



So you want to change the food system!

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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."

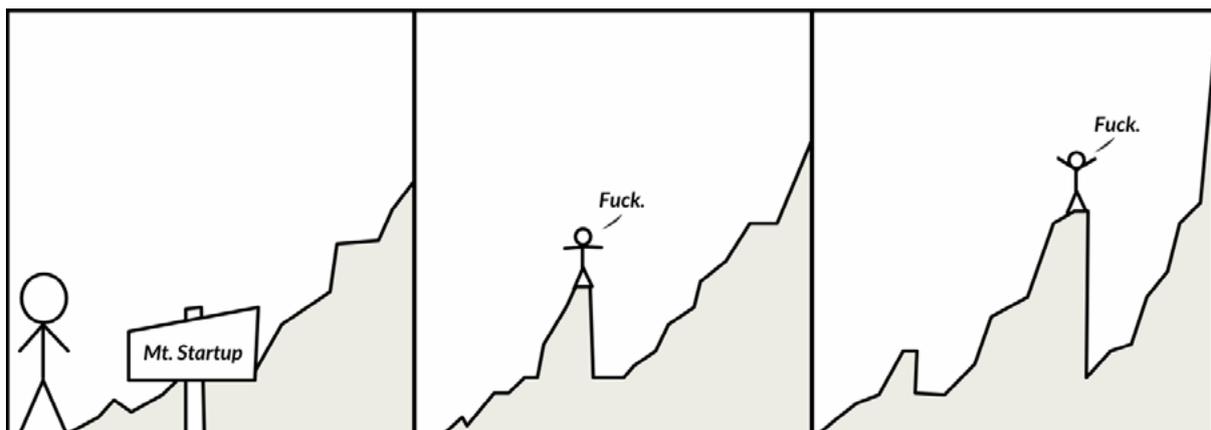
– **Chantal, Co-Founder at Kromkommer**



"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**

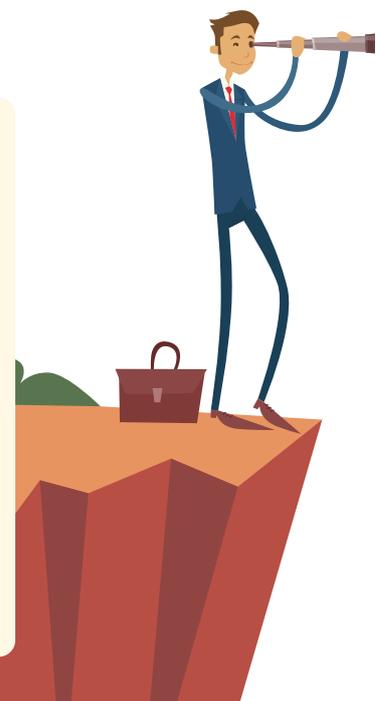
Mount Start Up



(<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](https://www.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](https://www.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