customer segments: who are your customers? In other words, who are you trying to help? Who are you creating value for? And who are your most important customers?

Example: as a direct to consumer subscription service, the coffee company would only have one direct customer segment, individuals buying coffee on their website and getting it delivered to their home. A coffee company selling via traditional retail would have several tiers of customer segments: distributors, retailers and consumers themselves.

Revenue streams: what do you get from your different customer segment? What value are customers willing to pay?

Example: a subscription service would get revenue from the sale of its coffee. One advantage of such a business model is a regular revenue stream as customers sign up to a weekly/monthly order. A retail focused coffee company would get its revenue from the sale of coffee to its different customer segments: distributors, retails, and potentially direct to consumer, each having a different pricing structure.

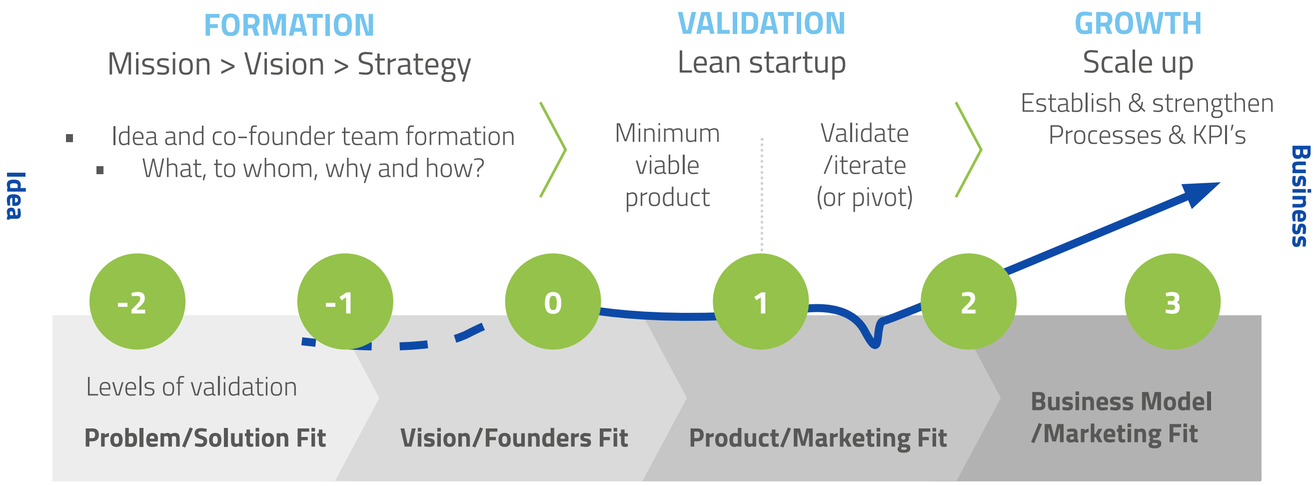
Key: Infrastructure | Customers | Offering | Financials

Phases of growth: understanding the startup journey

When starting a business, you'll go through different phases like with any journey you undertake. This next section introduces different startup journey theories to give you some idea of what to expect over the life-cycle of your growth. Understanding which phase you're at is useful as it helps you focus better on the task at hand and helps you prioritise.

Three stages from startup commons:

This framework lays out the path from the initial idea to having a product and then scaling it.



Talent

Ideating
Entrepreneurial ambition and/or potential scalable product or service idea for a big enough target market. Initial idea on how it would create value. One person or a vague team; no confirmed commitment or no right balance of skills in the team structure yet.

Concepting
Defining mission and vission with intial strategy and key milestones for next few years on how to get there. Two or three entrepreneurial core co-founders with complementary skills and ownerhip plan. Maybe additional team members for specific roles also with ownership.

Commiting
Committed, skills balanced co-founding teams with shared vision, values and attitude. Able to develop the initial product or service version, with commited resources, or already have initial product or service in place. Co-founders shareholder agreement (SHA) signed, including milestones, with shareholder time & money commitments, for next three years with proper vesting terms.

Validating
Iterating and testing assumptions for validated solution to demonstrate initial user growth and/or revenue. Initial Key Performance Indicators (KPI's) identified. Can start to attract additional resources (money or work equity) via investments or loans for equity, interest or revenue share from future revenues.

Scaling
Focus on KPI based measurable growth in users, customers and revenues and/or market traction & market share in a big or fast growing target market. Can and want to grow fast. Consider or have attracted significant funding or would be able to do so if wanted. Hiring, improving quality and implementing processes.

Establishing
Achieved great growth, that can be expected to continue. Easily attract financial and people resources. Depending on vision, mission and commitments, will continue to grow and often tries to culturally continue "like a startup", Founders and/or investors make exit(s) or continue with the company.

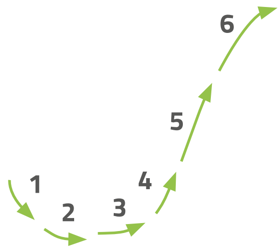
Organisation

Above: Startup Development Phases. From idea to business and talent to organisation. Version 3.6 startupcommons.org

The startup J curve
(by Howard Love author of "The Startup J-Curve: The Six Steps to Entrepreneurial Success.")

The premise of the startup J curve is that by knowing which stage you're at, you can take better decisions leading you in the right direction.

The Six Phases of The J Curve



1. **Create:** this is the beginning of the journey, when you put together the right ingredients to develop your startup, namely your idea, time and money. Love argues that it's easier to raise money at this stage as you're still selling a dream.

2. **Release:** when reality kicks in. You get your product out there and realise lots of things are wrong with it. This is not the final product/service and should simply be your MVP/prototype. Feedback collected at this stage from customers will inform the third stage.

3. **Morph:** you make changes to your initial product idea based on informed decisions gathered through customer feedback. You go through several phases of iterations to achieve product-market fit.

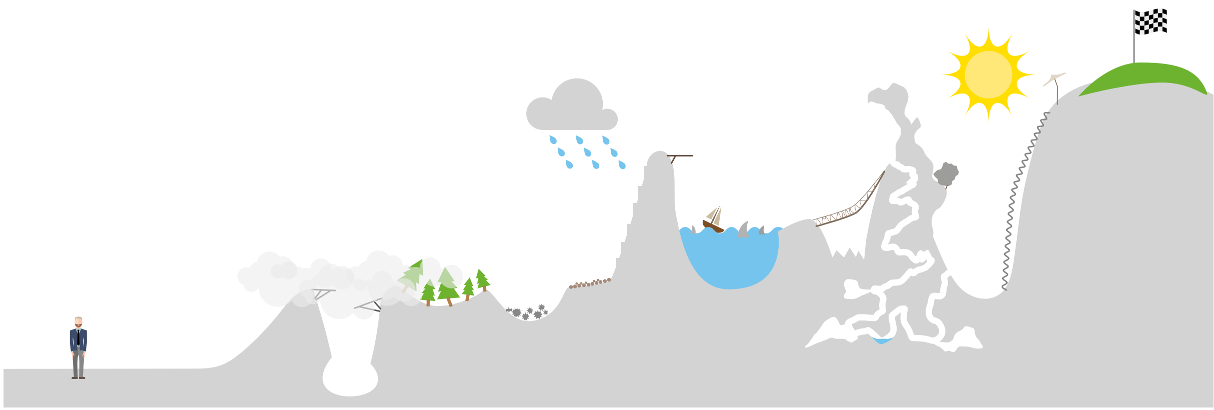
4. **Model:** this phase focuses on developing a strong business model and figuring out how you make money. Make sure you work out the economics of your product or service so that you have a solid base when you grow. Don't be tempted to skip to the next phase until you've figured out stage 4 (more on modelling costs & figuring out product economics in Chapter 6).

5. **Scale:** having nailed your product/service and your business model, it's time to figure out how to scale and raise necessary funding.

6. **Harvest:** this stage is less relevant for this guide, it's when startups grow to no longer be startups and become established businesses.

And in real life?

Your startup journey will not follow any of the frameworks exactly.
In reality, it's likely to look a bit more like this:



Entrepreneur testimonial on evolving business models and plans

"It is truly a living, breathing document that has been actively revised since day two. The most significant transformation the business model has undergone has been in successfully building a product line that scales with our business: to develop a portfolio of products that have different price points and different markets, rather than being a "one trick pony."
– Arturo, Co-Founder at Clara Foods

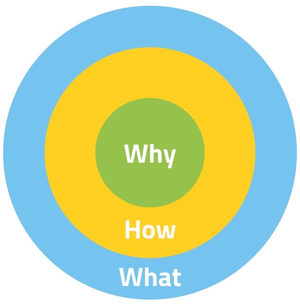
Writing a business plan

Writing your first business plan can feel like a daunting task but it's an important part of structuring your thoughts and plans. When you're finished with it, you'll be proud and excited for the future that lies ahead. Why write a business plan? It'll help you gain interest from potential investors or partners. Whilst you may not share your entire business plan which each of them, you'll be able to use it as a basis for potential presentations, investment pitches and other communications regarding your business. You might also want to adapt your business plan depending on who you present it to, emphasizing certain aspects to some. Rather than seeing it as a chore, see it as an opportunity to organise your thoughts, lay out your objectives, long-term vision, and how you plan on achieving these.

There is no exact blueprint on how to write a business plan but there are broad components it should include. Beyond using templates available (check out the resources section at this end of this chapter), it's also a useful exercise to look at other companies' business plans whether or not they're in your sector. Ask people in your network if they will share theirs, search online and use crowdfunding platforms to gain access to some (equity crowdfunding platforms provide a great resource for this). Remember a business plan is as much about laying out a vision for the future as it is showing any existing traction or experience which may support your business's chances of success.

Company overview: Who we are & What we do

This section is sometimes called an executive summary. Think of it as an overview of what you're about and what you're proposing. As it's the first thing people read about your business, it's important to make it as impactful and concise as possible, and remember to sell the bigger picture. If your aim is to have a positive impact in the food system, make sure this come across in this part of the business plan. Simon Sinek's Golden Circle is a useful took to articulate this. You may also want to clearly lay out your vision and values (more on this in chapter 7). Whilst not directly mentioning the competition yet, why you're different should come across in this section too.



The Golden Circle

The "Why" part is your reason for existing, it explains your purpose. If you're reading this guide, this is linked to contributing to a more sustainable food system but it's worth making this slightly more specific by linking your 'Why" to the specific challenges or issues you're trying to tackle. "How" relates to your approach whilst "What" describes exactly what it is you're delivering.

The Golden Circle example: SNACT
SNACT is a UK snack brand that makes healthy snacks from surplus produce to tackle food waste. They work with farmers and pack-houses to use fruit that would otherwise go to waste for being too big, too small, too ugly or simply too abundant.

- **Why:** food waste is a huge waste of resources and should not exist.
- **How:** we create value out of food that should not be wasted.
- **What:** we transform undervalued food into products we can all benefit from.

Your offering

In the document, you should clearly explain what the product or service is introducing to the market. Spend time elaborating how it stands out and what its unique sell points (USPs) are. This is a key part of what investors and stakeholders buy into.

Target market, target customers & your competition

This section should build on the market research you conducted. The better you understand your market, the more you increase your chances of success. You'll want to show a strong understanding of the following three aspects of your business:

- **Market:** share key insights on the size of the market you're going after, how it's predicted to grow and any trends that are relevant to your business. You also need to show you understand how you position yourself within this market.
- **Customers:** a crucial component of your business success is understanding who your customer is, their motivation for being willing to pay for your product or service, what need you're meeting or pain point you're addressing for them. This section of your business plan should demonstrate this.
- **Competition:** to build a proposition that is unique and to understand how to build competitive advantage, you'll need in-depth knowledge of your competition. In this section, you'll identify your competitors and how you differ from them in terms of pricing, quality, branding, sales, marketing and so on.

Your sales & marketing strategy

This section of your business plan outlines how you plan to reach and attract customers. It should include the following information:

- **Overview of your brand:** you'll have introduced this in the overview. It will also come across in the overall tone of your business plan and how you present it, but you may want to provide a bit more detail here on your mission, your values, your tone of voice and how you want customers to perceive your brand.
- **Sales strategy:** this should outline how you will reach customers (your sales process and channels), your pricing strategy, your sales pipeline and any traction you've gotten already.
- **Marketing strategy:** closely linked to your sales strategy, your marketing strategy should outline how you'll get the word out to customers and what marketing elements you will employ to do so (PR, social media, digital marketing, door to door, events, etc).

Your operations

This section will vary depending on the type of business you're building but should include an overview of your operational plan. In other words, what functions are needed to bring your product or service to market. This may include information on product development such as where it will be performed and who will provide technical expertise, information on your suppliers, your manufacturing process, and your packaging if applicable. This is also a good section to outline any legal considerations for bringing your product to market (more on this in Chapter 4).

Your team

A crucial component of a startup's success is the team delivering it. This section should give an overview of your core team's skills and backgrounds and any advisors who will help.

Your financial plan

This section should outline how much your business activities will cost and how much revenue you expect to make. It should be broken down into different components (more on this as a separate section below):

- **Profit & Loss (P&L):** is a financial statement that summarizes the revenues, costs and expenses incurred during a specified period. Your business plan should usually include a forecast P&L for the next 5 years.
- **Balance sheet:** a statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period.
- **Cashflow statement:** a statement showing cash coming in and out of the business over a given time period broken down into operating, financing and investment activities.

If you're raising investment, you'll also need to outline the sum of investment needed and how it will be allocated over a certain period of time.

Will you follow your business plan? The short answer is no. But that doesn't matter. What potential investors and other partners want to see in your business plan is that you've thought about your business properly, have a strong understanding of your market, your core business proposition and that you're able to adapt as your business grows.

Creating a financial plan

This is a critical component of your business plan and shows that there is an economically viable business model behind your idea. Your plan needs three parts to it: a profit and loss statement, a balance sheet and a cashflow statement. It should cover both a short and long-term perspective. For the short term (i.e. year 1-2), the plan should be presented on a monthly basis. The longer-term plan, (3-5 years) can look at things in a slightly less granular way.

Information you need before you make a financial plan:

- Your direct costs: cost of goods/services (see Chapter 6)
- Your operating/fixed costs: employees, marketing, office, etc. See more these costs here.
- Your capital costs: investments in machinery, development, etc. See more on capital here.
- Your product/service pricing, promotions and payment terms (see Chapter 6).

- Company objectives: sales targets, margin expectations, etc (see Chapter 6)
- Sales forecast – read more about forecasting approaches here.

How to model revenue and expenditure (P&L): This statement shows revenue and expenditure in your business. Key to modelling revenues is building up a sales forecast. This will also help you to determine what expenditure you will have. Your direct costs will be directly linked to your sales and your fixed costs should be proportional to sales/expected sales. You can find more details and P&L templates here.

How to create a balance sheet: The balance sheet shows your assets (things of value owned by the business), your liabilities (what you owe) and shareholder value at a given point in time. The balance sheet must be "balanced" between assets and liabilities, and shareholder equity. It gives you a snapshot of your company's financial position at a point in time. You can find more information here.

How to create a cashflow statement: The statement shows the money you expect to be coming in and out of your business over a given period. This differs from the P&L due to payment terms (money comes in at a different time than you've invoiced it). Chapter 6 has a section on managing cashflow. More can be read about cashflow here.

All three of these elements of the financial plan can be modelled on excel and several templates exist to support this. A more powerful solution is to use accounting software.

What to do when things don't go according to plan

Things don't always go your way. In fact, in the startup world, things hardly ever go according to plan. You should spend time planning for things that may go wrong, putting together contingency strategies whilst also accepting that unexpected events may send you completely off-course. That's ok, you just have to accept it as part of the journey and learn how to grow from it.

Entrepreneur testimonials on things not going according to plan

"You have to put that first step forward and understand that whatever you've planned is likely going to immediately be torn up. Some businesses can over-plan, over-worry, over-justify. Mike Tyson said: "Everyone has a plan until they get punched in the mouth." We get punched in the mouth every day and we just roll with it now."
– Hugh Thomas, CEO & Co-Founder at Ugly drinks

Go to Plan B, C, D...
If you're well prepared, it's likely you'll have a Plan B for Plan A not going as expected. Did one of your manufacturer's factories burn down? Has one of your suppliers gone bust? In setting up your operations you probably looked at more than one factory and considered several suppliers, go back to them and build on the existing relationship.

Post-mortems
There's always a lesson in there somewhere. When you encounter a bump in the road, make sure you take the time to learn from it. It's easy to rush but learning from mistakes is instrumental to successful growth. Ask yourself: How can we do better? What could we have done differently? What can we learn from this for next time? What plans or processes should we put in place to ensure this doesn't happen again?

Handling relationships with investors and other key stakeholders when things go "wrong"
Be transparent and honest. Show what you're doing about it and what your next steps are. Investors and other partners will expect things not to go according to plan – this is perfectly normal and part of running a business. What people want to see is how you respond to it. If you're well prepared and understand how to run your business, you should show confidence in your next move.

Top tip from entrepreneur on managing investors

"At the beginning, we did a report for our investors every week, they told us we were the only company in their portfolio doing that. It helped build credibility really quickly and also meant that before they had any questions, we had already answered them. This is a great way of being transparent and responsive to potential issues in the business."
– Saasha Celestial-One, Co-Founder at Olio

Chapter 3 Wrap Up

Key take-aways

- Turn your idea into a business model. It's important to get your ideas down on paper and start articulating what makes your startup special and how you will go about achieving your vision. Tools like the startup canvas are very helpful.

  Time to stop and think: who is your target customer? What problem are you trying to solve? What's your cost structure? What's your profit margin?

- Phases of growth: as you progress in your journey you'll have different opportunities and challenges. Planning for these phases of growth and getting the right resources in place will help you succeed.

- It's good to go through the process of business modelling to detail all parts and aspects of your business.

- **Time to stop and think:** what is your "Why" behind it all, why does your business exist? Who are your key partners? How do they help you and what activities do they perform? What are your key activities, i.e. what do you do as a business? What activities are important for your distribution, customer relationships and revenue? What about your key resources - what resources are important for your distribution, customer relationships and revenue? What value do you deliver to your customer(s), how do you help them? How do you interact with your customers and what are your main distribution channels? What are your costs and what are customers willing to pay? What are your offering's unique selling points?

- Things don't always go according to plan. It's important to have contingency plans in place for when you come up against roadblocks. It's also key to learn from mistakes or events that made you deviate from your plan.

  Time to stop and think: how can we do better? What could we have done differently? What can we learn from this for next time? What plans or processes should we put in place to ensure this doesn't happen again?

- Be transparent and honest with your investors and other partners when things go wrong. Communicate your next steps and show confidence in your next move.

Now, let's get active!

1. **Fill in the Business Model Canvas.** Print a physical copy of the canvas template, and brainstorm each of the nine sections with your co-founders or an advisor if you're a solo founder.

2. **Come up with a business plan** including company overview, offering, target market, target customers & competition, sales & marketing strategy, operations, team and, last but not least, financial plan. Your financial plan should include a profit and loss statement, a balance sheet and a cashflow statement.

Additional resources

Canvanizer: an online tool to create your business model canvas:
https://canvanizer.com/new/business-model-canvas

Some business plan FAQs from the British Library
(a great resource for startups by the way):
https://www.bl.uk/business-and-ip-centre/articles/business-plan-faq

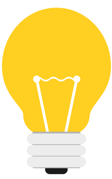
Business plan mistakes to avoid:
https://www.bl.uk/business-and-ip-centre/articles/how-to-avoid-business-planning-mistakes

A business plan template from startuploans:
https://www.startuploans.co.uk/business-plan-template/

More business plan templates:
https://www.businessnewsdaily.com/5067-free-business-templates-word-pdf.html

The legal stuff...

1. Protecting your intellectual property
2. Food specific legal/trading requirements
3. Registering your business & choosing a business structure
4. Non-food specific legal aspects



"A man who is his own lawyer has a fool for a client."
– Early 19th Century Proverb

Chapter 4

Getting your legal and trading requirement foundations in place is key. Doing it early in your journey will save you a headache in the future. Unfortunately, this area is complicated and technical. Legal documents are often incomprehensible to normal human beings and mistakes can be costly. That said, you also don't want to blow your whole startup budget on lawyers and legal advisors. In this section, we'll help you think about key areas that should be considered, think about your level of risk and, consequently, the level or resources you may wish to put towards this area. We're not giving you legal advice here… our insurance doesn't cover it. This is not an exhaustive list of laws and requirements.

Protecting your intellectual property

Intellectual property (IP) "refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create." (World Intellectual Property Organisation).

Within Europe, individual countries have their own laws and tools for protecting IP. The EUIPO is the European Union Agency responsible for the registration of the European Union trademark and the registered Community design, two unitary intellectual property rights valid across the 28 Member States of the EU. In the EU, there are three types of Intellectual Property Rights:

- **Patents** - allow you to stop third parties from making, using or selling your invention for a certain period depending on the type of invention
- **Trademarks** - protect the name of your product by preventing other business from selling a product under the same name
- **Copyright** - informs others that you (as the author) intend to control the production, distribution, display or performance of your work. Copyright is granted automatically, with no need for formal registration. You can start using the copyright symbol immediately.

Securing intellectual property can be a complicated and lengthy process. Whilst you can probably figure out how to register a trademark yourself, applying for patents is a different story. Get help from a trademark or patent lawyer/advisor. The reality is that as an early stage startup defending your IP from improper use by others will be difficult. Even so, it's worth putting in place the proper protection for the most critical parts of your business as it is good practice and is something investors will ask you about.

Another way to protect your IP is to keep it a secret from others, this is known as a trade secret. "A trade secret is a valuable piece of information for an enterprise that is treated as confidential and that gives that enterprise a competitive advantage." (EU Commission) The responsibility for protecting the trade secret lies with the owner although there are laws against the unlawful acquisition of trade secrets (e.g.: hacking into a competitors' computer systems to know more about a process of theirs). In the food industry, trade secrets are widely used as they can be better suited to protect the information at stake than patents that require details to be published publicly when the patent is filed.

Not sure whether to patent or to go for a trade secret? Check out this list from the World Intellectual Property Organisation comparing the two.

- **IP & spin-out companies**
  Dealing with IP if your startup is a spin-out will be slightly different. The IP ownership will depend on the arrangement your company has with the research institution in question. It's common for employers to automatically own IP created by employees during employment. Check out this useful guide on spin-out companies and section 2 specifically.

- **Non-Disclosure Agreement (NDA)**
  An NDA a legal document that aims to protect information and knowledge that one, both or several parties involved do not want to divulge to other parties. It outlines this confidential information and restricts it from being shared with parties who have not signed the NDA. Whilst NDAs are good practice, they do also have downsides. They are hard for entrepreneurs to enforce, they take time to put together and they may limit people's willingness to engage with you if you look to put them in place. It's worth balancing the sensitivity of your ideas with the benefits of engaging with lots of people on your concept.
  You can find a useful template here.

