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

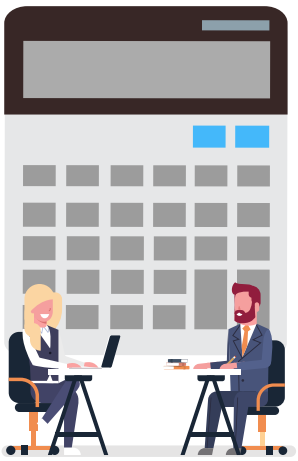
A startup takes an idea and transforms it into a business. This chapter focuses on making sure that your business has strong foundations from which your idea and proposition can thrive. Building strong foundations from the start will help you do things well along the way. It will make your business more 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.



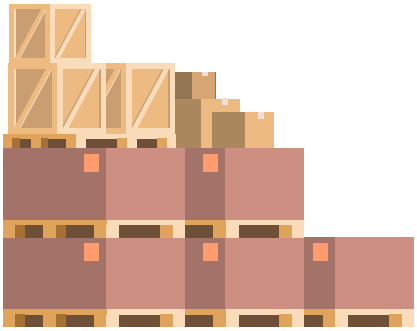
Modelling your costs
A key part of commercialising your product or service is understanding the economics of bringing your proposition to market. To do this, you must understand what it costs you to produce a unit of your good or service. This is sometimes called a variable cost. Variable costs include 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.

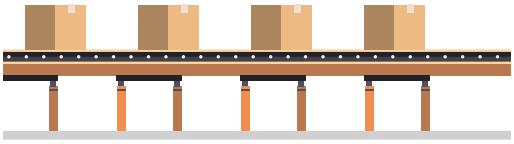
Trial runs and testing

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).

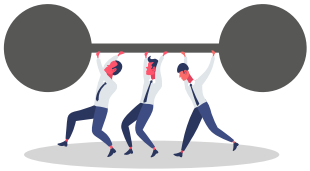
Entrepreneurs testimonials on commercialisation and scaling

"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!

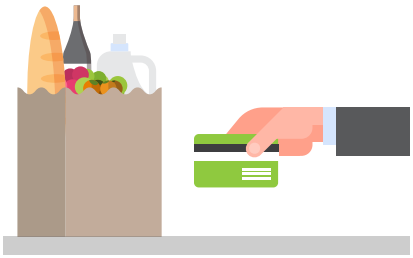
Sales are the lifeblood of a business. They bring revenue and validation to your proposition. Here, we'll consider a number of aspects in sales including; understanding your customers, your sales strategy, and your approach to sales. This will help you have the best chance of success.

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?

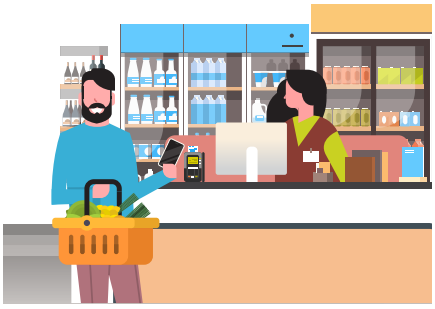
- **Prospects:** Target market and sales channels - Who most benefits from your proposition, will be able to buy it and decide quickly? You should consider lead-times of customers and find the right balance. A small shop maybe able to make a quick decision but will do little towards your total sales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

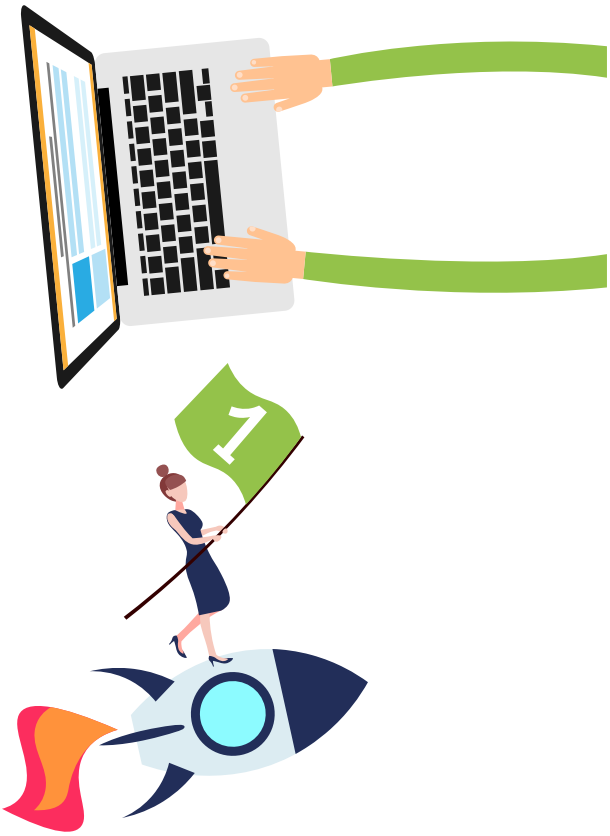
- Track all sales (raising invoices) and commitments on expenditure (raising purchase orders)
- Track all money in and out of the accounts
- Ensure that you've received payments due and paid invoices owed
- Tax compliance, including VAT, corporation tax and all other relevant taxes

- 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/