Food specific legal/trading requirements

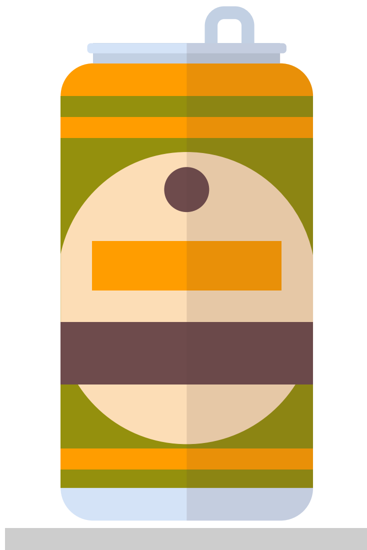
Given that food and drink go into our bodies and require input from the natural environment, it's not surprising that there is strict legislation regulating the value chain to ensure the safety of consumers, animals and the wider environment. In Europe, "The General Food Law Regulation ensures a high level of protection of human life and consumers' interests in relation to food, while ensuring the effective functioning of the internal market... It covers all stages of food and feed production and distribution." (European Commission)

European directives are transposed into national legislation. It is your responsibility to ensure that your actions comply with all relevant legislation. This includes ensuring that your supply chain is also compliant. There are few examples below, but we haven't covered every aspect here so make sure you inform yourself of your legal duties.

- **Ingredients:** how ingredients are produced, and the types of ingredients used are controlled by a number of directives. These cover areas such as the use of pesticides, food additives (EC 1333/2008) and the use of novel foods (EU) 2015/2283).

- **Processing:** if you or your suppliers are processing food you must ensure that they are doing so in a hygienic way making sure that microorganisms or toxins do not present an unacceptable risk to human health (EC 2073/2005), have a food safety management system in place and are registered with the relevant authorities (EC 852/2004).

- **Packaging and labelling:** materials used for packaging as well as information on packaging is regulated. The materials must be fit for human contact. Labels should make clear if the product contains allergens, not make unsubstantiated health claims and present nutritional information (EU 1169/2001).



In addition to these pieces of legislation, more established customers in the food system will ask for a several additional things. These include:

- Food safety accreditations (IFS/BRC) that demonstrate that you not only meet legislative requirements but also show best practice in food safety.

- Product liability insurance that demonstrates you are insured if something goes wrong. It isn't always legally required but is often demanded by customers.

- HACCP: standing for "Hazard analysis and critical control points", HACCP is the standard approach to food safety in the food industry through the analysis and control of biological, chemical and physical hazards in every step of production including raw material procurement, manufacturing and distribution. You can find a template and guide to completing your HACCP here.

Registering your business & choosing a business structure

To carry out your business you must register it with the relevant authorities. Before doing this, you need to choose what type of company structure you want to use. Choosing the right business structure is an important decision as it has implications on your personal liability, funding options, taxation, reporting requirements and several other considerations. An summary of company types can be found in this overview of Points of Single Contact for each European Country.

Many founders choose a limited liability structure for their company as it creates a separate legal entity and protects their personal assets. If you think this is not right for you, speak with an advisor to determine which structure is most appropriate.

Below are examples of business structures found across Europe:

- **Sole trader:** this is a simple structure if you are conducting business by yourself. You will often be personally liable for the company's debts.
- **Limited liability private company:** the most popular structure for startups. These companies are separate legal entities and directors/investors are only liable for what they have invested in the company. This means that if the business goes under and owes money, the liability sits purely with the business, not with you personally. In other words, no one can come after your personal finances.
- **Partnership:** these are legal entities where the partners share the profits and risks of the partnership. Traditionally, partners are personally liable for debts though this is not always the case.
- **Cooperative:** there are many types of cooperatives, these are characterised as member owned organisations, so the profits are distributed with members.
- **Not for profit:** these are legal entities that must reinvest all operating surplus back into the organisation to meet their stated aims.
- **Social Enterprise:** what this looks like depends on local legislation. In many countries, a legal social enterprise structure doesn't exist. Where it does, it can be beneficial in helping attract certain types of grant funding or startup loans. The definition of a social enterprise is disputed though it generally points to a business that has environmental and/or social ambitions (not just financial ones).

Non-food specific legal aspects

On top of general business legal requirements and those specific to the food industry, there are lots of other laws and these will vary greatly from country to country.

General compliance
Make sure you understand how all aspects of your business are governed. You may need to research regulations around land use, emissions and waste disposal. When you're creating innovative business models and products, it may be that regulations are still in development or that there are no regulations relevant to your innovation - making your job with regard to compliance more challenging. For instance, when GrowUp Urban Farms developed its first aquaponic farm, it encountered challenges around fish farming in an urban environment. It wasn't something the local authorities had had to deal with in the past. Similarly, companies developing lab-grown meat alternatives may face challenges around how to legally launch their products on the market as they don't fall under traditional farming regulations.

Commercial agreements
Another aspect you need to become familiar with is commercial agreements. These are contracts between your business and your suppliers, customers and other partners. Read these carefully and don't be afraid to ask for legal help if you're feeling overwhelmed by something a more established party has offered. These agreements establish what is going to be done, agree on pricing, and establish what happens if what is laid out in the contract is not done. It's important to be detailed in specifying expectations on quality but try to keep some flexibility and avoid being tied to contracts for long periods of time as your business will evolve and your situation will change. Some business might be conducted without these agreements. For instance, it's (unfortunately) quite common for large retailers not to have contracts with their suppliers.

Data protection
The latest regulation around data protection is GDPR, you were probably spammed by endless emails in 2018 telling you businesses had updated their privacy policies and asking you to confirm whether you wanted to remain signed up to their newsletter. There are plenty of resources to brush on GDPR and if you use services like Mailchimp, they will tend to take care of compliance for you. In short, if you're collecting other people's information, make sure you have their consent to do so and use it in ways that they agree to. You are also obliged to protect their information.

Insurance
The type of cover you require depends on what country and location you're in, and what your business is about. Make sure you understand what is required (as well as advised) for your type of operations. You'll probably require public liability insurance, product liability insurance and employee insurance. These tend not to be too expensive and are easy to sort out.

Employees
If you have employees, you will have statutory requirements relating to them including providing a safe workplace, social contributions and many other considerations. This of course varies greatly from country to country so has been left out of this manual.

Getting legal help: Available resources for startups

Lawyers tend to be expensive but there are different options available to make legal compliance more affordable along the way. Whilst we don't advocate doing it all yourself (there are times where you absolutely need to hire proper legal help such as if you take on equity investment), there are instances where it's better to save your cash and go DIY.

- **Online resources:** websites like RocketLawyer and LinkiLaw offer legal services at affordable prices. The platforms are populated with templates which are filled by questions you answer online. And if in doubt, they have teams of real lawyers at hand to help with additional queries or to clarify outstanding issues. Sound advice for a fraction of the price.

- **Pro bono or cheaper lawyers:** you might find access to pro bono services or cheaper lawyers via accelerators and incubators, or any other startup scheme you take part in. For instance, for startups based in Southern or Eastern Europe, EIT Food has a service whereby entrepreneurs can access free legal service to help with queries around IP, company registration and early-stage legal queries (contact startups@eitfood.eu for more information if this applies to you).

- **National Intellectual Property Offices:** their websites are good places to find out what you need to do specifically in your country with regards to IP and some of them provide support for startups as well

- **Novel food catalogue:** allows you to see what is classified as a novel food in the European union should this apply to your startup.

Chapter 4 Wrap-up

Key take-aways

- Protection of intellectual property, food specific legal requirements, business structure and commercial agreements aren't the most riveting parts of being an entrepreneur. However, it's important to get your legal and trading foundations in place as early as possible.

- Business structure has implications on your personal liability, funding options, taxation and reporting requirements so choose your structure wisely. Many startups opt for a limited liability structure as it creates a separate legal entity and protects your personal assets.

  Time to stop and think: are you familiar with different business structures and their implications?

- Don't ignore insurances. It's likely you'll need at least public liability insurance, product liability insurance and employee insurance.

Now, let's get active!

1. **Choose a company structure.** Go through different company structures and their liabilities before deciding the type of company structure you want to use. This Points of Single Contact overview lists different company types for each European country.

2. **Research which insurances are required from your business.**

Additional resources

40 legal tools and services for startups:
https://medium.com/@imaginetta/40-legal-tools-and-services-for-startups-10dbbda22ed2

Matters of intellectual property (IP) can be confusing but these sites will help you:

Protecting your ideas:
https://www.bl.uk/business-and-ip-centre/protecting-your-ideas

Types of intellectual property:
https://www.wipo.int/about-ip/en/

IP support from British Library:
https://www.bl.uk/business-and-ip-centre

European IPR Helpdesk (free-of-charge, first-line support on IP matters to beneficiaries of EU-funded research projects and EU SMEs involved in transnational partnership agreements)
https://iprhelpdesk.eu

FAQS on patents for SMES from the World Intellectual Property Organisation:
https://www.wipo.int/sme/en/faq/patent_faqs.html

10 things you can do to prepare before meeting at patent attorney:
https://boldip.com/blog/questions-to-ask-a-patent-attorney/

Safety first – dive into these resources to learn more about food safety and regulations regarding food labelling:

European Food Safety Authority:
http://www.efsa.europa.eu

The Importance of Laboratory Testing for Food Production:
https://www.manufacturing.net/article/2015/05/importance-laboratory-testing-food-production

Food safety in the EU – Ensuring safe food from farm to fork:
https://europa.eu/european-union/topics/food-safety_en

Fact sheet on EU food safety policy:
http://www.europarl.europa.eu/factsheets/en/sheet/51/food-safety

EU law on food information to consumers:
https://ec.europa.eu/food/safety/labelling_nutrition/labelling_legislation_en

Food ingredient applications: regulations and guidance
https://www.efsa.europa.eu/en/applications/foodingredients/regulationsandguidance

EU novel food catalogue:
http://ec.europa.eu/food/safety/novel_food/catalogue/search/public/index.cfm

List of company structures by country to help you choose yours:

https://en.wikipedia.org/wiki/List_of_legal_entity_types_by_country#European_Economic_Area_
(including the European Union)

Funding & investment

1. Advice for your personal finances
2. Types of funding
3. How much should you raise and when
4. Other financial titbits

"Figure out how much money you think you need, then double it and go get that money."
– Marc Zornes, Co-Founder at Winnow Solutions

Chapter 5

Raising money is a key part of being an entrepreneur. Agrifood has some specific challenges around finance given the typically slower growth rates, the seasonality of cashflow and time needed for a return on investment. Whilst some businesses can grow organically and don't require any external funding, the majority need cash injection whether it's in the form of debt, equity or grant money. This chapter will take you through types of funding available, offer tips on pitching to investors and browse through everything related to the financing of your business. Before getting into that, we thought it'd be useful to talk about personal finances.

Advice for your personal finances

- **Figure out how much personal runway you have & what you will do to support yourself when things take twice as long as they should** (because they always do). Some entrepreneurs start working on their idea whilst still fully employed elsewhere and only take the plunge once they've saved up enough money or received some initial funding. You might consider working part-time in the first phases of your startup or consider whether there is other freelance work you can do to extend your runway.

- **Why does your personal runway matter?** The last thing you want is to build an awesome startup but have to quit because you've personally run out of money when things are about to kick off. Financial stress can also significantly impact your wellbeing, how productive you are and how you lead your team.

- **Important questions to ask yourself:** Can you handle not paying yourself for a month or two (or longer) to smooth out cashflow because you have to pay your team? Are you willing to sacrifice certain expenses or certain aspects of how you lived your life to run a startup?

Types of funding

The type of funding strategy you decide to employ will depend on the type of business you want to build. Some business ideas need little funding to get started whilst others require much more capital. An agriculture business such as an aquaponic farm will have heavy initial capital expenditure (cost of machinery, cost of physical location, scientific expertise etc) whereas a business making a food product can start on a small scale with little upfront investment, grow organically & only require more capital to scale. What type of funding you take on also depends on how much control you want to keep over your business and on your risk appetite. If you take on equity investment, you'll be giving a share of your business to investors whereas if you take on debt, you'll keep control but will be responsible for repaying it. Let's look at the different options in more detail.

Grant funding

If you can get grant funding, do it! The plus side? It's free money. Money you don't have to pay back and money you don't have to give equity away for. It's usually given out by governments, foundations, NGOs or large businesses. The downsides? Grant applications can be lengthy, complicated, take a long time to be processed and have relatively strict criteria to fit into, often tying you to delivering charitable objectives, not perfecting your business. To find sources of grand funding: look for charitable foundations in your country; attend philanthropy and startup events; see if other sustainable ventures or social enterprises have received funding that may apply to you; set up Google alerts with key words and search whether there are aggregate sites of grant funders in your country. Here are a few pan-European or global ones to get you started (we haven't included country specific ones):

- **EIT RIS Innovation Grants:** receive up to €10,000 of equity-free funding for your agrifood innovation, these grants reward the best entrepreneurs and startups in Southern and Eastern Europe who have an early stage business idea that can help EIT food on their mission. https://www.eitfood.eu/programmes/ris-innovation-grants
- **The Postcode Lotteries Green Challenge:** a yearly competition open to business solutions that contribute towards a more sustainable planet, the winner wins €500,000! https://www.greenchallenge.info/info/green-challenge-fund

- **Thought for Food** is dedicated to empowering the next generation of innovators to build new solutions that transform our food system https://thoughtforfood.org/challenge/
- **Barilla Centre for Food and Nutrition:** The 2018 BCFN YES! Research Grant Competition invites young PhD and postdoc researchers from any background and nationality to submit a research project to improve the sustainability of the food system (€20,000) https://www.barillacfn.com/en/
- **Eurostars:** If you are a small company in need of public funding for your innovative idea, then Eurostars has been carefully developed to meet your specific needs https://www.eurostars-eureka.eu/2019-cut-offs
- **The European Agricultural Fund for Rural Development:** Grants for the sustainable development of agricultural and forestry sector as well as rural territories https://www.welcomeurope.com/european-funds/eafrd-european-agricultural-fund-rural-development-713+613.html#tab=onglet_details
- **European Maritime and Fisheries Fund:** helps fishermen transition to sustainable fishing and supports sustainable aquaculture developments. https://ec.europa.eu/fisheries/cfp/emff_en
- **Funding and tender opportunities from the EU Commission and other EU bodies:** https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home
- **Nestle Foundation:** initiates and supports research in human nutrition with public health relevance in low-income and lower middle-income countries according to the World Bank classification http://www.nestlefoundation.org/

Crowdfunding

Crowdfunding has become widespread with startups in the last ten years as an alternative way of raising funds. There are two main types of crowdfunding: rewards based, and equity based.

Rewards-based crowdfunding offers people (often known as "pledgers" or "backers") a reward, usually a version of the product or service the company is trying to raise money for, in exchange for money. These types of crowdfunding campaigns tend to be for smaller fundraisers (the average size on Kickstarter is €18,000) though some campaigns have raised hundreds of thousands or even millions of euros. These campaigns are not free. Crowdfunding platforms charge between 3-7% - most charging more for a flexible campaign (one where you get the money regardless of meeting your target) than a fixed campaign (one where you only get the money if you reach your target). Rewards-based crowdfunding is a great way to raise initial funds for your startup and also has other benefits. It allows you to test the appetite for your idea, to create a community of loyal supporters likely to follow you along your startup journey, and to create a buzz around your brand and product/service.

Equity crowdfunding is similar to raising capital from investors (see section below of equity investment) except it is done through a crowdfunding platform such as Crowdcube, WiSeed, and FundedByMe. Individuals invest varying amounts for a share of the company with most platforms offering investment amounts as low as €10. Investors do this with the expectation of making a return within 5-10 years, either through a trade sale (the company is sold to another company), through a buy-back scheme (the company decides to buy back shares from investors) or through an IPO (an "initial public offering" whereby the company gets listed on the stock market). These campaigns require more thorough work than rewards-based ones as they require business plans, financial forecasts and valuations, whilst rewards-based campaigns do not. Equity crowdfunding falls under the country's financial regulations with platforms needing to be approved by relevant financial bodies.

Crowdfunding is not an easier way of raising funds than other types of fundraising activities and the amount of work that goes into them should not be under-estimated. They require a high level of sophisticated marketing work.

How to make crowdfunding a success:

- **Preparation is key:** plan what you need to do before your crowdfunding campaign kicks off, every step you will take it when it's live and how you'll manage things after. Your plan should the amount you're raising, your marketing strategy, PR strategy and contact lists. Pre-draft emails and communications to go out at key times. It's crucial to be prepared for the launch of the crowdfunding campaign but it's also important to be prepared for when the campaign ends. Backers are putting money and faith in you so make sure you can deliver what you promise.
- **Be creative & genuine:** make your campaign original and interesting for the people you're trying to get on board. This seems obvious but many crowdfunding campaigns fail because founders believe people will want to back their business just because it's "cool". Tell a story and appeal to people's emotions. Stir their imagination and make them feel that by backing your campaign they are part of something bigger.
- **Appreciate how much work it actually is:** crowdfunding isn't just about putting your campaign online and money rolling in. You need to be prepared to hustle and hustle some more. Once your campaign is live, it becomes a full-time job of managing social media campaigns and direct contact with people. You will need to contact everyone you've ever met whether personally or professionally.
- **Figure out how to start strong:** most crowdfunding campaigns that don't raise 30% in the first couple of days fail so make sure you have a plan to achieve that. You should have backers/investors lined up to contribute as soon as it's live. Create a sense of urgency, maybe an incentive for people to contribute early on (like a limited amount of rewards, a raffle they'll be entered to, the chance to win something special…). It's worth doing some basic calculations around how many people you need to approach in order to reach your target.
- **Build relationships:** try to foster a personal relationship with as many backers as you can. Backers believe in you so much they've invested in something that doesn't exist yet. Show them appreciation they deserve. If these relationships are managed well, it's likely these people will be spending more money with you in the future.
- **Learn from others:** look at successful campaigns and get inspiration. We've picked a couple to get you started.

Entrepreneur testimonials on crowdfunding

"We did it because we saw it as opportunity to share our mission and our success with our customer. For not much more than the price of ordering our product, people could invest in the vision to take things to the next scale. People were excited about that and it was really successful. We now have an army of people who not only believe in what we're doing but are also emotionally invested in what we're doing. And that's an incredible connection that is also very unique to crowdfunding. However, it's also a pain in the a**. There's a lot that goes into it. Especially on the equity crowdfunding – legal aspect of things…. it's expensive to set up."
– Dan Kurzrock, Co-Founder and Chief Grain Officer at Regrained

"I strongly recommend crowdfunding. But not as a way to raise funds, but to build a community. It is a great way to get the word out, reach media and bind people to your brand. But it takes a lot of time and effort. Only do this if you have the marketing power in your team."
–Chantal Engelen, Co-Founder at Kromkommer

Rewards-based crowdfunding Case Study: Toast Ale

- **Platform:** Crowdfunder (https://www.crowdfunder.co.uk/raiseatoast#start)
- **Target:** £20,000
- **Result:** £29,452 with 449 supporters in 28 days

Why it worked? Toast Ale took a serious issue (food waste) and turned it into something enjoyable and popular (beer).

- Got a serious message across positively with humour and gave backers a sense of providing real value (tackling food waste) by explaining tangible impact (how many slices of bread saved with each pledge).
- Clear explanation of what money would be used for.
- Smart and creative rewards to fit many different budgets.

Equity crowdfunding Case Study: Oppo Ice-cream

- **Platform:** Seedrs (https://www.seedrs.com/oppo-ice-cream)
- **Target:** £100,000
- **Result:** £353,811

In 2015, Oppo became the "most overfunded" offer ever through its initiative on Seedrs. They set out to raise £100,000 but secured more that £300 000. When they returned to Seedrs for a follow-up round in 2016, Oppo reached its £150,000 target in about 6 hours.

Why it worked? They didn't just sell a product but told a story of how Oppo came to be. We as humans tend to feel first and think second, so it pays off to capture people's imagination and play on emotion.

"Crowdfunding is the BEST marketing tool! Where else can you promote yourself, get your story out there, get your product into people's hands, get their feedback on the product, build brand ambassadors, and raise money at the same time?"
– Cheryl Clements, Founder & CEO of food + beverage crowdfunding site PieShell

Debt

Borrowing money at different stages of your startup can be an effective way of raising capital and maintaining as much control of your business as possible. Debt can be raised from banks though this is rare at the startup stage, startup focused debt lenders are much more likely. There are government schemes that provide debt facilities as well. The downside of raising debt is that you have to pay it back with interest (unlike crowdfunding, equity or grant money). Some startup loans may even require a personal guarantee meaning you are personally liable to pay the money back if the business fails.

Increasingly popular with startups are convertible notes. These are also loans, though instead of being paid back in cash, they are paid back in equity. These notes allow you to delay valuing your business (an often-tricky operation for startups) and do not require you to pay the money back. Through this mechanism, investors do not receive equity immediately but receive a share of your business in your next round of equity investment (see below). Sounds like a good deal? It certainly is, though remember the hard work of valuing your business and setting up all the proper legal frameworks for investments still need to happen, just further down the road. Have a look at this crash course on convertible notes for more detail on how to make them work for you.

Equity

This is the practice of raising capital from investors for a share* of your business. Equity investment takes many forms - you can raise money from private individuals (often known as "angel investors"), from groups of investors, venture capitals, from funds... There are categories of investors like sector specific investors (in this case look out for the ones focusing on food & agri-tech!), impact investors (who focus on environmental and social impact as much as a financial return). Equity investment is a great way of raising larger amounts of capital and finding people who can be instrumental to the growth of your business. Consider whether you want investors who invest and don't get too involved (generalist investors), or ones who take a bigger role in your business by acting as advisors and helping open doors (strategic investors). It's key you raise capital from the right investors. Finding people who align with what you want to do and how you want to do it means you'll have a more collaborative relationship. People with relevant experience will help you speed up your growth by providing key introductions and by helping you avoid mistakes they will have made already.

When building and running a sustainable business, there are advantages to working with impact investors. If you find people who believe in your mission, they will value the wider impact you're creating as much, if not more, than financial gains. This means they'll be less likely to push for returns and extracting value from the business early on.

*There are different types of shares you can issue. Investopedia provides a good overview of these but we highly recommend getting legal and financial advice to decide which will best suit your business.

Steps to raise equity investment

- **Identify your funding needs:** you should have an idea of how much money you need to raise now and in the future (investors will ask you how much you plan to raise at a later stage).
- **Figure out your business valuation:** this refers to how much your business is worth and will determine what percentage of your business you'll need to give away in exchange for investment. See more on this as the end of the chapter.
- **Nail your elevator pitch:** you should be able to explain your business in one sentence.
- **Create a pitch deck + an investment teaser:**
  see below for more detail on both.
- **Find opportunities to pitch to investors:** find investor networks (perhaps begin with the EIT Food Investor Community), pitching evenings, build on your personal network, ask friends & other startups if they have tips/can recommend people.

- **Learn how to pitch:** practice makes perfect. If you have the opportunity to pitch to investors, take it seriously by making sure you're always prepared. You should practice your pitch and know it inside out. You should also be prepared for potential questions they may ask you. It might be intimidating but remember you know your business better than anyone else so have confidence to defend your proposition. Investors aren't there to catch you out. If they're interested in your business, they'll want to make sure you've done your homework and have a great team and plan to execute your idea.

Here are some other useful tips:

- Keep it brief. The more concise and to the point you can be, the better. Make sure you stick to any time guidelines you're given if these are decided by someone else.
- Be enthusiastic and share your passion. Investors want to invest in people who give everything to grow their business. If you don't bring good vibes to the room, they won't either.
- Know your audience: if you're able to research your investors before you pitch to them (it's not always the case if you're attending pitching events), do so and tailor your pitch to them and their interests.
- Tell a story: share your big vision and sell the dream. Find a way to be relatable and tap into your audience's emotions. They can focus on the detail once they've bought into the idea.
- Once you've found investors: create a term sheet. You can find templates for term sheets online though it may be best to work with lawyers for this (and other investment documents) as the direct financial impact of doing this wrong could be very significant for you.
- Prepare legal documents with lawyers.
- Get money rolling in! And then the real fun begins.

Creating a pitch deck & an investment teaser

A pitch deck is a brief presentation which showcases key aspects of your business plan and is used to pitch to investors (or other parties you may want something from like accelerators or certain customers for example). Broadly speaking, your pitch should not have over 15 slides and should be concise and clear. Less is more! You won't have much time to make an impression on whoever you're pitching to so put a lot of thought and consideration into your pitch deck and how you present it. Make it visually engaging, not a list of bullet points and text you read off the screen! Make it exciting and tell a story to engage with your audience emotionally.

A good outline for your deck could be:

- What **problem** are you trying to solve?
- What's your **solution**?
- What **market** are you targeting and how big is it?
- How does your **product or service** work, or what does it deliver?
- Who's your **competition** and how are they solving the problem?
- What's your **USP**?

- How do you set yourself apart from your **competition**?
- What **traction** have you gotten so far? What are your sales, existing or potential customers?
- Who's on your **team** and why are they the right people for this?
- What are your **financial projections** for the next 3-5 years?
- What **investment** do you require? (or another ask if it's not used for investment)

An investment teaser, much like a pitch deck, is often the first thing potential investors see. Usually one or two pages in length and encompassing the same sections as a pitch deck though with more detail as you won't get a chance to present.

It's also important to remember that you should be careful on how you approach potential investors as there are laws protecting people from scams around fraudulent investment opportunities. It's best to check these regulations for your specific country and/or ask for legal advice.

Types of funding summary table:

Funding type	Pros	Cons
Grants	▪ Don't have to pay it back or give away equity	▪ Applications can be complicated and time consuming ▪ Can take a long time to be processed ▪ Usually have strict criteria to fit into
Crowdfunding (rewards-based)	▪ Allows you to test people's appetite for your idea and get feedback ▪ Gives the opportunity to build a community of loyal supporters and brand ambassadors ▪ Helps spread your brand story and create a buzz around your brand and product/service ▪ Don't have to pay it back or give away equity	▪ Requires a lot of work before, during and after the campaign ▪ Need to have supporters lined up before the crowdfunding starts, otherwise there's a small chance of succeeding ▪ Crowdfunding websites charge a fee of 3-7% ▪ Raised funds on the smaller side (average on Kickstarter 18000€) ▪ Less suited for B2B companies
Crowdfunding (equity)	▪ Potential to raise large amount of funds compared to rewards-based crowdfunding ▪ Helps spread your brand's story and create a buzz around your brand or product/service ▪ Gives opportunity to build a community of loyal supporters and brand ambassadors	▪ Require even more work than rewards-based crowdfunding (need to have a business plan, financial forecast and valuation) ▪ Need to give away a share of the business ▪ Need to be approved by relevant financial bodies
Debt	▪ Raise capital whilst maintaining control of your business	▪ Has to be paid back with interest ▪ Hard to obtain for startups with no traction ▪ Might require a personal guarantee
Equity	▪ Opportunity to raise larger amounts of capital ▪ Possibility to accelerate growth through collaborative relationships with investors	▪ You need to give away a share of your business ▪ You then have investors to manage and be accountable to (this can be good and bad)

Investor relations

Once you have investors on board, you'll need to figure out how you will manage them. Some investors will be more demanding than others. You might schedule regular meetings or calls with enthusiastic investors if you feel they can help you in some capacity. Overall, you'll need to develop a regular reporting method - this might be weekly, monthly or quarterly (longer than every quarter is likely to be too long).

Top tip from entrepreneurs on managing investors

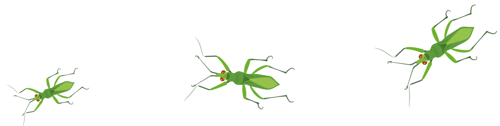
"Over-communicate rather than under-communicate until you have balance so you can properly build trust."
– David, CEO & Co-Founder Aerofarms

"Investors aren't your bosses and if you treat them as such, you won't get the most out of them and you won't be a good leader. Before choosing your investors, we screened them for mission. We had a litmus test – if an investor didn't share a story or anecdote on how they felt about throwing food away, it was very unlikely that they would get the mission. Come up with a way to screen investors. Also understand that when an investor passes on your business, it's not personal, they just don't get it."
– Saasha Celestial-One, Co-Founder at Olio

How much should you raise and when

There is no straight answer to answer that and it will vary dramatically depending on the type of business in question and the different stages of the business. We thought it'd be useful to show the investment journeys of a couple of businesses.

Business 1: Brand making snacks with crickets



1. **Personal funds:** three co-founders each invest €5000 of own savings to put together a basic concept consisting of prototype snacks made at home and initial branding ideas with freelance designers. This MVP and initial brand is used for the next stage of fundraising.

2. **Grant funding:** 3 months later, the business obtains grant funding from a local social enterprise incubator and receives €10,000. This is used to fund further product and brand development.

3. **Crowdfunding campaign:** 6 months after their initial personal investment, the founders decide to raise their next chunk of capital through a rewards-based crowdfunding to start building a community. They raise €25,000 offering pre-sale of their bars. They use the money to conduct their first proper manufacturing run with a co-packer. They use the snacks made in this run to gain first customers and for their next fundraise.

4. **Angel investors round 1:** a year later, having won their first customers and proven sales on a small scale, the founders decide to raise a first round of angel investment to take their business to the next stage. They raise €160,000 and the funds to grow their team and on marketing to increase brand recognition.

5. **Angel investors round 2:** 19 months after round 1, having built traction with two major retailers and substantially grown their revenue and sales pipeline, the founders decide to raise a second round of angel investment (partly from existing investors, partly from new ones). They raise €400,000 and spend the money of new product development, further building the team, and refining their branding and marketing. This helps their business reach thousands of outlets and reach breakeven (the point where total revenues equal total expenses).

Business 2: Food tech company that creates solution to minimise water and pesticide use on traditional farms

1. **Personal funds:** Two co-founders use personal funds to finance themselves whilst they develop a business plan and an investor pitch deck. They subsequently secure their first round of funding.

2. **Angel investors round 1:** 8 months after their initial idea, the company successfully raises €250,000 for product development, feasibility studies and to pilot their technology on two separate farms. In exchange, they give away 20% of the company, valuing their business at €1,250,000 post-money (see the financial jargon lexicon for more on this).

3. **Equity crowdfunding:** another 8 months later, confident with the progress they're making and seeing the potential benefit of crowdfunding, the founders decide to run an equity campaign raising an additional €600,000 in return for 30% of the company. This dilutes both the founders and angel investors. The funding is used to further develop the technology and bring the solution to market to a number of farms. Through contacts built during the campaign, they're also introduced to one of the largest agri-tech businesses in the world.

4. **Debt:** a year later, the founders realise they need a bit more cash before their next substantial fundraise whilst in discussion with venture capital funds, so they issue a convertible note for existing investors to act as bridging loan. This money acts as a "bridge" between two funding rounds. The investors who loan the money will get a discount when this is converted into equity when the next funding round is completed.

5. **Venture capital:** 17 months later, wow ready to scale, the company raises €1.5 million from a strategic venture capital partner with expertise in the sector. They give away a further 25% of the business diluting all existing shareholders. This venture capital puts a board member on and enables the business to have the resources to truly scale.

It's useful to ask yourself a few questions when deciding how much to raise:

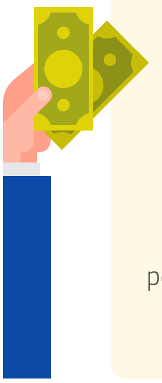
- What will we use this money for specifically?
- What do we want to have achieved before raising money again?
- What do we want to prove before raising money again?
- How much value will this fundraise add to our business?
- What's our plan B if things don't go according to plan before our next fundraise?

Top tips from entrepreneurs raising investment

"In the early days, be super scrappy in how you build your business. Make sacrifices. Be prepared not to take a salary, be prepared to hustle and sort of find a way. You're going to learn a lot by doing that. Once you raise money, expectations start. Before you raise money, it's your game. Then it's not a question of how I can get as much as I can... Raise enough money so you can have enough headspace to reach a bunch of milestones. Find investors you align with."
– Marc Zornes, Co-Founder at Winnow Solutions

"Funding can be very complex. You don't want to give up too much equity, but you want to be able to build your business. You want to build debt into it, but you need to be able to service that debt with sales. It all depends on your product and service... We're a very capex heavy business, we had to spend millions before having a product, so that influences your funding strategy/model. Once you start generating revenue, and you've got management accounts and have actual customers and have revenue, you can't sell dreams and rainbows to investors anymore. You're based in reality. When you're not revenue generating, you're selling the dream – it's much easier. That affects your funding strategy. If you can, raise as much as you can from the right investor with the right investment style with the right ethos but make sure they're coming on that journey with you."
– Steve Dring, Co-Founder at Growing Underground

"Take what you need in order to be able to deliver – product-to-market speed is critical so if outside capital is available, it becomes fundamental to the success of the business."
– Arturo, Co-Founder at Clara Foods



"I would recommend researching sources of non-dilutive capital early on, grant funding etc., but be specific and targeted for funds that apply to your business and approach start up competitions with some caution; they can be a great source of publicity, some funding and a bit of a dopamine hit but I would be disciplined about the time spent on applications, pitches etc. Regarding venture capital funding, again be specific about the investors you target, food and agriculture is a niche sector, but growing, with a number of funds dedicated specifically to technologies in these areas. A warm intro is a hundred times better than a cold email (...). Fundraising is exhausting and the advice given is to focus on it entirely while doing it. I personally have always found this difficult as CEO of an early-stage company but do set goals of i.e. 50 meetings in one month and try to schedule a few a day in a concentrated period."
– Abi Ramanan, CEO & Co-Founder of Impact Vision

Financial jargon lexicon

There are lots of financial terms that get thrown around in business discussions, and if you've not been involved in raising investment or started a business before, it may be that you're finding yourself a bit lost. Here are some concepts you should be familiar with:

- **Business valuation:** the process of determining the economic value of a business or company. This can be used to determine the fair value of a business for a variety of reasons, including sale value, establishing partner ownership or for raising investment (investopedia.com). The latter is probably the most relevant for you at this stage as you'll need to figure out a business valuation when raising investment. Investopedia provides a few different ways of coming up with your valuation, it's worth remembering it is not an exact science and is very subjective.

- **Pre-money vs post-money valuation:** this refers to valuing your business before (pre) or after (post) investment. The value of your business goes up after you have raised funding.

- **Cap table:** or capitalisation table shows ownerships stakes of your business. If you are two co-founders who haven't raised investment and have split ownership, the table just shows the two of you with a 50-50 split. As you take on investment, this changes. The cap table simply shows the different percentage ownerships of different shareholders.

- **Term sheet:** it's the initial document drafted and agreed upon between two parties before completing investment. For example, if you're taking on equity investment, the lead investor (the one who is putting most money in) may suggest certain terms and conditions which other investors have to follow. Term sheets then provide the basis for drafting more legal documents.

- **Shareholder agreement:** A shareholders' agreement is an arrangement among a company's shareholders that describes how the company should be operated and outlines shareholders' rights and obligations. The agreement also includes information on the management of the company and privileges and protection of shareholders. (investopedia.com)

- **Articles of association:** a document that specifies the regulations for a company's operations and defines the company's purpose. The document lays out how tasks are to be accomplished within the organization, including the process for appointing directors and handling of financial records. (investopedia.com) Both the shareholders' agreement and the articles of association tend to be drafted by lawyers. They may seem a bit tricky and inaccessible but do spend time trying to get to grips with them as they are important in setting how your business operates and will operate in the future.

Investopedia is a great resource if you're ever searching for investment/financial related information.

Chapter 5 Wrap-up

Key take-aways

- Don't forget your personal finances – Plan how you're going to support yourself when things take twice as long as they should (because they always do). Consider holding on to your full-time job or working part-time in the beginning and working on your business idea in your free time.

  Time to stop and think: How much personal runway do you have? What sacrifices are you willing to make if/when things get tough? Are you willing to give up certain expenses or certain aspects of your lifestyle to run a startup?

- There are many types of funding (grants, crowdfunding, debt and equity) with pros and cons, so think carefully about your funding strategy.

  Time to stop and think: are you willing to give up a share of your business in exchange for investment? If yes, do you want generalist or strategic investors?

- To raise equity investment, you need to define your funding needs and business valuation, nail your elevator pitch and pitch deck, master your pitching skills and find opportunities to pitch to investors. Be prepared to sort out legal documents with lawyers and figure out how to manage investor relations.

  Time to stop and think: how much capital are you looking to raise? What will you use the funds for? What do you want to achieve and prove before raising money again? How much value will the fundraise add to your business? How will you manage investor relations?

- In addition to raising funds, crowdfunding is a great way to share your story, create a buzz around your brand and get your product in consumers' hands. However, crowdfunding is anything but easy. It requires a lot of work and preparation. To reach your target, you need more than a great story.

Now, let's get active!

1. **Figure out your personal finances.** How will you support yourself at the beginning of your startup journey, especially when things take longer than expected?
2. **Come up with a funding strategy.** Are you going to apply for grants, rely on crowdfunding, raise debt and/or raise capital from investors for a share of your business?
3. **Create a pitch deck** of 15 slides showing key aspects of your business plan. Be creative and use the deck to tell a story that engages your audience emotionally.

Additional resources

To learn about EU funds and support, check out these websites:

List of EU funding programmes
https://www.welcomeurope.com/list-european-funds.html

EU funds and support
http://startupeuropeclub.eu/eu-funds-and-support/

Thinking about turning to the crowds for capital? Read these articles for more information on crowdfunding:

Crowdfunding 101: The Basics
https://www.forbes.com/sites/chancebarnett/2012/08/02/crowdfunding-101-the-basics/#77b382b2cb4c

Crowdfunding 101 for Entrepreneurs
https://www.huffingtonpost.com/steve-mariotti/crowdfunding-101-for-entr_b_4598741.html?guccounter=1

Top 10 equity-based crowdfunding platforms in Europe
https://www.eu-startups.com/2017/11/top-10-equity-based-crowdfunding-platforms-in-europe

Useful information and advice for raising money and nailing your pitch:

Startup investment guide
https://www.boardofinnovation.com/guides/startup-investment/

How To Raise Money
http://paulgraham.com/fr.html

Five tips for presenting your business ideas
https://www.bl.uk/business-and-ip-centre/articles/five-tips-for-presenting-your-business-ideas

How to Effectively Pitch Business Ideas To Investors
https://medium.com/swlh/how-to-effectively-pitch-business-ideas-to-investors-dd76661b02f1

13 Tips on How to Deliver a Pitch Investors Simply Can't Turn Down
https://www.entrepreneur.com/article/251311

8 tips for successfully pitching an investor
https://www.wework.com/creator/grow-your-business/marketing/8-tips-successfully-pitching-an-investor/

These resources will help you create an awesome pitch deck so you can go get that money:

What Is A Pitch Deck
https://pitchdeck.improvepresentation.com/what-is-a-pitch-deck

How To Create A Pitch Deck
https://www.forbes.com/sites/alejandrocremades/2018/03/02/how-to-create-a-pitch-deck/#12c77c9356c0

30 Legendary Startup Pitch Decks And What You Can Learn From Them
https://piktochart.com/blog/startup-pitch-decks-what-you-can-learn/

What is an Investment Teaser?
https://corporatefinanceinstitute.com/resources/knowledge/deals/what-is-an-investment-

6 Keys to Writing Great Investment Teasers
https://www.axial.net/forum/6-keys-to-writing-great-teasers/

Chapter 6

Making it Happen

1. Commercialising your offering
2. Approach to sales
3. Managing cashflow and accounting
4. Organisational management
5. Accelerators and incubators

“Greatness is a lot of small things done well.”
– Ray Lewis

Chapter 6

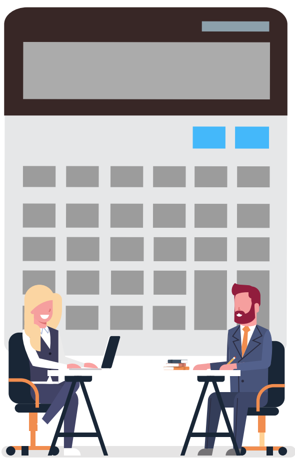
A startup takes an idea and transforms it into a business. This chapter focuses on making sure that your business has strong foundations from which your idea and proposition can thrive. Building strong foundations from the start will help you do things well along the way. It will make your business more resilient and prepared to manage challenging times effectively. We've split the chapter into 5 parts: commercialising your offering, approach to sales, managing cashflow and accounting, organisational management, and accelerators and incubators. A number of other topics such as stakeholder management and marketing are also part of making it happen but are covered in other chapters. It might not be the sexiest chapter in this manual but trust us, it's an important one!

Commercialising your offering

You have a great product or service idea, now you need to make it a reality. You need to get going, solve the problems of today whilst also having a view on tomorrow when demand will be significantly greater. Make sure you can make money from this whilst maintaining your values as a company. In this section, we explore key topics to think about like pricing and financial planning, capacity and expertise, supply chain, logistics and whether to outsource.

Having a plan to bring your product or service to market
The first thing you should work on when looking at how to commercialise your product or service is to develop a plan on how to bring it to market. An operational project plan that lays out different tasks that need to happen, timings for each of these and identifies who is responsible for them. There are several project management models and templates you can use for this depending on your personal preferences. If you haven't used any before, have a look at Gantt charts and the Stage Gate Model. It's important to consider what tasks you can do in parallel to save time. It's also worth remembering that things often don't go according to plan. People, suppliers and partners will let you down for one reason or another so always have a back-up plan steps to make sure your project keeps moving forward.

When building your plan, start with the end goal and work backwards. What do you need to do for your product or service to be available in a location or format that your consumer needs? Does this require transportation? How will you make the product or deliver the service? How long will this take? Will you do this or will someone else? What inputs are required? Does it require equipment? Where will you get inputs and equipment from? Note that food can be seasonal in its production and consumption. Some food has long lead times. For example, there is no other way to make a 15 year old whiskey than to wait 15 years. Make sure that your plan adequately reflects these realities.



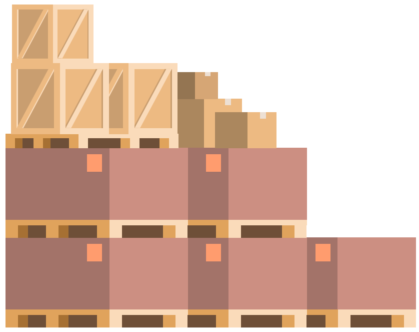
Modelling your costs
A key part of commercialising your product or service is understanding the economics of bringing your proposition to market. To do this, you must understand what it costs you to produce a unit of your good or service. This is sometimes called a variable cost. Variable costs include direct costs but can also include wider costs such as equipment depreciation and shipping costs. Not included in variable costs are fixed costs. These are costs that you bear regardless of the amount that you sell - for example, marketing costs and general staff costs not associated with production.

Your direct costs are all those that are directly attributable to the production of a specific good or service. These can also be referred to as cost of goods (COGs). The main components of these are direct material costs and direct labour costs. Calculating these costs are specific to your industry. For example, the costs borne by a farm will differ to those of a brand buying in a product. Finding industry specific guidance as well as local accounting practices will set you in the right direction.

Some additional considerations when thinking about your cost structure:

- **Inefficiencies and wastage:** Make sure you factor in inefficiencies and wastage when determining your costs. Some losses are inevitable but will increase your direct costs as more materials and labour will be needed to compensate for these.

- **Scale and volume:** Things usually get cheaper with scale so consider how that applies for your product or service. Do minimum order quantities (MOQs) apply for some of your supplies? If you want branded packaging, for example, this often requires you to order thousands if not hundreds of thousands of units. Some processes also only start making sense at larger volumes, how will you manage that?



Before you start producing, you will have to rely on a cost model to estimate your direct costs. However, once you start making and selling, you will be able to determine your true cost by tracking what you buy in (materials, labour, etc.) and how many units you are able to produce and sell. Knowing your true costs of goods will enable you to correctly determine your profit margin on each sale. The revenue you generate from the sale of a unit minus your costs of goods is your profit margin on the transaction.

Pricing strategies

Pricing is one of the most important decisions you'll make for your business as your costs of goods will impact your decision on pricing. For example, if you price below your cost of goods, you won't be in business for long. However, only thinking about your pricing relative to your cost of goods is also a mistake.
There are many pricing strategies that you can adopt. The one you choose will depend on many factors including: your type of product/service, the maturity of the market, consumers' willingness to pay, and your marketing strategy. Some of the most common pricing strategies are:

1. **Cost-plus:** adding a mark-up on top of your cost of goods to achieve your desired level of profit margin

2. **Competitive:** setting prices based on competitor pricing

3. **Value based:** pricing based on what your customer is willing to pay

4. **Price skimming:** setting a high price initially and then lowering this as more competitors enter the market

5. **Penetration pricing:** setting a low price to enter an established market

Within your pricing strategy, you may also want to include a promotion strategy. This is where you lower your pricing for certain periods of time in order to increase the volume of sales. This should be aligned with your marketing strategy.

Hire in expertise
You have the initial idea, but you might not be the person who can actually develop the product or put the service together on a larger commercial scale. Getting it right as early as possible is crucial to your business success. The cost of getting it wrong is huge and with limited startup resources, it makes sense to bring in expertise where you can. Even if you're developing something that hasn't been done before, there will be people who have some relevant experience to make the process easier. If you're developing a food product, you may look for a food technologist or a university who can help you refine it. If you're developing farming/ manufacturing techniques, you may look for food scientists and agro-tech experts. Hiring their services may seem like a big investment at first but it will be money well spent. If you really can't afford them initially, consider offering equity to incentivise them or positions as business advisors (more on this in Chapter 8 on building your team).

Supply chain
Your product/service will only be as strong as your supply chain. You need to find reliable and trustworthy suppliers you can build a good relationship with. Things to consider when scoping out suppliers include: are they financially robust? Do they take care of their people? Do they have good safety and quality assurance processes in places? Do they have the certifications/accreditations that your customers will require? You may need to set up commercial agreements with them, we discuss this in the legal section (Chapter 4).

Tips for engaging with suppliers

- Be polite and understand that as a small startup, you are probably not very important to them. Make sure you've done your homework and understand what you need from them. The more professional and credible you are, they more likely they are to take you seriously.
- Key aspects of your negotiation with suppliers will be around price, quality, availability and delivery times. Spend time ensuring that both sides have a clear understanding of what is expected and document this.
- When discussing pricing explore things like rebates. Can you get money back if you buy certain quantities?
- Understand how volume impacts availability and pricing.
- Remember to look for several suppliers and have a back-up when you've picked one.

Insourcing v outsourcing
When you're creating a product or service, you'll need to figure out whether you want to be in charge of manufacturing/development/delivery yourself or whether to outsource it. There are pros and cons to both.

	Pros	Cons
Insourcing	▪ Greater control and flexibility to modify processes enabling you to do things that others can't ▪ Keep more of the "value add" associated with your supply chain ▪ Authenticity	▪ Capital intensive ▪ Management time spent on production/ delivery instead of R&D, marketing, sales, etc. ▪ Underutilisation of assets/ limits to growth
Outsourcing	▪ Lower capital costs ▪ Quicker timeframes (don't have to set up facilities) ▪ Benefit from other people's expertise ▪ Defined prices and potential to benefit from economies of scale	▪ Loss of control and oversight ▪ Third parties less likely to care as much about the quality of your product as you. ▪ Sharing information with third party of commercially sensitive information

You will need to decide which of these factors are most important to your business and ultimately what will give you a competitive advantage. If components of your value proposition can be bought in, do you really need to make it yourself?

Insourcing: What insourcing entails will vary greatly from one business to another, so we can't go into too much detail. Indeed, the requirements for setting up a food manufacturing plant are entirely different to bringing together a team of developers to make an app, or a team of scientists developing a new farming technique. However, you should consider the following:

- **Capital expenditure plan:** as noted above, insourcing is likely to be more capital intensive than outsourcing. It is especially important to spend time developing a robust capital expenditure plan (see Chapter 3 on business plan).
- **Technical capacity:** you will also need to make sure that you have the right technical capacity within the team to make this work.
- **Scalability:** determining what scale to develop operations to can be a challenge. A smaller setup will be quicker and cheaper to install but may quickly become redundant as you scale. Conversely a larger setup may be underutilised as you work to build up demand, eroding margins. Having confidence in your sales plan and financial forecast will help you make the right decision.

Outsourcing: Finding someone who can take over a substantial amount of your operations can seem like a silver bullet, but the work is far from over. Entrusting the delivery of a key part of your proposition to a third party has many challenges, and you'll find plenty of entrepreneurs with very negative experiences of doing so. Still, here are some pointers if this is the path you choose to go down:

- **Finding a third party to work with:** Finding someone you can outsource to is not always straight forward. Speak with competitors as they may have spare capacity they need to use. Reach out to industry bodies as they might be able to refer you to a suitable party. Go to tradeshows. Speak with machine manufacturers as they may tell you who has purchased relevant equipment.
- **Choosing a third party:** There are many considerations to keep in mind including pricing, quality, lead times, how reactive they can be, what accreditations they hold and geographical location. You also want to consider their ability to meet increasing demand from you as you scale.
- **Coming to an agreement:** Make sure you have a clear agreement with them covering key aspects such as price, quality and lead-times. You will also want to think about protecting any IP you share with them. If there are setup costs, push for them to cover these. If that's not possible, try and maintain ownership over anything you pay for. Make sure your agreement incentivises your partner to deliver a good product or service to you!

Insourcing & outsourcing case study

A company has developed indoor home vertical farming units that have become very popular. The company has been making the initial systems in a small rented workshop and are not able to keep up with demand. They also recognise that they could grow the market if they brought the unit cost down. This leads them to the conclusion that they need a more efficient setup to benefit from economies of scale. The founders identify a company that make similar systems for a different market but have spare capacity. At the same time, the founders do not have any experience in running a commercial production line and realise that setting up their own factory would take half a year. The move to outsourcing production simplifies their operations and gives them more clarity over their cost of goods. Freed from production oversight, they are able to spend more time on product development and sales. Given the importance of this arrangement to their business, they run trials and put in place a contract specifying key aspects including quality, lead times and who is responsible for investment in equipment specifically used for their production.

Packaging
In so many parts of the food system, packaging is an integral part of product elements. Food and packaging go hand in hand, you can't really escape it (unless you're developing a purely digital service). Packaging is important from a cost and environmental perspective and influences how your customers view your offering (even for B2B). Packaging is also increasingly scrutinised (particularly plastic) so it's an important consideration when developing your commercial proposition.

You'll need think about three key aspects:

- **Functionality:** what does your packaging need to do and how many different types of packaging do you need? In the food industry, packaging usually acts as a barrier for hygiene purposes and product preservation. If you're developing a consumer facing product, you'll also want to consider that packaging is your most important piece of marketing.

- **Environmental impacts:** you need to consider what the packaging is made of, how good it is at protecting the product and what your options are for the packaging after its useful life (e.g.: can it be reused or recycled?). You also have to consider packaging in the total environmental impact of a product. Wrapping a product in paper may have a lower environmental impact than a glass jar but if the product is spoiled by not being protected then the paper is not the more environmentally friendly choice. We've popped a few external links in the additional resources section of this chapter if you'd like to dig further into packaging.

- **Cost:** Your choice of packaging will impact costs in two ways. First, there is the direct cost of packaging materials you are using. Second, your packaging choices will impact your production efficiency. For example, some packaging can be applied with a machine whereas others require a manual process. This will impact your costs and volumes you can produce.

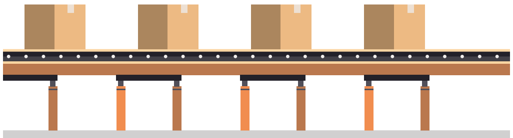
Logistics
How you are going to store and distribute your products and services is not a very exciting part of your business so tends to be an after-thought, but your logistics have huge cost implications and may dictate which routes to market you can take. They're thus worth a lot of consideration. Similarly to manufacturing and production, you should figure out if you want to keep this in-house or outsource it (working with warehousing and distribution companies). This again depends on the type of proposition you're offering and how much control you want to keep over your business. Farmdrop, an online food delivery company that distributes foods to consumers that is sourced from local farmers and fishermen invested in its own fleet of electric vans and drivers as they see this service as part of their core proposition. Oddbox, an "ugly" fruit and vegetable box delivery company, on the other hand, has outsourced the delivery of their boxes to a third party as it is not crucial to their competitive advantage.

Trial runs and testing
As part of commercialising your product, you'll inevitably have to do some trial runs. Doing things at scale is different to doing something at home and so you need to test how your offering will turn out when produced at greater volumes. This will also be helpful in confirming assumptions around the cost of production.
If you are doing trials with another company, agree what is expected of the trial and who will cover the costs beforehand. If the trials are done by a future supplier, try to get them to take on as much of the cost as possible. If they insist on payment, try and secure a discount against the first order.

The trial phase is also a good opportunity to test your product to ensure it meets safety requirements (see Chapter 4).

Entrepreneurs testimonials on commercialisation and scaling

"Focus on product management. It is easy to let things slip through the cracks when you're going at 100 miles per hour and working on multiple things at once."
– Arturo, Co-Founder at Clara Foods



"Prove a concept all the way to repeat purchases before you roll out/scale further"
– Willem Sodderland, Founder at Seamore

"It's different proving something on a small scale and something on a huge industrial scale. I naively thought that when I'd proven it on a small scale, I had it… but I had to do it again on a larger scale."
– David Rosenberg, Co-Founder at Aerofarms

Sales!

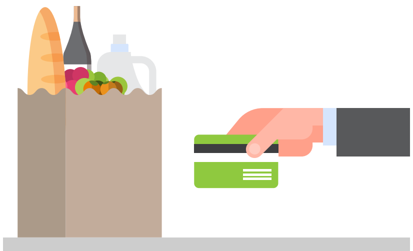
Sales are the lifeblood of a business. They bring revenue and validation to your proposition. Here, we'll consider a number of aspects in sales including; understanding your customers, your sales strategy, and your approach to sales. This will help you have the best chance of success.

Understanding your customers
We've already looked at the importance of understanding your customer in other chapters including product development and marketing. Here, we consider their needs as regards to their approach to purchasing. Key to understanding what their needs are is identifying who they are. Are you focusing on sales to other companies (Business to Business – B2B) or directly to end consumers (Business to Consumer –B2C). Are they likely to be making their decisions emotionally or rationally? Are they buying for themselves or for others? When will they be buying this type of product or service?

You must also understand what your route to market is. Will they be buying directly from you or indirectly through an intermediary, for example a wholesaler or a retailer? Where selling through an intermediary, you will be doing B2B sales whilst also ensuring that the B2C through your partner is working effectively.

Sales strategy

"A sales strategy is a concrete, step-by-step plan by an individual or a company to sell products or services for the purposes of generating and increasing revenues. It is the plan that enables you to successfully sell your products or service again and again… Done right, a strategy gives your sales team a clear focus and allows you to seize opportunities like a well-oiled machine."
– (Freshsales Freshworks.com)



Key elements of a sales strategy:

- **Sales goals:** How much do you need to sell in order to achieve your goals? What does this mean in terms of units sold or customers brought on and retained?

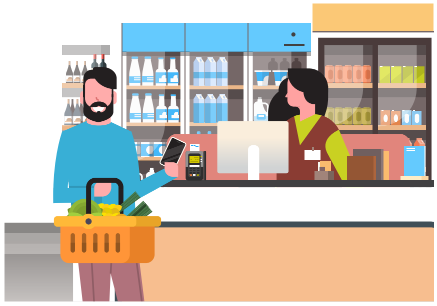
- **Prospects:** Target market and sales channels - Who most benefits from your proposition, will be able to buy it and decide quickly? You should consider lead-times of customers and find the right balance. A small shop maybe able to make a quick decision but will do little towards your total sales goal, whereas a supermarket will take a long time to make a decision but could enable you to reach your target.

- **Positioning and pricing:** In line with the product development and marketing strategy, you need to determine your positioning in the market and price accordingly (see earlier section on pricing strategies). Remember that you are part of your value chain, your suppliers will be adding a margin onto products they sell to you and similarly you will take your cut of things you sell onto others. If you are at the start of a value chain, be mindful of what mark-ups others will put on your product or service and how this might impact the end consumer's willingness to buy your product or service.

- **Responsibility:** Make sure to have clarity on who is responsible for what in your team and that individuals are aware of the sales strategy and the correct way to approach different customer segments.

Find some sales strategy templates here: http://templatelab.com/sales-plan-templates/

Approach to sales



It may seem obvious that sales are important for your business but developing a strong and effective sales process may not. You need to be thoughtful and deliberate about the kind of sales process you build and the approach you take. Here are a few ways to think about it and good practice to get in the habit of.

- **Sales as a discipline:** define your process in line with the type of customer you are after. Do you need to work from referrals? Will cold calls work? Do you need to speak to people in person? Make your life easier by creating templates and scripts. Keep updating the customer prospect list. Know that prospecting and sales are different processes. Keep tracking progress and what you learn along the way. You need to be disciplined about this and make sure that you are putting in the legwork. Sales require a constant effort.

- **Fast v slow sales:** one way to look at the sales process is to compare it to slow vs fast food. This analogy (credit to Tom Chi, yes the rapid prototyping guru!) starts from the point of view that slow food is considerate and caters to the individual whilst fast food caters to everyone. Similarly, "slow sales" is a type of sales that is collaborative and takes time. In this approach, you (as the salesperson) take time to understand your customers' world and what really matters to them (B2C) or their business (B2B).

    - Slow sales is collaborative
    - Spend time understanding their world/what really matters to their business
    - Then think about if what you do has total, some or no overlap with their world.
    - If there is no overlap, think of ways can you still serve them from a personal perspective as you never know when contact might be useful
    - Sales should be a win-win for both parties

- **Being prepared:** the more prepared you are, the easier your life will be when it comes to selling. You also want to make things as easy as possible for your potential customer. Consider what information they need in order to make a purchasing decision and then make this information easily accessible to them. You also need to know what trading terms (pricing, payment terms, delivery schedule, level of service) you can trade under if you are going to be negotiating. Before engaging with a potential customer, always be clear on what you want from the interaction. And make sure you follow up afterwards, always follow up!

- **Customer retention:** keeping the right customers is likely to be more valuable to your startup than continuously trying to win new customers.

Managing cashflow and accounting

Cashflow is the net amount of money coming in and out of your business over a period.Managing cashflow is imperative to your business and without positive cashflow your business won't exist. To highlight the point, the vast majority of businesses fail because of cashflow issues. You can have profitable sales and still go under if you're not managing your cashflow correctly. Proper accounting is imperative to managing cashflow correctly and in helping you make informed business decisions, stay legally compliant and meeting investor reporting requirements.

In this section, we will look at: maintaining a financial plan/forecast, getting money in and managing money going out as well as good accounting/bookkeeping practices.

Maintaining a financial plan
As part of your business plan, you will have created a financial plan that incorporates a profit and loss overview and a cashflow statement. These should be living documents that are updated every month based on actual performance. You should look at actuals v budget (sales you achieved, expenditure you have committed to, money received and paid out) as well as update future expectations based on updated sales and expenditure forecasts. Without an up to date understanding of your financial position, you are depriving yourself of an important tool needed to manage your business effectively.

Managing incomings and outgoings
Focus on getting paid. Lots of businesses work hard on getting a sale and then don't chase the money they are owed. The unfortunate reality is that a lot of businesses are deliberately bad at paying their suppliers. Make sure they know that you are a supplier that expects prompt payment by chasing them once an account is overdue. When agreeing business terms with your customer/client, try and negotiate favourable payment terms whereby you are paid quickly after the sale is completed.

Set yourself up so that it is easy for people to make payments. You will need a business bank account. Large customers working with reoccurring orders may require you to set up an EDI (Electronic Data Interchange) system with them so that they can automate the process. If you are focusing on end consumers, look at creating a PayPal account, getting a mobile payment system and setting up simple online payment systems for your web-shop. You don't want to win a sale only for a customer to back out because the payment system is too complicated.

Don't part with money unless you have a good reason for it and know how it will directly support your business. Consider the gross profit on your product or service and then workout how many units you need to sell in order to cover the expenditure. People will take your money much faster than they will give you theirs… Your major expenses are likely to be direct costs (costs of providing goods or services), staff costs, capital costs, R&D expenditure, marketing activities, external services and rent. There is an opportunity cost to your purchase, when you spend your money on one thing, you can't spend it on another. Spend your money wisely.

Accounting
Managing cashflow is closely aligned to good accounting and bookkeeping. Excel spreadsheets are ok for a short period of time, but you'll quickly need to move to professional software and get an accountant/bookkeeper in place. Having a good handle on your finances and good financial processes in place will help you make better decisions, ensure you are on top of your finances and compliant with reporting requirements and taxation. Things you'll need to do:

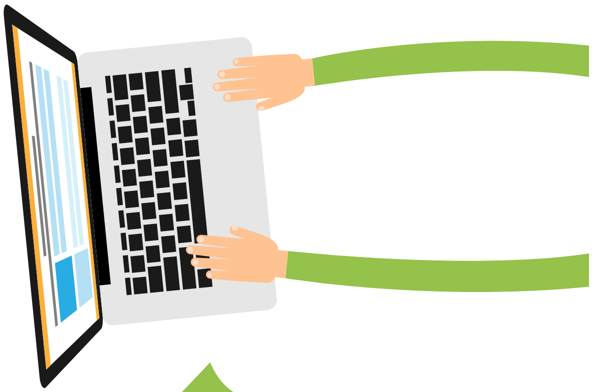
- Track all sales (raising invoices) and commitments on expenditure (raising purchase orders)
- Track all money in and out of the accounts
- Ensure that you've received payments due and paid invoices owed
- Tax compliance, including VAT, corporation tax and all other relevant taxes

- Payroll
- Quarterly and annual reporting (statutory, investors, stakeholders, etc.)

Organisational management

Sales and cash are critical but there are plenty of other things you also need to take care of in order to run a successful company. Fortunately, a whole economy has developed around supporting startups to navigate these channels successfully. Here is a non-exhaustive list of providers that will strengthen your foundations. This is not an endorsement of them but provides an overview of a range of challenges that startups face as well as solutions that exist to your life easier.

- **Target setting:** Gtmhub, Perdoo
- **Project management:** Basecamp, Trello
- **Document management:** Dropbox, Google Drive
- **Internal communication:** Slack
- **CRM:** Highrise, Pipedrive, Salesforce
- **Design:** Canva
- **Accounting:** Xero, Kashflow



Accelerators & incubators

Above: Kaamran Hafeez (The New Yorker, November 23, 2015)

There are plenty of accelerators/incubators and startup support programmes out there and the general advice is that they're definitely worth getting involved with. However, not all programmes are the same so it's important to consider pros and cons of participating.

What are the pros of joining these programmes?

- **A sense of community:** most entrepreneurs seem to appreciate the community aspect of these programmes. Being surrounded by people who are solving similar problems or who are facing similar problems and challenges is hugely rewarding. Entrepreneurship can be lonely, so accelerators provide a sense of community and opportunities to share learnings.
- **Building your network:** accelerators are also great at building your network. It's likely that beyond the immediate members of the programme, you'll meet plenty of advisors, mentors and other individuals who will be useful in one way or another.

- **Brand recognition & credibility:** most accelerators and incubators have a screening and/or application process, and may even be very competitive to get into. Being accepted can give your business additional credibility with your stakeholders – customers, suppliers and investors. These programmes also tend to invest in marketing for themselves and take pride in promoting the companies they have selected; your business will thus benefit from additional brand recognition too.

What about potential downsides?

- **Differences in the needs of your business & that of the accelerator:** most accelerators culminate with a demo day (pitching to investors) and a lot of the programmes' activities will be geared towards making that day a success. Whilst this is a great opportunity if you're fundraising, it's not necessarily applicable to every business. It may be that your business does not need investment, or it's simply not the right time. Accelerators exist to prove that they are helping startups grow faster and better. This is welcome in many cases but again may not suit the needs of your business or how you, personally, want to grow it.

- **They're time consuming:** time is one of the most precious resources you have as a founder. Many accelerator programmes require you to attend countless events and meetings. Whilst some will be useful, it's worth balancing how much of these you should attend (if they're not mandatory) versus spending time on other business activities.

- **Giving up equity:** some accelerators and incubators demand a share of your business for the support provided. If the programme matches your specific needs at the time and can truly help your business jump to the next level, this shouldn't be an issue. But you don't want to give up a share for a programme that you don't find useful.

Which ones should you apply to and why?

We've put together a table of key accelerators and incubators in Europe with a focus on the food system. This is not an exhaustive list and new types of programmes do come up so keep your eye peeled for other opportunities too. Remember to carefully consider which accelerator is right for you by asking yourself if what they offer matches what you need at this stage and what their requirements/costs are.

1. **Programme:**
   The Grocery
   Location:
   UK, London. Limited to UK companies.
   What are they looking for?
   Innovative packaged food and drink brands that can be sold through mainstream retail outlets and can achieve significant scale via multiple channels (including online and food service).
   What does the programme offer?
   Investment, trading support and consumer insights
   Length and cost of programme:
   12 months, £5,000 initial fee with a further £900 per month.
   Investment and equity?
   £60,000+ for around 15% equity.

2. **Programme:**
   Kickstart Accelerator
   Location:
   Switzerland, Zürich
   What are they looking for?
   Radical food and retail innovation in markets with a high growth potential. Startups from food and retail tech space. Has to have secured previous investment.
   What does the programme offer?
   – Support by Swiss innovation ecosystem
   – Contact with investors and collaboration workshops
   – Each startup will receive up to CHF 10 000 of program stipends.

Length and cost of programme:
About a month, no fees.
Investment and equity?
Don't take any equity in return for funding.

3. **Programme:**
[Startup Bootcamp FoodTech]
Location:
Worldwide.
What are they looking for?
High-growth tech startups operating within all the segments of the food chain from agriculture and retail to food substitutes and robots.
What does the programme offer?
– Direct support from e.g. Danone and Monini
– 160+ mentors from e.g. Unilever, World Food Programme, Facebook, Amazon
– 1000+ angels
Length and cost of programme:
12 months, £5,000 initial fee with a further £900 per month.
Investment and equity?
£60,000+ for around 15% equity.

4. **Programme:**
H-Farm
Location:
Italy, Roncade
What are they looking for?
Startups working on:
– Food Delivery & E-commerce
– Logistics, Supply Chain and Sustainability
– Food Safety & Traceability
– Nutrition & Organic Food
– Precision Agriculture Solutions
What does the programme offer?
– Industry Partners & Business Development
– Mentorship & Workshops
– Accelerator Team
– Working Spaces, Room & Board
– Seed investment and Demo Night
– Tech Partners
– International opportunity
Partners include e.g. Nestle, Barilla, Carlsberg, DeLonghi
Length and cost of programme:
4 months.
Investment and equity?
€20,000 seed investment, 5-10% equity.

5. **Programme:**
The Food Foundry
Location:
UK, London
What are they looking for?
Early-stage and later stage food and food technology businesses.
What does the programme offer?
– Help in developing your idea
– Support from specialist mentors and industry experts.

– Access to MyLocalKitchen so you can always find affordable commercial kitchen space near you.
– Access to MyLocalShelf that shortcuts the process of getting your products to retail stores
– Rent shelf space to kickstart sales and get exposure.

Length and cost of programme:

– 3-6 months
– Monthly fee or % of the company equity in exchange of the monthly programme fee

Investment and equity?

No funding.

6. **Programme:**

   Nutrition Greenhouse by PepsiCo

   Location:

   –

   What are they looking for?

   Emerging brands focused on helping people live healthier lives.
   Areas of interest:
   – Nutrition
   – Lifestyle
   – Performance
   – Purpose

   What does the programme offer?

   – €20 000 grant for up to 10 emerging nutrition companies.
   – Opportunity to work alongside specialised mentors across all

   Length and cost of programme:

   6 months

   Investment and equity?

   At the end of the programme, one company will be awarded with €100,000 grant.

6. **Programme:**

   VBItes Ventures

   Location:

   UK, Newcastle.

   What are they looking for?

   Early-stage businesses developing plantbased products and meat alternatives

   What does the programme offer?

   – Investment
   – Help in scaling up, reducing manufacturing costs and in developing distribution channels
   – Shared services and office space in Newcastle

   Length and cost of programme:

   –

   Investment and equity?

   Offers investment.

7. **Programme:**

   The Food and Food Tech Innovation Hub by Forward Fooding

   Location:

   UK, London.

   What are they looking for?

   The most innovative food and tech startups.

   What does the programme offer?

   – E-learning platform helping to digitalise business
   – Hands-on support from Forward Fooding's tech partners on topics such as digital marketing and growth marketing
   – Connections through Forward Fooding's global network of partners and clients.

   Length and cost of programme:

   –

Investment and equity?
Equity.

8. **Programme:**
Distill Ventures
Location:
UK, London.
What are they looking for?
– Pre-launch, early stage and scaling business that bring something new to the market
– Alcoholic drinks of all types, except beer and wine
– Non-alcoholic, zero proof or low ABV products that target the premium on-trade
What does the programme offer?
– Combination of investment, access to industry expertise and leadership development
– Help in accessing key growth markets to drive sales
Length and cost of programme:
–
Investment and equity?
– Investments to date range from £175,000 to over £10 million
– Regardless of the size of the investment, Diageo will remain a minority investor.

9. **Programme:**
ShakeUp Factory
Location:
France, Paris.
What are they looking for?
Future food market leaders, projects from farm to fork
What does the programme offer?
– Help in developing your idea
– Support from specialist mentors and industry experts
– Access to MyLocalKitchen so you can always find affordable commercial kitchen space near you
– Access to MyLocalShelf that shortcuts the process of getting your products to retail stores
– Rent shelf space to kickstart sales and get exposure.
Length and cost of programme:
–
Investment and equity?
–

10. **Programme:**
NX-Food
Location:
Germany, Düsseldorf
What are they looking for?
– Food & beverage startups founded max. 3 years ago with a marketable product
– A wide range of Food Tech ventures such as Nose To Tail Eating, Cradle To Cradle, superfood, hybrid food, alternative protein, slow food concepts and food substitutes
What does the programme offer?
– A three-month market-trial at startup shelves in METRO Cash, Carry and real, as well as on board of Eurowings flights in the Wings Bistro Magazine
– Opportunity to get listed in the assortment after the piloting phase
– Help in evolving from a proof-of-concept to proof-of-market
Length and cost of programme:
3-month test listing
Investment and equity?
–

11. **Programme:**
[Prometheus by Reimagine Food]
Location:
Spain, Barcelona
What are they looking for?
Unique, high-tech companies that can make a difference in the food industry
What does the programme offer?
E.g.
– Backing by top food & beverage brands, food retailers and restaurant chains
– €10,000 award for 3 startups from sponsors Carrefour, Barilla, Nestle
– Access to unique network of partners (e.g. research centers, public funding consultants, tech partners)
– Business coach and unique network of mentors
– €25,000+ in perks and services
– Press coverage
– Free office space
– Top VC and industry investors
Length and cost of programme:
–
Investment and equity?
–

12. **Programme:**
[IKEA Bootcamp in collaboration with RAINMAKING]
Location:
Sweden, Ålmhult
What are they looking for?
Growth stage startups that address the big challenges around being truly affordable and accessible for many people and having a positive impact on people, society and planet. One solution area is Sustainable Food Innovation.
What does the programme offer?
– Potential partnership or investment
– Access to resources, channels and expertise within the area of IKEA most relevant for your startup
– Strategic support
– Accelerated engagement and access to the right IKEA people
– Dedicated IKEA leader as a door-opener and hands-on support from IKEA experts
– Financial support for pilots and main travel, office space and housing
Length and cost of programme:
3-4 months
Investment and equity?
IKEA might invest or partner with the most promising startups and they'll leverage Rainmaking's network of VCs to extend the potential for investment

13. **Programme:**
[Agro Innovation Lab]
Location:
Munich and Vienna, Austria
What are they looking for?
Groundbreaking innovations within the entire agriculture value chain, i.e. innovations that increase efficiency, help to conserve resources or significantly facilitate the lives of farmers and consumers
What does the programme offer?
– Market access (1000+ distribution sites, 200 000+ farmers, international sales network)
– Investment /Resources (access to €100, 000 cash pot for joint innovation project, chances for strategic investment by BayWa & RWA)
– Network & know-how (e.g. dedicated mentors from BayWa & RWA)
– 5 acceleration weeks in Munich and Vienna, remote sessions, coverage of travel expenses
Length and cost of programme:
About 6 months
Investment and equity?
Investment possible

14. Programme:
Square One Foods
Location:
Austria
What are they looking for?
Ambitious entrepreneurs with innovative ideas that show potential for international scalability, disrupt the food industry and change what people eat for the better
What does the programme offer?
– Startup capital to grow the business
– Mentoring
– Retail cooperations
– Network of expert partners
– Spitz's food&beverage laboratory and state-of-the-art production facilities
Length and cost of programme:
–
Investment and equity?
Seed capital. Minority stake in the business (generally 15-25%).

15. Programme:
The Open Innovation Forum Food & FMCG Pitching event
Location:
UK
What are they looking for?
Startups, university researchers, SMEs and major businesses with innovative technology, product, process or business idea for food, drink and FMCG sectors
What does the programme offer?
– Opportunity to pitch to senior leaders from the Forum membership (e.g.: Mars, PepsiCo, Heineken, Cargill, Fresca Group)
– Feedback from the group of experienced 'dragons' and potential route into the innovation pipelines of these global leaders
Length and cost of programme:
Free to enter
Investment and equity?
No monetary price but a chance to present your idea/product in front of senior leaders and decision-makers who look for and acquire innovation and technology outside their organisations.

16. Programme:
FoodBytes! by Rabobank
Location:
US & UK
What are they looking for?
Most innovative and ground-breaking concepts in food and agriculture
What does the programme offer?
Capital needed to bring concepts to market and lasting connections with corporates and investors
Length and cost of programme:
–
Investment and equity?
–

17. Programme:
Thought For Food
Location:
Different city every year
What are they looking for?
Innovative solutions for food security - project should be implementable and have scalability potential that puts sustainability first

What does the programme offer?
– Chance to receive up to $25,000 in cash prizes
– Chance to be selected to participate in the TFF Bootcamp (9-week startup training program)
Length and cost of programme:
–
Investment and equity?
Cash prizes up to $25 000

18. Programme:
Pitch + Plant
Location:
UK, London
What are they looking for?
Plant-based start-ups
What does the programme offer?
Opportunity to win up to £100,000 in investment and product stocking in Revital (Example from 2018)
Length and cost of programme:
–
Investment and equity?
Investment up to £100,000

19. Programme:
EIT Food Accelerator
Location:
UK, CH, IL and DE
What are they looking for?
Early-stage startup from anywhere in the world, with the potential and drive to transform our food ecosystem by making it more trusted, better for people's health and more sustainable.
What does the programme offer?
– Expert mentoring and coaching
– Community network, flexible curriculum
– Access to industry & academic partners
– Chance to win one of 3 financial prizes at the end of the programme.
Length and cost of programme:
4 months, free to enter.
Investment and equity?
Funding up to €100,000

Entrepreneur advice on taking part in accelerators:

"We've been a bit crazy and have gone through 6 accelerator programmes since starting and it felt that each one of them brought something valuable to us at the stage that we were at the time. For me especially, coming from a background with zero business knowledge, it was very useful to work with mentors, get some funding and most importantly, surround myself with other startups who I could learn from. I would say that doing programmes are worth it if you know what exactly you're trying to get out of them. It's easy to just go with the flow and before you know it, it's demo day and you've just ticked a few boxes without thinking about what you specifically need to take your company to the next stage and how the accelerator ecosystem can help do that. I definitely did that the first couple of times but then as I got better at communicating what specific things I wanted to get out of the experience, the programmes became more valuable to me and the company."
– Solveiga Pakštaitė, Co-Founder at Mimica Touch

Chapter 6 Wrap-up

Key take-aways

- Having a great idea or nailing the design is not enough. You also need to consider how the economics are going to work and how to handle production, packaging and logistics.

  Time to stop and think: how do economies of scale apply to your business? Do minimum order quantities (MOQs) apply for any of your supplies? Some processes can start making sense at larger volumes, how will you manage that? Are your potential suppliers financially robust and do they have good safety and quality assurance processes in places? Do they have the certifications/accreditations that your customers will require? Do you want to be in charge of manufacturing yourself or should you outsource it? What about packaging, what does your packaging need to do and how many different types of packaging do you need? What is the environmental impact of your packaging (think about inputs and after-life)? Do you want to keep logistics in-house or outsource them?

- Sales are the lifeblood of any business so having a structured approach is essential and requires continuous effort. You need to make sure you understand your customers, their needs and habits and that your strategy aligns to these realities.

- **Time to stop and think:** are you focused on selling to other companies (Business to Business - B2B) or directly to end consumers (Business to Consumer –B2C)? Are your customers likely to be making their decisions emotionally or rationally? Are they buying for themselves or for others? When will they be buying this type of product or service? What information do the customers need in order to make a purchasing decision? How can you make this information easily accessible for them? What is your route to market? Will the customers be buying directly from you or indirectly through an intermediary, for example a wholesaler or a retailer? How much do you need to sell in order to achieve your goals? What does this mean in terms of units sold or customers brought on and retained? What is your brand's positioning in the market? What are your trading terms (pricing, payment terms, delivery schedule, level of service)?

- Most business fail because of cashflow problems so make sure you know how to manage this effectively by maintaining a financial plan, ensuring that you get paid on time, spending money only where necessary and establishing good accounting practices.

- Wider organizational management on areas such as project management, team communication and design will help you deliver a better product/service, be profitable and scale more effectively.

- Accelerators & incubators can be a great springboard for your business, but you need to carefully consider what you want to get out of them and if they match the stage of growth you're at.

Now, let's get active!

1. **Develop an operational project plan on how to bring your product or service to market.** Use project management tools (e.g. Gantt charts and the Stage Gate Model.) to lay out different tasks that need to happen and timings for each of these.

2. **Research potential suppliers and consider how you're going to handle manufacturing and logistics.** Start researching potential partners if you decide to outsource either of these activities.

3. **Outline your sales strategy.** This means defining your sales goals, target market and sales channels, positioning and pricing, as well as who in your team is responsible for what.

4. **Get your accounting and bookkeeping sorted.** Look into professional software options such as Xero and Kashflow and get an accountant/bookkeeper in place.

Additional resources

Plastic packaging has received a fair bit of backlash. To brush up on your knowledge, head to:

CEFLEX (an initiative looking at creating a circular economy for flexible plastic packaging)

A Plastic Planet and the **Ellen MacArthur Foundation's** New Plastic Economy.

For more general packaging information, have a look at the UK's [WRAP initiative](), it's not solely focused on packaging but a lot is covered.

The EU's packaging and packaging waste Directive is probably worth checking out:
http://ec.europa.eu/environment/waste/packaging/index_en.htm

The importance of cashflow cannot be overstated so you might want to check these out:

CashFlow Template
https://www.futurpreneur.ca/en/resources/operational-and-financial-planning/financial-templates/the-cash-flow-basics/

How to forecast your startup or business' cashflow
https://www.brixx.com/how-to-forecast-your-cash-flow-as-a-business-or-startup/

Profit and Loss Statement: A Guide for Small Business Owners
https://www.fundera.com/blog/profit-and-loss-statement

Stay on top of your sales:

7 modern sales forecasting strategies for startups
https://blog.close.io/sales-forecasting-strategies

Understanding consumer journey (B2C):

https://www.forentrepreneurs.com/buying-cycle-and-triggers/

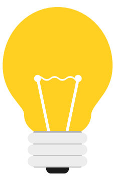
https://blog.oxfordcollegeofmarketing.com/2014/11/27/why-its-important-to-understand-the-customers-buying-behaviour/

Understanding customer journey (B2B):

https://open.lib.umn.edu/principlesmarketing/chapter/4-4-stages-in-the-b2b-buying-process-and-b2b-buying-situations/

Sharing your story

1. Building your brand
2. Creating a marketing strategy on a shoestring budget
3. Measuring and communicating impact



"Storytelling is by far the most underrated skill when it comes to business."
– Gary Vaynerchuck

Chapter 7

Telling your story plays a crucial part of your startup journey: it helps you gain the attention of all key stakeholders whether customers, suppliers, or investors. It helps you sell your product or service. People love stories. The better story you tell, the more successful your startup will be. Particularly within the food industry, telling stories is crucial – everyone has an emotional connection to food as everyone eats every day. Building a business in the food industry provides a great opportunity to engage people on issues they're likely to care about or at least be able to relate to. There are lots of aspects to consider when building and sharing your story. This chapter looks into that from the core tenets of your brand to building a strong marketing strategy.

Building your brand

"A brand is a set of expectations, memories, stories and relationships that, taken together, account for a consumer's decision to choose one product or service over another."
– Seth Godin

Your brand reflects what you stand for, whether or not you're a consumer facing business. Your mission, your vision and values matter to how you build your business. When you're starting a business, it's very easy to get distracted by different opportunities and challenges. You may want to grab every exciting opportunity that comes knocking at your door. Or you may feel you need to compromise on certain aspects but aren't sure how. Having a strong mission and vision early on will act as your compass and help guide strategic business decisions. Having these two defined also help with engaging your (future) employees and the wider public.

Your mission
A mission statement expresses why your business exists. It states your purpose and lays out the impact you want to have. A company providing technology to reduce water usage on agricultural land could, for example, state its mission as follows: "We exist to increase water efficiency on farms to benefit farming communities in the developing world". An easy way to start putting together your mission statement is to start with "we exist to….".

Your vision
This defines your idea for the future focusing more on long-term aspirations and the wider context of your mission. In the example above, the company's vision statement could be: "Our vision is to create sustainable farming practices and contribute to the development of a better and more environmentally friendly food system."

Your values
Similarly to your mission and your vision, your company values matter as they will guide how you build your business and the type of company culture you create (see more on this in chapter 9). Your company values should come from you as founders and what you care about. It's not always easy expressing these in non-generic terms so have a look at other businesses you admire, many share their values on their website. We love Unreasonable's company values and how they're articulated: https://unreasonablegroup.com/manifesto/. You can follow a simple brainstorming exercise with your founder(s)/team to identify your values: Write down your current values/what defines your company culture on post-it notes, then write down what you wish your values & company culture were (your ideal scenario). Have a read through & discuss as a group. You can then decide which ones to prioritise as a team.

Entrepreneur testimonials on having a strong mission & vision

"OLIO's mission has remained completely unchanged since day 1 – and that is to "unlock the value of food that is wasted in the home & local community." However, how we're executing against that has continued to evolve as we learn what does and doesn't work."
– Tessa Stuart, Co-Founder at Olio

"...We only care about one number and that number is how much food waste we're preventing...And because of that there is a north star in our business that is unwavering. And the question is always "what will this do to prevent more food waste and solve more and more of the problem".
– Marc Zornes, Co-Founder at Winnow Solutions

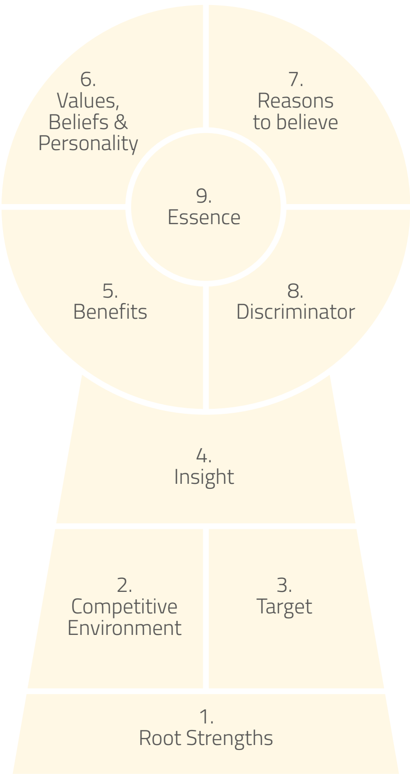
Brand positioning
One of the first steps in developing your brand and marketing strategy is figuring out who you will target specifically (who your target market is) and how you will differentiate yourself from your competitors in doing so. Your brand (or competitive) positioning strategy lays that out. Go back to the market research you conducted to evaluate which customers are within your market segment and who the different competitors are. Once you've figured that out, you can decide which target segment(s) you will go after. People respond better to messages targeted at them rather than generic ones so it's important you have a clear understanding of your brand positioning and develop strategies to exploit it. Companies are generally more likely to be successful if they create a niche rather than try please everybody. To figure out your brand positioning, ask yourself these questions:

1. **What customer segments* exist within the market we operate in?**
2. **Which of those customer segments is the most likely to respond positively to our offering?**
3. **How is the competition in this market positioning itself (in other words, which customer segments are they going after)?**
4. **How will we differentiate ourselves from the competition, especially if we're going after the same segments?**

*Customer segments are groups of customers based on certain criteria like gender, age, geographic location, interests & preferences, spending habits etc.

With your brand positioning, you want to have a clear idea of the impression or brand perception your customers should have of your brand. You can structure your brand positioning statement in different ways as long as it answers the key points addressed in the questions above, you could also use one of the following templates:

- **For** [insert Target Market], [insert Brand] **is the** [insert Point of Differentiation] **among all** [insert Frame of Reference] **because** [insert Reason to Believe]. (ivyexec.com)
- **For** [your audience], [your brand] **is the** [your market] **that best delivers on** [your brand promise] **because** [your brand], **and only** [your brand], **is** [your evidence]. (ivyexec.com)



The brand key, sometimes known as the "Unilever" brand key, is a useful framework to develop your brand and brand positioning, which will in turn inform your marketing strategy (the next part of this chapter).
It contains 9 steps.

Brand key exercise

1. **Root strengths** - The basic strengths and values you want your brand to be known for and on what you want to build on.

2. **Competitive environment** - The alternatives to your brand. Take both direct and indirect competition into account and list all the other brands and products/services that the customer might consider when making a purchase decision. What is the value you offer compared to competition?

3. **Target** - Your target customer. The target customers shouldn't be defined solely based on demographics, but their attitudes, values and interests should be described, too. To whom will your brand be the first choice?

4. **Insight** - What do you know about the customer? Insights about the target market and description of customer wants and needs. What can your brand do to satisfy those wants and needs?

5. **Benefits** - How can the consumer benefit from your brand? How does the brand solve consumers' problems or improve their lives? Benefits can be functional, emotional and self-expressive.

6. **Values, Beliefs &, Personality** - What does the brand believe in and stand for? What kind of personality does the brand have? How does it behave?

7. **Reasons to Believe** - Proof of why the brand is better than all the alternatives. Come up with an argument that describes why customers would choose your brand over all the other brands.

8. **Discriminator** - What sets you apart from the competition? What is the single most compelling reason for consumers to pick your brand over competition? Describe in one sentence your competitive edge.

9. **Essence** - What is the brand all about? Describe the essence of the brand very briefly in a couple of words. Essence lies at the heart of the brand guiding all of its actions.

Top tip from entrepreneurs of building your brand

"Be unique, daring, totally transparent and true."
– Jim Cregan, Co-Founder at Jimmy's Iced Coffee

"Killer brands are the ones that do things differently, that don't just follow the crowd. The ones that truly pave their own way."
– Lucy Wright, Co-Founder at Nice

Brand tone of voice & personality
Figuring out your brand personality and the tone you will use in communication is important since it will help you form connections and build relationships with your audience. Tone of voice humanises the brand and gives it a personality, which reminds the audience that there are real people behind it. A defined tone of voice also helps strengthen the values you want to portray and build a desired brand image. In a study of more than 7000 consumers, 64% of participants cited shared values as the primary reason for having a brand relationship (Harvard Business Review, 2012). So, the importance of being able to convey your values shouldn't be overlooked. No matter whether you are in B2C or B2B, when it comes down to it, people buy from people – from people they relate to and like, to be more exact.

Here are some exercises to help you do that:

- If your brand was a person, who would they be? What are their values? Define the human characteristics and think about how your customers will relate to your brand. How can you build a real relationship with your audience?
- Define what you're not. Be clear about what you're not and what communication styles aren't aligned with the brand image you want to create. What DON'T you want to be described as? If you try to be everything for everyone, the chances are you end up being nothing to no one.
- 5 words that define you. First, think about what's in the core of your brand, your values, what kind of reputation you want to build and who you are trying to reach with your content. Then, come up with a few words that describe your brand personality.

Developing your brand with an agency – yay or nay?
Depending on your budget and the type of business you're building, you may want to work with a branding agency or freelancers to build your brand. Unless you're a designer yourself, it's likely you'll at least have to work with someone to create your basic visual identity (logo, fonts, colour scheme etc.). If you're building a consumer-facing food brand, it's also likely that at some stage you'll need to engage the services of a branding agency. However, this doesn't need to happen from day 1 if you don't have the budget. Brands can and do evolve. Look at some recent brands and you'll see many of them went through rebranding exercises as they grew and got more investment. It's also worth spending a bit of time figuring out what you want your brand to be and represent before hiring their services.

Creating a marketing strategy on a shoestring budget

"You can't sell anything if you can't tell anything"
– Beth Comstock

Having a strong marketing strategy matters: if you want customers to pay for your product or service, you will need to go out and find them, and then convince them to buy from you. Many startups focus on their product and service but don't put enough thought into their marketing strategy when, in fact, it's as equally important as your sales strategy. The two go hand in hand.

Knowing your customer

The first step in creating a marketing strategy is really getting to know your customers. Through your brand positioning, you identified your target market and how you will set yourself apart from your competition. Here you go one step further identifying and developing customer profiles. You may want to think of this as customer "personas". The aim is to understand what your customers' pain points and priorities are. What problem are you solving for them with your product and service? And what is their behaviour going to be to buy your product or service? How will they find out about you? How do you want them to feel? You shouldn't base these profiles on assumptions or guesses, it's best to go out and do as much research as possible. Research online data available, carry out interviews and surveys and take advantage of your online social networks. Can you get friends on Facebook to respond to a survey, or can you reach out to LinkedIn contacts? Even a small amount of research is better than none. Once you've gathered enough information, you can create profiles outlining a few different sections (these are not-exhaustive and will vary depending on the kind of business you're building and the customer journey):

- **Demographic:** Gender, age, location
- **Pain points:** What are they struggling with?
- **Behaviour:** What do they do for work? In their free time? What are they interested in? How do they like being approached? Where do they find out about new products and services?
- **Channels:** This section is filled out after you've identified your marketing channels (next section!)

Choosing your channels

When you know who you will be targeting, you need to figure out the channels you'll go through to reach these customers. As a startup, your marketing budget is limited so it's important to make the most of it and pick your channels effectively.

Word of mouth/testimonials

The cheapest (and mostly free!) marketing channel is through word of mouth. A great way for potential customers to relate to your product or service is through testimonials from other customers. It's also worth considering if you're able to create a referral process which encourages existing customers to recommend you in exchange for something (e.g. a discount). This isn't possible for all business models but don't underestimate how much people are willing to help up-and-coming entrepreneurs, especially mission-led ones. When you win a customer, can you ask them if they know other potential interested parties and whether they'd be happy to make an introduction? Or can you ask them to write a testimonial you can share on your website & other communications?

Email marketing

Emails can be a highly effective marketing tool to engage existing customers, drive repeat purchases and gain customer insights. People who agree to receiving email marketing (newsletters) from you have made that deliberate choice so it's fair to assume they're a strong supporter of what you do. Use that to your advantage by sending clear, easy to navigate, exciting & engaging emails. More tips on this guide to growing an email list.

PR

It's tempting to think that PR (Public Relations) is only for the big boys but it'd be a shame (and a missed opportunity) not to include this in your marketing strategy. Make the most out of being a startup striving to make a positive impact and/or doing something different. It's relatively easy to get good PR coverage since people are always looking for new, exciting content to write about. You don't need to hire the services of an expensive PR firm at this stage, you can do it in-house instead. Here are a few steps to get you started:

- Start by writing a press release. Journalists may constantly be on the look-out but they're also short on time, so make sure your press release is catchy and stands out from the crowd. Here are some tips, templates and examples for inspiration.
- Identify journalists or outlets you'd like to target, make a list and plan your approach. You may wonder

how you find people to get in touch with? Look up journalists who have written about similar topics/ your industry/the problem you're solving in the past and try reaching out to them either by email (if you can find it) or on twitter (also a great place to find them). You can also search for relevant hashtags like #prrequests or #journorequests, you never know what you might find. Don't be shy and consider contacting different (online) magazines, podcasts and bloggers that are focused on topics related to your product or service. Not everyone is going to want to write about you but if you do your research, perfect your pitch, contact the right people and clarify what's in it for them, chances are someone is going to want to share your story.

- Build a strong social media presence (see below) and PR will come to you!

SEO
An effective search engine optimisation (SEO) is essential for startups as it helps capture relevant traffic from search engines and drive this traffic to your website. It's important to keep in mind that the specifications for SEO change constantly and it's not enough to simply optimise title tags and meta descriptions, distribute links that direct back to your website and regularly update your (possible) blog. In order for Google and other search engines to recognise you as a trustworthy and legitimate brand, you need to have an active social media account. Consequently, a strong social media presence helps you rank for a certain set of keywords. (Startups.co.uk, 2018)

Social media
Social media is a train you don't want to miss. Globally, over three billion people use social media at least once a month. The social media management platform Hootsuite surveyed over 9,000 B2B and B2C organizations of varying sizes across the world for their Social Media Barometer Report 2018 and found that 90% of brands use social media to increase brand awareness. Being part of the remaining 10% is anything but advisable.

You don't have to be in every single platform that exists but choosing the best possible platform(s) for your business and putting in the effort will help your startup succeed.

facebook

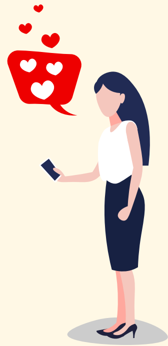
- The most popular social media platform in the world with 2.17 billion users.
- Main audience is slightly older than Instagram and Snapchat.
- A Facebook page is essential for any startup business.
- Can be a great way to build a strong and active community. To do this, start conversations by asking questions and responding to answers as opposed to just posting a photo or news about your company. Having posts that invite interaction is important as Facebook's algorithm means your post won't show up on people's feed if there are no responses or likes.
- **Advertising options?**
  Photos, videos, stories, messenger, carousels, slideshows, collections and playables.
- **Cost?** They vary depending on what you're after. If charged for impressions (meaning someone has simply seen your post), minimum daily budget is around €1. If charged for clicks, likes, video views or post engagement, the minimum daily budget is around €4. If charged for low frequency events such as offer claims or app installs, minimum daily budget is approximately €35.

YouTube

- More than 1.5 billion monthly active users, with approximately 45% of users accessing the platform daily.
- One of the most popular platforms amongst seniors.
- 70% of users have used the platform to solve a problem and 86% use it to learn new things.
- Great for creating e.g. 'How to' tutorials.

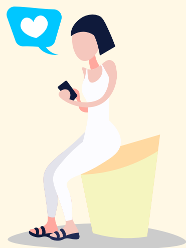
- **Advertising options?** Skippable video a.k.a TrueView ads (two formats: In-Stream ads and Discovery ads), non-skippable video ads, bumper ads, overlay ads, display ads and sponsored cards (find out more here).
- **Costs?** Depend on your daily budget. You can also choose to pay only when someone chooses to watch your TrueView ad for at least 30 seconds or engages with your ad.

Instagram



- 1 billion active users
- A must for companies targeting millennials.
- Approximately 60% of users access the platform daily.
- 80% of Instagram users follow at least one business on Instagram.
- Heavily focused on images and visually pleasing content so a great platform for many food and drink companies.
- Great opportunity to show off your product/service in a creative way and create a recognizable visual image for your brand. Sharing user generated content (UGC) that is in line with your style is also a great way to connect with your audience and make your brand feel more authentic.
- **Advertising options?** Photo ads, video ads, carousel ads, stories ads and collection ads.
- **Costs?** The average cost-per-click is around €0.70 but there are various factors that affect the pricing (e.g.: ads with popular target audiences, such as age groups 18-24, 25-34 and 35-44, cost more).

Twitter



- More than 330 million monthly active users.
- Approximately 46% of users access the platform daily.
- One of the most active social media platforms.
- 74% of users use the platform to get at least some of their news.
- 93% of Twitter users following small-to-medium-size businesses (SMB) plan to purchase from a brand they follow.
- 85% of SMBs with Twitter accounts report it being important for customer service.
- Tweets with video get six times as many retweets as tweets with photos.
- Great for curating and sculpting the sort of content you'd like people to associate with your business identity. However, it's important not to just push your own products and services, rather use Twitter to build an image of you as a thought leader in your field. It's also an excellent channel to use for customer service since many people tweet about an issue or question they have instead of contacting the company by phone or email.
- **Advertising options?** Promoted tweets, promoted accounts and promoted trends. The first two will cost anything between 0.34€ and 3.40€ per engagement, while promoted trends cost over 170,000€ per day (figures from August 2018). The ROI for advertisements can be good if combined with an effective marketing strategy.

LinkedIn

- More than 260 million monthly active users.
- Best platform for brands wanting to reach a professional audience.

- Great for building a reputation as the go-to authority for experts in your industry, which will also help you get leads and sales. Share and post news, insights and developments relating to your industry, in addition to simply posting things about your company. Comment and take part in conversations that are relevant to the industry you operate in. Especially useful for B2B businesses.
- **Advertising options?** Self-Service ads (sponsored content, LinkedIn text ads, sponsored InMail, video ads, LinkedIn display ads, dynamic ads) and LinkedIn Advertising Partner Solutions (each partner offers different tools such as ad technology, content creation and media buying)
- **Costs?** You can choose between Cost per click (CPC), Cost per impression (CPM) or Cost per send, for Sponsored InMail ads (pay only for the messages received). For CPC and CPM, you can set a daily spend limit and a bid price.

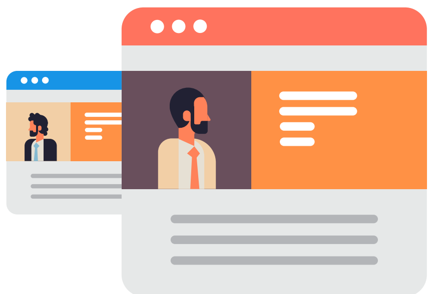
SnapChat

- Approximately 186 million daily active users.
- The most important platform for teenagers.
- The average active daily users access the app over 25 times a day.
- More than 3.5 billion photo messages sent over Snapchat daily.
- Great for B2C startups targeting millennials. Relate to your audience by being casual, silly or funny.
- **Advertising options?** Snap ads, collection ads, story ads, sponsored lenses, sponsored geofilters, on-demand geofilters. On-demand geofilters are the cheapest and simplest way to advertise in Snapchat, cost can be just shy of €4.5.

Pinterest

- Approximately 250 million monthly active users.
- Majority of users are female.
- 55% of Pinterest users actively use the platform for making purchases.
- Compared to Facebook, Pinterest drives 33% more referral traffic for shopping websites.
- Place for inspiration and visually appealing content.
- Good way to reach people when they're making decisions and provide inspiration for their daily lives. According to Pinterest, 61% of users have found out about new brands through promoted pins, and one out of two have made a purchase after viewing a promoted pin. More relevant to B2C than B2B companies.
- **Advertising options?** Promoted pins, promoted video pins, one-tap pins, promoted add pins, cinematic pins.
- **Costs?** The minimum bid per click or engagement is €0.087, and the minimum CPM (cost per mile) for awareness campaigns is €1.75 for regular Pins or €5.24 for video.

What is it all for? Have clear, measurable goals. Are you using social media to drive sales, reach new markets, increase brand awareness, customer support, or to teach people how to use your product/service? Who are you trying to reach? This will affect the choice of channel(s). Who is your average buyer? Which channels does (s)he use? Get clear on your goals and target audience to get an idea of which channels you should put your effort in.



You don't have to be everywhere: when it comes to platforms, less is more. Don't spread yourself too thin by setting up an account to every possible platform. Be realistic about your resources and choose the channels where your customers are most likely to be.

It's not all about you: according to Social Media Today, just 20% of your posts should promote your brand and 80% should be other content. People don't like to be sold to and no one likes a person or brand that only talks about themselves. Make sure you provide value with your posts and create content that entertains, inspires or educates your audience.

Listen and reply: as discussed above, if you want to be successful in social media, you can't simply push your own content and then leave it at that. It's called social media for a reason. Social media is a great opportunity to get close to your customers and build camaraderie. Make sure you take time to reply to each comment and question and show your audience that their engagement is appreciated.

Visuals, visuals, visuals: you could argue that 'visuals, visuals, visuals' is the new 'location, location, location'. Consistent imagery will help you tell your brand's story and leave a lasting impact. Social media management platform Buffer has reported that tweets with images are retweeted 150% more often than their text-only counterparts. Additionally, Facebook posts with images get 2.3 times more engagement than posts without images.

Get yourself a toolkit: do yourself a favour and make use of scheduling tools like Later, Buffer and Hootsuite. These tools will save you time and help to ensure your posts go live when your audience is online to see them, not when you happen to have time for posting.

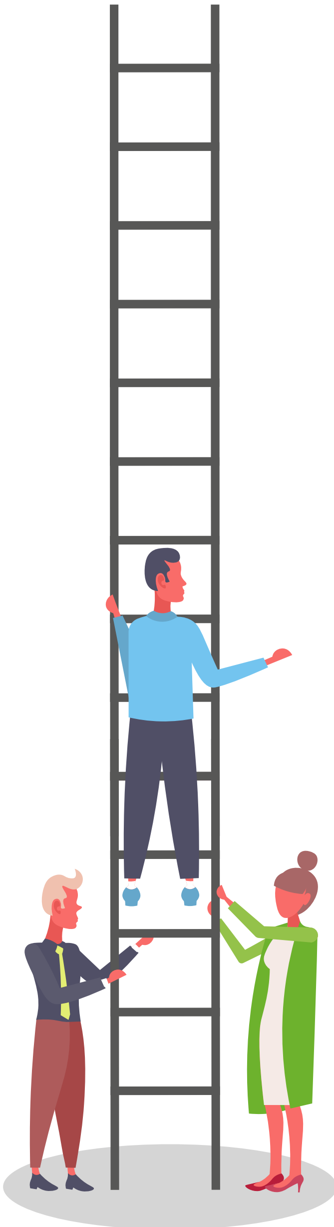
Measure, refine, repeat: knowing your target is only part of the battle. Even a well-defined target provides little value unless you measure your efforts and know how well you're hitting it. Free analytics tools such as Facebook Insights, Twitter Analytics, Instagram Insights, Pinterest Analytics and LinkedIn Analytics help you track how people reacted to specific posts so you can refine your strategy as you go on. In addition to free analytics tools, there are also many paid social media analytics tools such as Hootsuite and Buffer.

Events, conferences, tradeshows and networking

Once your startup gets traction, you'll no doubt be bombarded with invitations and requests to join all sorts of events. Physical presence is a great tool in your marketing strategy but it's also time consuming and can be very tiring so it's worth thinking about where you spend your time wisely. On the pros side, going to industry events, conferences and tradeshows is fantastic opportunity to network and to get yourself out there. Physically being present somewhere, talking to people and building relationships is an efficient way to get noticed and remembered. That said, make sure you research events you attend carefully beforehand & look up the attendee list if it's available. This means you won't wander around aimlessly but rather have some idea of who you want to approach. In some instances, you may want to attend as an "observer" only and use the experience as an information gathering exercise.

Attending tradeshows early on in your journey may be a way to study your competition and understand your market more deeply. On the other hand, taking on a more active role, such as exhibiting, can be a great way to raise your company's profile and meet new customers or partners. That said, they can also easily turn into an expensive waste of time if you don't do your homework properly before participating. Most shows have heavy price tags attached to them and require full time staff for a minimum of 2 days, and that's without the preparation that goes into making your stand attractive. Do a lot of research on events you might consider exhibiting at, speak with previous exhibitors and make sure that you are in a position to capitalise on potential opportunities.

Some examples of events (this list is non-exhaustive!)



1. **Anuga Food Fair, Germany (biannual)**
   http://www.anuga.com
2. **ISM Cologne, Germany (annual)**
   http://www.ism-cologne.com/ISM/index-2.php
3. **Fruit Logistica, Germany (annual)**
   https://www.fruitlogistica.com
4. **Vitafoods Europe, Switzerland (annual)**
   https://www.vitafoods.eu.com/en/welcome.html
5. **The International Food & Drink Event (ife), UK (biennial)**
   https://www.ife.co.uk
6. **Biofach Germany, Germany (annual)**
   https://www.biofach.de/en
7. **Global Forum for Food and Agriculture Berlin, Germany, (annual)**
   https://www.gffa-berlin.de/en/
8. **Brau Beviale, Germany (annual)**
   https://www.braubeviale.de/en
9. **Natural & organic products Europe, UK**
   https://www.naturalproducts.co.uk
10. **Sustainable Foods Summit**
    https://sustainablefoodssummit.com/europe/about/
11. **Euro Food & Beverages Conference**
    https://europe.foodtechconferences.org
12. **The Food Bank Leadership Institute (FBLI), convened annually by the Global FoodBanking Network (annual)**
    https://www.foodbanking.org/what-we-do/fbli/
13. **Food Innovate Summit, Netherlands (annual)**
    https://www.foodinnovateworld.com/programme-2019
14. **Seed and Chips, Italy (annual)**
    https://www.seedsandchips.com/
15. **Food Matters Live, UK (annual)**
    https://www.foodmatterslive.com/

Case study on successful marketing strategies

"Our most effective marketing initiative has most definitely been the Ambassador Programme, which has seen over 25,000 people reach out to offer to help spread the word about OLIO in their local communities. As well as supporting us on social media, our Ambassadors also take letters, posters and flyers to share locally and we've found that this is a really cost effective and authentic way to grow."

– Tessa Stuart, Co-Founder at Olio

Bypassing the big guys: Going direct to consumers
There's a lot to be said for going direct to consumers if you're a B2C business. It's never been easier to do this so it should be something you take advantage of. It's often a difficult and lengthy process to convince large retailers and other established food businesses to work with you whereas doing things direct is something you can get going on very quickly. Not only does it allow you to keep control of your sales process and pricing, it allows you to build a community of devoted customers who will be ready to choose your products when you do end up hitting the shelves.

Entrepreneur testimonials on going direct & building a community

"The beautiful thing about where we are today is that, through social media and direct-to-consumer fulfilment, we have an opportunity as entrepreneurs to connect immediately and quickly with people. You know who's buying your food."
– Bryan Freeman, CEO of Real Good Foods (entrepreneur.com)

"We started on the right moment and started "story telling" 1.5 years before we were selling a product. We created the market ourselves by sharing our love for this plan. Our community was already there when the product launched."
– Chantal Engelen, Co-Founder at Kromkommer

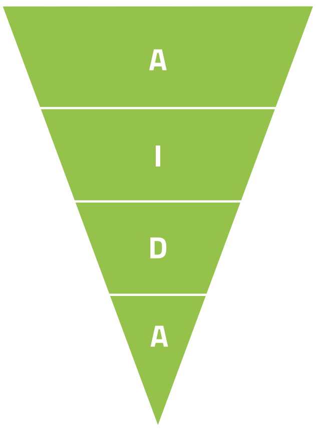
Going direct case study: Ugly Drinks

Ugly Drinks is a brand of sugar free flavoured sparkling waters in the UK and the US. Launched in 2016, Ugly has built a strong social media following and deliberately pushed its online offering selling its canned drinks through its own webshop, on Amazon and by creating a subscription service – a great way of creating regular revenue and loyal customers. After a successful launch in the UK, Ugly implemented the same strategy to launch in the US in 2018.

Breaking down the sales/marketing funnel
When developing marketing strategies, you want to keep in mind which part of the sales funnel you're targeting.

Your potential customers will go through these different stages before choosing your product or service:

- **Awareness:** A person becomes aware of your company, product or service.
- **Interest:** A person becomes interested enough to find out more about your product or service (perhaps clicking on a link, looking up your website or reviews online etc.).
- **Desire:** The person moves from being interested to wanting your product or service – an emotional connection has been made.
- **Action:** The person decides to act on their desire and purchases your product or service.



For each stage, have a think about how you will engage your potential customer and move them down the funnel.

Awareness: Who are the potential customers? Where do they spend their time (e.g.: can you reach them on Twitter, YouTube and/or Instagram)? Once you know answers to these questions, prioritise which platforms and tools to focus on and think about your messages. At this stage, the goal is to make customers aware of your products and services.

Interest: How can you generate enough interest for the potential customer to research more? What content can you create to add value to the potential customer? In what form and where should the content be (e.g. blog posts on website, YouTube videos, Instagram posts, customer ratings...)?

Desire: What makes your product or service desirable for the potential customer? How can you start building a relationship and make an emotional connection? Can you offer the potential customer something of value such as an e-book, a discount, a recipe or other tips/advice? Perhaps start an online chat or be very responsive in social media platforms?

Action: What do you want the potential customer to do? What is the call to action? Is it easy for the customer to understand and find? Think about how to best engage with the customer in your chosen marketing channel(s)/platform(s). Is it through e.g.: landing pages, inbound phone calls or emails? Remember to keep fostering the relationship with helpful, valuable and consistent communications.

Tools that make marketing easier & cheaper

It's likely that there will be plenty of agencies and individuals trying to sell you their services to help you get better at marketing your product or service. Some are worth engaging with, some are not. There are plenty of tools available online that can make your life easier & make you a savvy marketeer, at least in the initial stages of your business. Here are a few to get you started and don't forget to check online if you're struggling with something. There's probably a free (or cheap) tool out there that will meet your needs.

- **Bitly:** A link management platform that allows you to brand, track and optimise your links so you can make the most of every touchpoint.
- **Buffer:** Schedule your posts. Buffer is a social media management platform that allows you to schedule social media posts and analyse their results.
- **SurveyMonkey:** Ask the audience. SurveyMonkey is an online survey tool that provides free, customisable surveys.
- **Unsplash:** Need free photography? This is where you can find good quality images about basically everything without having to spend any money.
- **Mailchimp:** Your go to for sending out email marketing & building a newsletter database.
- **Google Analytics & Adwords:** Data is king. Use Analytics to track visitors to your website and Adwords to create target online ads with tiny budgets.
- **Canva:** Having to rely on a designer for every bit of content you put out can be expensive so Canva enables you to become a designer in no time (assuming you don't have design skills already). It has sets of template & the paying model allows you to upload your brand settings so whenever you want to design something, it will be quick and easy.
- **Rapportive:** An integrated tool for your email which shows you whether an email is linked to a LinkedIn profile, very useful when generating leads or trying to guess people's email addresses.
- **The Noun project:** A great database of icons to represent different nouns. These can be particularly handy when you're putting together marketing presentations or pitching documents.
- **Fiverr:** If you're really struggling to do it yourself and want to find freelancers to help you. Fivver is a platform that labels itself as "Freelance Services for the Lean Entrepreneur".

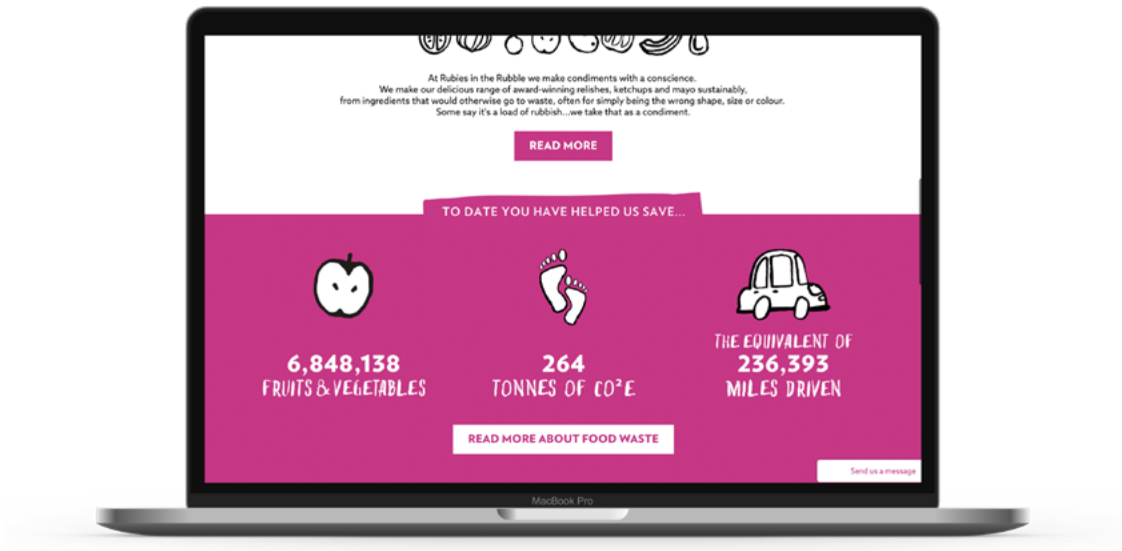
General marketing tips

- Get inspiration from other brands and entrepreneurs but don't be a copycat. Stick to your own tone of voice and come up with your own ideas that support your desired brand image and goals. Don't solely follow competitors and brands in your industry but be openminded and look for inspiration from a wide range of sources.
- Don't think you need big bucks to make progress, have an impact and share your story. Do as much as you can by yourself in the beginning – e.g. social media, blogging, online sales and direct fulfilment provide great opportunities to build your brand without needing to spend a lot of money. As Tony Robbins has said "It's not the lack of resources, it's your lack of resourcefulness that stops you.
- Make sure you have a clear objective for your marketing activities, there's no point in spending money in advertising/marketing if they don't have a defined target. What do you want to accomplish with each activity? What do you want the potential customer to do (e.g.: sign up for a newsletter, post/tell about your brand in their network, place an order, increase their average spend...)? What is the call to action?

Measuring & communicating impact

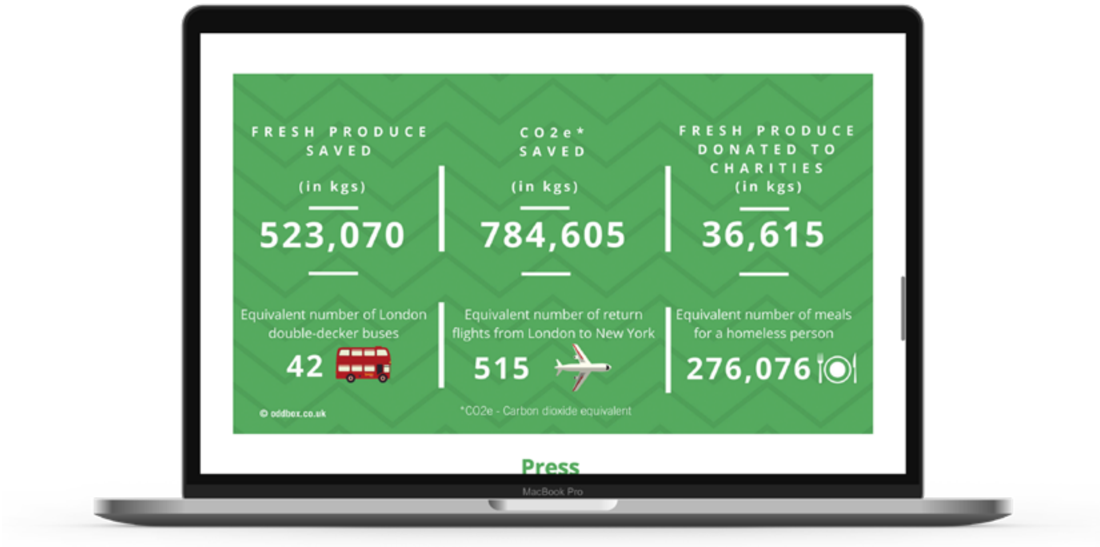
As a sustainable food business, you'll want to track the positive impact you're having in the food system and use metrics gathered to share these with potential customers, investors and other relevant stakeholders. What you measure should ultimately be linked to your mission. What you share and how you communicate should be simple, clear and very easy for a lay person to understand – someone with no deep knowledge of your business or the sector you operate in.

Rubies in the Rubble – makes relishes, ketchups & mayos from ingredients that would otherwise be wasted



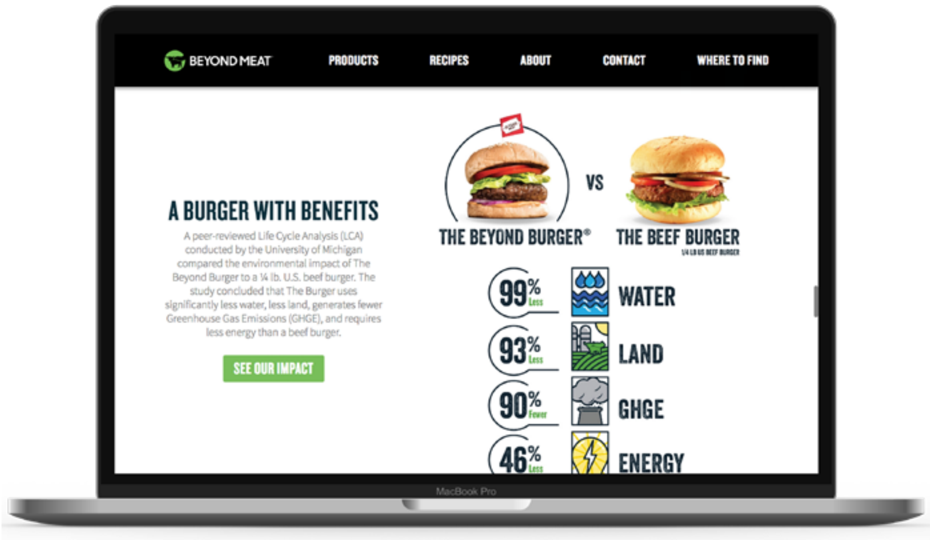
On the homepage, the brand has Today you have helped us save "calculator" that demonstrates how many fruits & vegetables and how many tonnes of CO2 emissions they have saved. The brand puts these figures into perspective by stating equivalents in miles driven. Each figure is accompanied with a simple graphic.

OddBox – delivers wonky and other surplus vegetables & fruits to your door



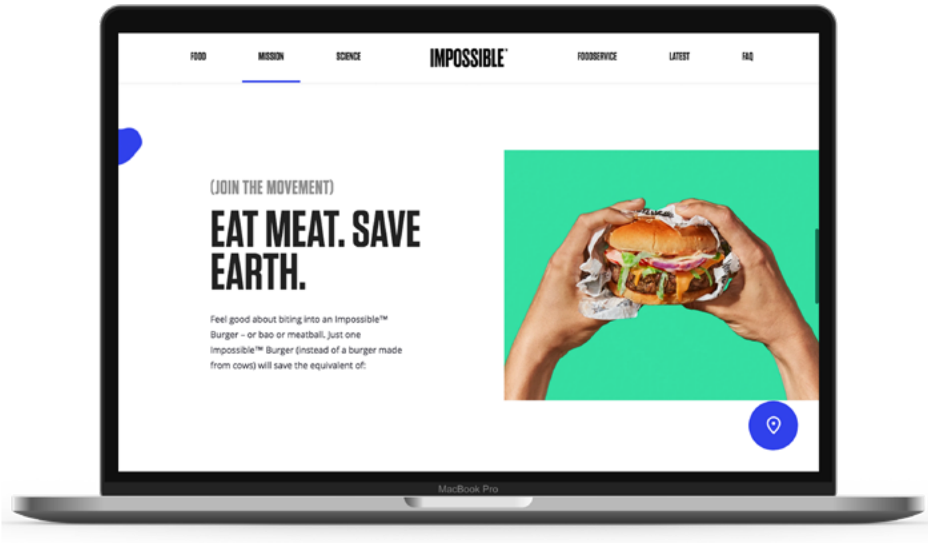
The homepage shows how many tonnes of fresh produce and CO2 emissions they've saved and how many tonnes of fresh produce have been donated to charities. What's more, they put each of these figures in perspective and make them more tangible by stating the equivalent number of London double-decker buses for fresh produce, return flights from London to New York for CO2 emissions and meals for a homeless person for donated produce.

BeyondMeat – makes 100% plantbased. 'meat' products such as burger patties, sausages and 'chicken' strips



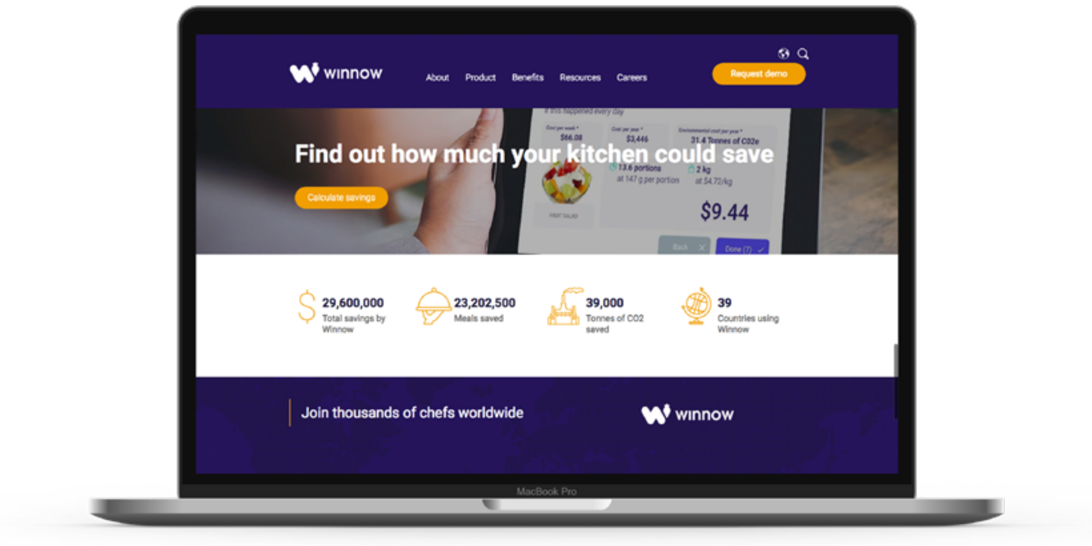
Website compares the water, land, greenhouse gas emissions (GHG) and energy usage of Beyond burger with beef burger (¼ LB US). The site shows photos of each burger and uses simple images and text to demonstrate that Beyond burger uses 99% less water, 93% less land, 90% fewer GHGE and 46% less energy. The site also has a short explanation of the study that the figures are based on, and a link to the study in question.

ImpossibleFoods – makes 100% plant-based 'meat' products that mimic the flavour, aroma and beefiness of meat from cows



Website shows a juicy photo of Impossible Burger and states that "Just one Impossible Burger (instead of burger made from cows) will the save equivalent of: 75 sq ft of land, 1 half tub of bathwater, 18 miles of emissions in a car". The figures are accompanied with brightly coloured and simple graphic pictures of a tree, drop of water and a car. By showing the impact of eating one Impossible burger as opposed to a beef burger, the brand breaks down the impact of individual choices and makes the impact of consumers' choices very tangible.

WinnowSolutions – develops digitals tools to help chefs run more sustainable and profitable kitchens by halving food waste



The website has impressive figures (December 2018) that state what the total monetary savings made with Winnow's technologies (25,000,000) are, total of meals saved (18,322,500), tonnes of CO2 saved (35,249) and number of countries that use Winnow (39). Each figure is accompanied with a small drawing.

What all these brands have in common is that they don't use hard-to-understand jargon or long-winded explanations when it comes to demonstrating their impact. They've chosen a few key figures that give an idea of the positive impact they're making. Moreover, they use very simple images instead of photos of food sitting in the landfills or destroyed land. The focus is on the positive, which is a good idea since preaching or guilting rarely works. Instead of preaching to consumers, it's better to evoke pride in them regarding their actions and purchase decisions.

Chapter 7 Wrap-up

Key take-aways

- Building a brand is key to most businesses whether or not they're consumer facing, and reflects what you stand for. Defining your mission, vision and values early on will help guide you as you develop your brand. Alongside an understanding of your consumers, these will help you to establish your brand positioning, tone of voice and personality.

  Time to stop and think: what five words capture the essence your brand? What's in the core of your brand, What are your values? What kind of reputation do you want to build and who you are trying to reach with your content? What kind of communication styles aren't aligned with the brand image you want to create? What DON'T you want to be described as? What is your target market and how will you differentiate yourself from the competition? What are your customers' pain points and priorities? What problem are you solving for them with your product and service?

- Having a strong marketing strategy matters as customers need to know about your product/service in order to buy it. There are lots of ways of getting your message out there and key to doing this effectively is; knowing your customer, which channels they respond to (word of mouth, social media, billboards, etc) as well as types of messages they engage with.

- Marketing and sales are inherently linked, your marketing strategy should be developed in conjunction with your sales plans so that the former is part of the funnel bringing you active customers.

  Time to stop and think: what do you want to accomplish with each marketing activity? What do you want the potential customer to do (e.g.: sign up for a newsletter, post/tell about your brand in their network, place an order, increase their average spend...)? What is the call to action?

- Measuring and reporting your impact as a business can be a brilliant way of engaging with your target audience. The messaging should be simple for people to understand and be a true reflection of the benefits/impacts of your business.

Now, let's get active!

1. **Define your mission statement, vision and values.**
   You can start your mission statement with "We exist to….".

2. **Fill in the Unilever brand key framework.**
   Go through and define the nine steps of the framework.

Additional resources

These articles will help you get clear on your vision, mission and values:

Give Your Brand a Soul: Why Vision, Mission and Values Matter
https://www.goalcast.com/2017/04/18/give-brand-why-soul-vision-mission-values-matter/

How to write a vision and mission statement for your brand
https://www.dummies.com/business/marketing/branding/how-to-write-vision-and-mission-statements-for-your-brand/

If you need help in creating a brand identity and getting your brand voice right, read these articles:

Three Thought-Provoking Branding Exercises To Help Define Your Business
https://www.forbes.com/sites/yec/2017/08/24/three-thought-provoking-branding-exercises-to-help-define-your-business/#21db83822cfb

Find the Right Brand Voice With These 5 Brainstorming Exercises
https://contently.com/2018/09/18/brand-voice-brainstorming-exercises/

Creating a Brand Identity: 20 Questions to Consider
https://www.lean-labs.com/blog/creating-a-brand-identity-20-questions-to-consider

Learn more about brand positioning from these great reads:

How to Create Strong Brand Positioning in Your Market
http://cultbranding.com/ceo/create-strong-brand-positioning-strategy/

4 Popular Examples of Brand Positioning Strategy Types
https://www.impactbnd.com/blog/brand-positioning-strategy

Brand Key Model
https://becausebranding.wordpress.com/2016/02/12/position-your-brand-using-the-brandy-model

Let these resources help you nail your marketing strategy, with or without a big budget:

No Strategy, No Customers: How to Build a Profitable Marketing Strategy
https://foundr.com/marketing-strategy/

Create your marketing strategy
https://www.infoentrepreneurs.org/en/guides/create-your-marketing-strategy/

The Marketing Mix 4P's and 7P's Explained
https://www.marketingmix.co.uk

Five Essential Marketing Strategies For Any Startup
https://www.forbes.com/sites/forbesagencycouncil/2018/05/30/five-essential-marketing-strategies-for-any-startup/#5c9570925795

The Ultimate Guide to Marketing Your Startup Online Without a Big Budget
https://kickofflabs.com/blog/guide-to-startup-marketing-without-a-big-budget/

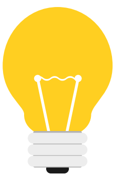
The One-Person Marketing Plan for Startups
https://marketinginsidergroup.com/strategy/the-one-person-marketing-plan-for-startups/

20 Uncommon Marketing Strategies That'll Kickstart Your Startup
https://neilpatel.com/blog/startup-marketing-strategies/

It pays off to dive in to the world of marketing guru and bestselling author Seth Godin
https://www.sethgodin.com

Your dream team

1. Building a team
2. Your wider startup team
3. Company culture



"The one thing that always stands out the most in an early stage startup is the team"
– David Pakman, Partner at Venrock

Chapter 8

The people you bring on board are one of the most important components of your startup success. Building the right team plays a huge part in how your startup will do from your employees to the support network you build around you. In this chapter, we'll look at recruitment practices, how to retain great employees, whether you should take on advisors and how to create a winning business culture.

Building a team

"As the founder of a company, you need to be the coach, not the quarterback. You want to identify the best players in their best positions at a price you can afford."
– Daniel Epstein, CEO and Founder at Unreasonable

Hiring your first team members is a very exciting step but it's also a challenging exercise. Finding the right people in terms of skill, experience and personality is not an easy task. How do you go about knowing whether someone will be right for your team in a few short meetings or interviews? It's a high-stake process: hiring the right person can have an incredible impact on your business in terms of productivity and team moral, whilst hiring the wrong person can have the exact opposite effect. In a very small team, the impact one person has on how the business performs is huge compared to larger businesses. It's thus worth thinking about the recruitment process carefully.

Identifying the gaps you have in your team
The first step in building your team is to figure out the gaps that exist and what roles need to be filled. It's useful for you/the founders to spend time assessing where your strengths and preferences lie and what the needs of the business are more widely. You'll then be able to identify where filling the gaps make sense and when to hire for the gaps identified. It won't make sense to recruit a business development person if you're still in early product development phases and have nothing sell. You only have limited resources at the beginning so think carefully about the type of hire that will have the biggest impact at that specific time.

In terms of when to hire: this varies drastically from startup to startup, and will depend on your speed of growth, your personal capabilities and resources to recruit employees. Early on, it's likely you'll know when the time is right. As you grow past the initial phase and raise your first round of funding, you may want to think about a recruitment timeline along with the rest of your business planning. It's worth scoping out what the people you recruit will be doing when they start, in 6 months' time, in a year's time and so on. This is to ensure resources are used wisely and that you hire someone who can grow with the business.

Your business needs will drive your staff requirements. For example, a company developing a new range of food additives is likely to have a team weighted towards research & development. A farmer's employment roster will lean towards labourers. And a food brand that outsources production will probably recruit sales and marketing people first.

Entrepreneur testimonial on bringing the right talent

"The team has grown to 7 people and I crucially attracted Laurence Kayson, a leader in the smart packaging industry to come lead Mimica into success as the CEO of the company, bringing his food industry contacts and knowledge. This has led to the company attracting almost £1m from investors and a pilot pipeline in the dairy and meat industries. He's been in the food industry for ages and so he knows how to deal with the various requirements and personalities within it and most importantly, he's made all the mistakes in the book already so we don't have to!"
– Solveiga, Founder at Mimica Touch

This is a great lesson in not being too proud to know your own strengths and weaknesses. Startup founders are not always the best placed to run the business at a later stage. Know when you have the right skills and experience,n and when you need help from others.

Attracting talent

To attract the right people to your company, you'll need to advertise the role. It's worth noting that for many, working for a startup is a high-risk strategy, particularly those who may be leaving a job in a large established company. The way you advertise for a role and where you advertise for it will thus play a key part in attracting a certain type of profile. Your job description, like any communication you put out there, reflects your business and your brand. Make it exciting and engaging by using your tone of voice and making it genuine to who/the founders are. Remember to share your vision and give an indication of company values. This should help attract people who identify with both and increases the chances of finding the right cultural fit for your team. A job description will usually have the following sections, but be as creative as you want with this as long as the information is there:

- **About the company:** this is where you clearly explain what you do, what your mission & visions are and give a flavour of the type of company culture you strive to create.
- **Role description:** this should explain what the role will entail. In the startup world, what needs to get done evolves all the time, so it might be worth focusing on objectives rather than strict tasks the new recruit will be performing.
- **What you're looking for:** you may want to split this into essential and desired. Startups need people who are versatile and finding the right attitude and cultural fit is often more important than having the exact correct skills and experience. You don't want to put anyone off from applying if they don't exactly match what you're looking for.
- **Perks/compensation:** you may want to leave the detail of this to have in conversation, but you should give an indication of what will be offered (salary, equity, other perks).

Where should you advertise the role? The first place to start is on your own networks. Share this on your business & personal social media channels. If your website doesn't have a blog feature, use www.medium.com so you can easily share it across different platforms. There are also lots of startup dedicated websites.

You may also want to actively look for people instead of waiting for them to come to you. LinkedIn is a great resource for this as you can search by job roles and by different companies. And you can always be in "recruiting mode." By building a strong network, you may come across people who would be great for your business, perhaps not straight away but at a later stage.

Interview process

Time is one of your most precious resources as a founder so before inviting people for interviews, you want to make sure you've screened their applications properly. This will entail deeply considering their CVs, screening their online presence (look at their social media channels, their LinkedIn profiles), and what they communicate in their cover letter/email. Try to get a sense of whether they'd be a good cultural fit for the company and whether they can be successful at the role you're hiring for depending on their skills, experience and potential. You may also want to ask potential candidates to carry out an exercise before inviting them for an interview. For instance, if you're hiring a marketing person, you could ask them to write a blog, draft a one-page marketing strategy overview, or an audit of your current marketing activities. If someone isn't successful, whether pre or post interview, make sure you get back to them as quickly as possible. This will take time but it's part of building your company's reputation. You never know

who they know or whether they might be suitable for another role in your business in the future.

When you're ready to interview, it's best to prepare for this rather than leave it to be an informal conversation. As tempting as it is to be unstructured about the whole process, hiring should be taken seriously. Doing it properly will increase your chances of hiring successfully. You can carry out interviews in person straight away or conduct initial ones over the phone to save time. When preparing questions to ask, think carefully of what you want to get out of the interview. A large part of this should be whether the person is a good cultural fit as this is such an important part of having a strong startup team. You should be able to assess their skills and capabilities from their CVs, previous experience and the exercise they completed. You can ask them specific questions relating to your company values to gain a sense of how they view them. You can also tell a lot about a person from how they speak about other companies they've worked for and projects they've worked on. Are they negative about past experiences or are they able to be constructive in criticism/positive? Do they use "I" a lot instead of "we"? A good litmus test is to ask yourself if this is someone you'd like to sit next to at dinner. If your gut says no, they're probably not a good fit for the team.

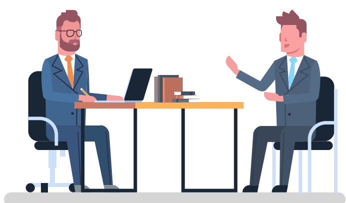
Not sure which interview questions to ask? Get some inspiration here and here.

Entrepreneur top tips on recruitment

"We only work with young and relatively unexperienced people. Always attitude over skill. They work hard, with their heart and are full in our mission. But even with a small team, put effort in team building. You need different types of people in a team but working together doesn't work automatically. You have to invest in this."
– Chantal Engelman, Co-Founder at Krommkommer

"Hire people with commitment and passion (like in marriage)."
– John, Co-Founder at Own Greens

"We hire for mission first. We're a mission-based company with a big and bold mission. That's going to require a lot of work and a lot of passion. And our first filter is the mission. Because even the best performer, if they don't believe in the mission, it's not going to get them through the challenging times where things are uncertain, or something doesn't work out the way we planned. If people are equally mission driven as us the founders, that will get them through the ups and downs."
– Saasha Celestial-One, Co-Founder at Olio



"There is nothing more dangerous than confident but incompetent people and nothing less productive than unmotivated superstars. Skills are as important as attitude and motivation is the fuel of everything. The hard truth is that recruiting is fundamental, but it takes time, effort, resources and luck."
– Stefan Meyer, CTO at Ambrosus

Compensation
Attracting and retaining great talent will largely depend on how you compensate them. When financial resources are scarce, there are other ways to do this. People who join startups often do this because they have more than just financial aspirations. However, it's worth remembering that your employees are likely

to be paid less than in more established companies or may take a pay-cut so find other ways to make it worthwhile.

You may want to give out equity to certain employees. This will require some legal help to ensure it's structured properly – you'll want the employee's equity to vest over a certain period of time. This prevents them from leaving three months into the job with a stake in your business having not contributed to the company's growth. It's essentially a promise of equity if they stay in the business for a certain period of time. There are many ways to structure this. For example, equity could be vested over 2 years with 25% received for every 6 months of employment, or you could link the vesting to reaching certain milestones. Other perks to incentivise employees can relate to job responsibility and autonomy, flexible working hours, unlimited holidays, free lunches, paid travel… the opportunities are endless.

Onboarding
Once you've gone through the hiring process and found someone great for your business, it's important to invest as much time into making sure they're a success once they join the team. Here are a few suggestions to make that happen:

- **Get the boring bits sorted:** get your paperwork in order such as contracts and payslips. Sort out logistics like desks, computers, stationary. You may work in public spaces with your teammates in the very early stages of your startup, but it's still important to put some thought into how they will physically work. Create email addresses and access to any online tools you're using.

- **Before their first day, plan and set objectives for their first month/two or three months.** You don't need to lay out exactly what they'll be doing, especially if you're taking on someone with skills and knowledge you don't have, but you should have an idea of what you want from them nonetheless.

- **Organise one to ones on their first day (and then regularly after that)** to discuss their personal objectives, go through your company's objectives short and longer term, and to make them feel invested in the business's success. If you have company guidelines, or a finished business plan, share it with them so they fully understand the business. It might be worth organising a team lunch or some more informal time together to build up relationships as a team.

Letting go of someone
There will inevitably come a time to let go of a team member. This will tend to come at a later stage than this guide is intended for, but we thought it'd be useful to address it anyway.
Firing someone isn't easy. In fact, it might be one of the hardest things you'll have to do as a manager, especially if you've built a strong relationship with this person (which is likely the case given how small startup teams are). There's a saying in startups that says, "hire slow, fire fast". If you're starting to think about firing someone, it probably means you should do it sooner rather than later. It will affect how you interact with them and ultimately the atmosphere in your office. It's also important to remember that startup teams need to be edited as the business grows: the right people for the first stages of your business are not necessarily the right ones later on. Being open and transparent about this will help with managing your team, it doesn't have to come about negatively. People will often want to move on to other things when the time is right and know they best served the business' mission in their time spent there. Whether they just aren't a right fit for the company, or they're not delivering the results you want, remember to let someone go with grace.

The legal stuff
Hiring employees will be subject to your country's employment laws. You will be subject to statutory requirements like providing a safe workplace, social contributions, minimum wages, pension contributions and so on. These vary greatly from country to country so it's best to research these yourself. Each stage of the recruitment process will be subject to some regulation – from the interview process (making sure you're not discriminating, making an offer) to letting someone go if you need to. You can use legal advice and tools provided in the legal chapter to help you with this.

Your wider startup team

Other than employees, there are lot of other people who will be involved in your startup success. Mentors, advisors, board members, NEDs... who are these people and what role can they play?

Mentors & advisors
At the beginning of your journey, it's worth considering whether you can find mentors or advisors to guide you along the way. An easy way to do this is by reaching out to people who you think will have relevant experience and insight to provide useful input. If you're doing something incredibly innovative, you might not find someone with direct experience in building a similar business, but lessons can be learnt from all areas of life so think outside the box. It might be that someone who started a fashion business has interesting insights for starting a food brand. Don't underestimate the power of reaching out and asking to meet up for a chat - people love to help entrepreneurs, particularly those with mission-driven businesses. You'll also be able to access mentors and advisors through accelerators/incubators you join. Most of these programmes have a network of people who are keen to help. These may generalist business mentors who can advise on many different topics or specific ones who, for example, can help with financial modelling. As you grow, your investors are also likely to become advisors, some more actively than others. It's useful to consider how each of them can help and whether there are particular areas they may be able to guide you on. For instance, you can have an advisor for your marketing strategy, one for your logistics and one for managing your suppliers.

Board members, directors & NEDs
When you create your company, you will create a board of directors. Initially, this will just include you (the founders) but as you take on investors and grow your business, your board will grow too. Picking the right people for your board is a bit like looking for the right investors. Find people who broaden your perspective – the more diversity in your overall team, the better. Pick board members who appreciate your mission. Can they open up their networks to you or provide expertise where your team currently lacks it? Use board meetings as strategic planning sessions as opposed to a time to update and answer to your board members.

Top tip on making your board meetings useful

"Your board meeting isn't about you reporting results back to your board for two hours. You should submit a document to your board with standard metrics so they can track progress. And then you should focus on strategy questions that you need answered and have those conversations during the meeting."
– Marc Zornes, Co-Founder at Winnow Solutions

Company culture

If you've worked in different companies, you've experienced different company cultures. Some may be very laid back, others strict and hierarchical. Entrepreneur.com defines company culture as *"a blend of the values, beliefs, taboos, symbols, rituals and myths all companies develop over time."* It's easy to overlook the importance of being deliberate about company culture when you've got a million things on your mind, but the kind of culture you create (intentionally or not) at the beginning of journey will inevitably influence your company culture in the future. So perhaps it's worth a second thought. What's more the kind of culture you create will have a strong influence on your team dynamics and how your team performs. Culture always comes from the founders, especially in startups so think of yourself as a culture architect.

What kind of culture do you want to create? How do you want your days to be and your team to work together? Whatever you want your leadership style to be, make sure you articulate it and share it with your team. Create a relentless culture where work-life balance is non-existent, and you'll soon find you've got a team that is stressed and prone to burnout. Or create a collaborative culture where personal life is as important as working hard, and you'll likely create an extremely motivated and dedicated team.

How do you intentionally create a company culture?
The great thing about starting a mission-driven business is that you have aspirations beyond making money and these help create your culture. In the branding chapter, we discussed identifying your company values. To be intentional about business culture, you need to figure out how these values show up in time and space. It's all well and good saying one of your values is "transparency" but what does that mean on a day to day basis? How do you express this transparency with your employees, your investors, your customers? If one of your values is maintaining work life balance, how does that translate into everyday life? Do you let your employees manage their own time as long as they deliver results? Going through your values and identifying what these mean for your business will help you be intentional about the culture you create. Once this is done, you can opt to have an "audit" at regular intervals (once a year, once every 6 months) with your team. This can be in the form of discussions or anonymous surveys. It's also important to remember that culture evolves so culture and values need to be revisited as you grow.

Entrepreneur view on whether culture or strategy is more important

"It's chicken & egg argument. If you don't have a decent strategy, you have nothing to build your culture around. But if you don't have culture, you can't execute your strategy. You need to be good at both. You need to bake a culture into your business model, a place where you want to go to work, and where people want to go to work, and where you can look at yourself in the mirror every day. But if you don't have a strategic vision and strong strategy in place, you'll never have the luxury to talk about culture."
– Steve Dring, Co-Founder at Growing Underground

General team management
The way you manage your team is entirely up to you, but we thought we'd provide some quick tips:

- **Create focus:** you have many opportunities to chase yet very few resources to do so. Make sure your team stays focused by setting targets. They should be SMART (Specific, Measurable, Action-Based, Relevant, Time-Based) and you should set regular intervals to check how the team is doing in relation to them. That said, accept that keeping to targets can be challenging when the landscape is evolving. If you find yourself veering off course or chasing too many opportunities, take time to pause, reassess and refocus.

- **Decide how you will communicate with one another:** communication can be tricky as the team grows. Informal systems of whatsaap, email and paper can get chaotic very quickly without a good system. Take time to think about project management and invest in software. Have a look at some of the organisational management tools suggested in chapter 6.

- **Know when to let go:** as a founder, it can be tempting to keep control of all aspects of the business but it's not a sustainable strategy. Work with your team to enable them to take on more responsibility. If you're not hiring in expertise, work with your team to get them to be more proficient. Invest in personal development, this will help your business develop and will make your employees keener to stay. A good way of doing this is to discuss your employees' personal ambitions and figuring out a way of fitting them with business needs.

Chapter 8 Wrap-up

Key take-aways

- Building your team: you need to understand where you and your co-founders have skills gaps and recruiting to fill those gaps when the time is right. Who you bring into the business is one of the biggest decisions you'll make, so it's important that you search a broad pool of talent, have a good interview process and understand the levels of compensation needed.

  Time to stop and think: what skills gaps exist within your company? What roles do you need to fill first? What will the people you recruit be doing immediately, in 6 months' time and in a year's time?

- Beyond employees, there are lot of other people who will be involved in your startup success, including mentors, advisors, board members and non-executive directors. Look for people who can overcome skills gaps and have relevant experience as well as connections in your industry.

  Time to stop and think: who are all the people involved in your startup success and what roles can they play?

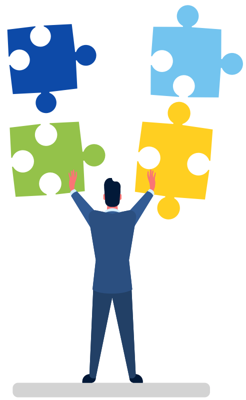
- Company culture: be intentional about the type of company culture you create as it will have a strong impact on the success of your business.

  Time to stop and think: what kind of culture do you want to create? How do you want your days to be and your team to work together? How do the values of your company translate into everyday life, how are they expressed on a day to day basis?

Now, let's get active!

1. **Assess your strengths and preferences.**
   Sit down with your co-founders and assess where each of your strengths and preferences lie, then define what skills are needed in your business overall. Identify existing gaps and the skills you should be looking for when hiring.

2. **Go through the values you defined earlier and identify what each of them mean for your business on a day to day basis.** How do your values translate to your business in practice?



Additional resources

Basics of the do's and don'ts of business networking – you'll be doing a lot of that so give this a read:
https://www.bl.uk/business-and-ip-centre/articles/dos-and-donts-of-business-networking

This startup hiring guide offers advice on building a winning team:
https://www.cobloom.com/blog/startup-hiring?utm_campaign=Repurposed%20Content&utm_source=Medium&utm_medium=startup%20hiring#

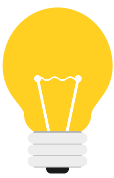
Going from startup founder to CEO – a lesson from football:
https://unreasonable.is/secret-about-startup-founder-to-ceo/

Want to know how to run one to one meetings efficiently or master brainstorming sessions to make your team thrive? Check out Unreasonable guides!

Chapter 9

Taking care of yourself

1. How not to burnout & enjoy the journey
2. Final thoughts from entrepreneurs



"I find that I am much more creative when I've actually taken care of myself."
– Arianna Huffington

Chapter 9

Starting your own business is an extremely rewarding adventure. You find something you're passionate about and you decide to give it everything. You get so committed to making it a success, you find yourself working more than you ever thought you could and under the kind of pressure you didn't even know existed. It's easy to fall into the trap of thinking that you should constantly be working, and you might even become addicted to it. But in reality, this is not a sustainable for your own wellbeing or for the success of your business.

Recent studies have shown that entrepreneurs are more prone to mental health issues due to tremendous amounts of stress, uncertainty, social isolation, and linking self-worth to their startup success (Forbes.com). So how do you go about ensuring you don't burn out and find ways of taking care of yourself? This chapter may be slightly different from other startup guides, but we thought it was just as important as the others. If we are to make our food system more sustainable, we must make sure we are ourselves sustainable, too, so we can continue to create and transform the food system for the better.

How not to burnout & how to enjoy the journey

Personal task management
One thing you need to get good at when running your own business is managing your own tasks. You have so many things to do across so many different parts of the business, it can somewhat be overwhelming and often distracting. You get pulled from one side to the other, and before you know it it's 5pm and you have ticked nothing off your original to do list. It doesn't have to be this way. One tool you can use to manage your work is the Eisenhower Matrix, a simple quadrant model that helps you organise different tasks by whether they're urgent/not urgent and important/not important:

	URGENT	NOT URGENT
IMPORTANT	**Do** Do it now	**Decide** Schedule a time to do it
NOT IMPORTANT	**Delegate** Who can do it for you?	**Delete** Eliminate it

You should focus on the first quadrant in your most productive time of the day: are you a morning person? Then you should do what's important and urgent first, before you do anything else. Tasks that aren't important but urgent? Ideally you want to delegate them to someone else though this is not always the case as a startup founder, so you may need to schedule them for another time. Important but not urgent? Schedule a set amount of time for you to do this and don't spend longer than you allocated. Not important and not urgent? Ask yourself why this is on your to do list in the first place!

Other useful tips we've gathered along the way:

- **Take advantage of online organisational tools available** like Basecamp, Trello or Asana. There are plenty to go around so spend a bit of time researching what suits your needs and preferences best.
- **Plan your week in advance and plan your day the evening before.** Set 2-3 key tasks you want to achieve each day and start your day with them, your emails can wait.
- **Take breaks!** Get up, move around, go outside to breath some fresh air or have a cup of tea. You'll be much more efficient when you've done that.
- **Turn off notifications** on your phone and laptop when you want to focus, or better yet at all times.

Getting more out of yourself

There is no doubt your startup will consume most of your life but finding balance will keep you sane and make you and your business more likely to be successful. Let's be realistic, this won't look like "traditional" work life balance where you spend half your time working and half enjoying the finer things in life. But it's really important you keep carving out time to take care of yourself. Have other things going on whether it's a sport, mindfulness, painting or cloud spotting... Whatever floats your boat and gets you focusing on something else once in a while.

Other useful tips we've gathered along the way:

- **Get better at saying no:** it's flattering to be approached for all sorts of reasons, but you can't say yes to everything. Learn how to and when to say no.
- **Be output focused:** no one is counting your hours. The only thing that matters is delivering the results that your business needs. So, working hard but on things that are not of value won't win you anything. Being busy is not the same as being productive.
- **Learn how to manage your time vs managing your energy:** to be productive and balanced in your work, get better at managing your energy. *"The core problem with working longer hours is that time is a finite resource. Energy is a different story"* (hbr.org). Identify what practices drain you and what energises you so you're always bringing the most of yourself to work. (Read more about managing energy vs time in this Harvard Business Review article and find 5 quick tips on how do it here).
- **Appreciate your wins:** you may have picked up that starting a business is stressful and hard work by now. The way is paved with challenges and setbacks. That is why it's so important to acknowledge when things go right. It can be easy to minimise wins and focus on your ever growing to do list so make sure you take time to enjoy successes as they'll give you energy to take on the next challenge.
- **Declutter:** Make sure you regularly declutter your to do list. Stop and reflect on what you're spending your time on, and cull what is not essential.

Self-identity

Remember that you are not your startup. You're putting so much of yourself into it, and being an entrepreneur quickly becomes a label that others put on you and that you adopt yourself. From that perspective, it's hard for your startup not to become your whole identity but try to not let this happen. It'll make it harder for you to make rational decisions about the business and it also means you'll feel down during times of hardship. As for all the other entrepreneurs and businesses you're seeing online who look like they've got it all figured out? It's all nonsense. People portray their best selves online, it's the same for businesses. Take everything you see with a pinch of salt and don't compare yourself or your progress to others, there is nothing to gain from it.

Making decisions

Making decisions is tiring. It's especially tiring when you're responsible for every decision. Former President Obama used to joke that when he was done with the White House, he would start a shop that only sold white t-shirts in one size so that he wouldn't have to make more decisions. Decision-making fatigue exists! Given that being a founder requires constant decision making, it's important to have a strategy for not burning out. For example, you can delegate some decision making (does it matter where the team goes for lunch?) and make sure to lean on others as much as necessary (e.g.: advisers, when making important decisions).

Mastering the different aspects described in this manual
Everything we've told you in this guide is to help you get your business off the ground successfully but the only way it will survive is if you survive. The sum of all of the things you need to do may seem huge but broken down, you can see they're all manageable chunks.

1. **Nail your proposition:** do this by conducting in depth market research, implementing lean startup mentality and developing a product or service that truly meets customer needs. When you know you have a strong proposition, you won't second doubt yourself when things inevitably go wrong.

2. **Do things right:** make sure you do things according to local legislation as not doing so will inevitably come back to haunt you sooner or later and may have personal implications on your financial wellbeing. You'll sleep much better at night when you know you're complying with legal requirements and that you've taken steps to protect your business and personal interests where appropriate.

3. **Be wise with cashflow and raise more money than you think you'll need:** make sure you have funding plans in place and that you're managing your money wisely. You don't want to find black holes all of a sudden and find yourself not being able to pay your staff. Trust us, your stress levels will go way down when you've got good oversight of your financial situation.

4. **Be a great story teller:** bring people along with you on your journey, focus your message and concentrate your efforts on those most critical. You can't win everyone over and trying to will bring you down.

5. **Surround yourself with great people:** Take time to hire wisely and build a wider team of people (this includes advisors, board members, investors) who can help move your business along and provide support you'll need. They say it takes a village to raise a child, it's the same for startups.

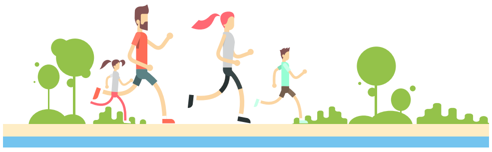
Final thoughts from entrepreneurs

We started this manual with thoughts from other agrifood entrepreneurs on what they wish they'd known before starting a business in this space, let's end in a similar fashion. Here are some final thoughts, we hope you enjoy reading them.

"You've got to get a real balance... it's a cliché but: work hard, play hard. I very much live my life like that. I work really hard during the weekdays, if you need to get up early, get up early, if you need put in the hours, do. But on the weekend, really switch off, see your friends, don't check your emails. Go on holiday. It's quite hard because you're short on time and money when you're in a startup but you need to find a way. Make sure you get that balance."
– Lucy Wright, Co-Founder at Nice

"Think of what one's boundaries are and try to stick to them. People have different boundaries. All managers should havethis conversation with their reports so that boundaries are set and respected."
– David Rosenberg, CEO & Co-Founder at Aerofarms

"When I tell people I had to go for the majority of a year without a real salary they often assume I must have been very confident of success – but of course for the majority of the time I wasn't. It comes with the territory. To my mind this is the ultimate job of the entrepreneur: to create something out of nothing, to commit when there is nothing to commit to. You can attract employees when the story sounds compelling and when salaries can be paid. But all solutions are unclear at first, and those solutions need to be made clear enough for others to get on board. I built a side-business that could pay the company's bills. I also had part-time – very part-time – jobs lecturing, and running entrepreneurship events for the university, which allowed me just about to pay bills while focusing full time on the business. You need to find creative ways to get through it and certainly shouldn't jump in blindly, but when it's time to commit this has to take first place."
– Tom Simmons, Founder & CEO at Cambridge Glycoscience



"Frankly, the way I avoid burnout is solely through exercise. If I'm not getting regular exercise, I notice my stress level peaks and I'm performing way below standard. I also sleep better when I'm getting regular exercise."
– Marc Zornes, Co-Founder at Winnow Solutions

"To prevent burnout, I've really enjoyed attending conferences and meeting with students and industry groups. Although this sounds counterintuitive, I find it so energizing to be around people who yearn for our products and are so excited by what we're doing. It helps me take a step back and appreciate just how far we've come. It's so easy to lose sight of that when we're head down in the everyday challenges of building a company."
– Arturo Elizondo, CEO & Co-Founder at Clara Foods

"We strive towards a "balanced life", rather than work/life balance, because when you're an entrepreneur working from home, the two can become very mixed! As we've grown the business and the team however, we've both achieved a much more balanced life – which is important, because the startup journey is a series of marathons, not a sprint, and so it's essential to avoid burnout. We both carve out time during our working days to exercise. In the early days, we used to feel quite guilty about it, but now we recognise that if we're to perform at our best then we need to be mentally and physically fit and exercise is critical for this. Plus, I find that I have many of my best insights and inspirations for OLIO when working out, so it really is killing two birds with one stone!"
– Tessa Stuart, Co-Founder at Olio

"We've baked mental health, wellbeing and finding balance into being a key part of the daily conversation at Growing Underground. It's part of all reviews through the business so there is no stigma to discuss when people are feeling stressed or pressured. We encourage people to find balance, to remember there will always be more to do, that they must take at least one weekend and night off per week, that they must mediate/exercise/eat well, celebrate the small wins and that they must talk about something other than work to friend (because they really don't give a f**k as much as you do about it all)".
– Steven Dring, Co-Founder & CEO at Growing Underground

"Make sure you get a lot of help/reflection in developing as an entrepreneur: with a coach, peer to peer learning with other entrepreneurs, events/reading. And keep a check on the purpose: Am I still doing what I really want to do? Personal alignment with company purpose."
– Willem Sodderland, CEO at Seamore

"Don't be too hard on yourself. I'm often my own worst critic and it isn't helpful. Remember that you can't achieve anywhere near as many of your goals if you're not taking care of yourself – so taking care of yourself is really the first step to taking care of your business!"
– Kate Hofman, Co-Founder and CEO at GrowUp Urban Farms

Chapter 9 Wrap-up

Key take-aways

- Ultimately, you'll struggle to find people who regret taking the plunge. So, whilst we've outlined a lot of work and highlighted heartaches, the main message to take away is: You've got this! There are lots of people who will want to support you and the world needs you. If you haven't started, what are you waiting for?

Time to stop and think: how will you ensure you don't burnout? How are going to take care of yourself?

Now, let's get active!

1. **Look at the tasks on your to do list** and place them on the Eisenhower Matrix based on whether they're urgent/not urgent and important/not important.

2. **Come up with a self-care routine.** It's important to set aside time for yourself to avoid burnout and to be able to bring your A game to work. So, define your non-negotiables (e.g. morning yoga, after work gym session, turning off devices at a certain time, an hour's lunch break, meditation, daily reading ritual...).

Thank you for reading

Have resources that might be useful, input for the guide you'd like to share or any questions? Get in touch: startupguide@eitfood.eu

A huge **THANK YOU** to all the agrifood entrepreneurs who took time out of their extremely busy schedules to talk to us about their experiences. Without your input, this would have been just another textbook. Sharing your trials and tribulations, failures and successes with the next wave of entrepreneurs will undoubtedly help them on their way.

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