



# Shared Kitchen Toolkit

**A Practical Guide to**  
Planning, Launching, and  
Managing a Shared-Use  
Commercial Kitchen

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This Toolkit contains numerous website resource links. All URLs were active as of time of publication in April, 2018. For the most up-to-date links, please refer to the wiki version of this Toolkit:

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### **Project Partners**

The Food Corridor is enabling efficiency, growth, and innovation in local food. They do this by connecting food businesses with available commercial food assets. Their software, used by the nation's top shared-use kitchens, allows commercial kitchens to streamline scheduling, invoicing, and payments; manage multiple equipment and space calendars; store and track client compliance documents; communicate with clients; track storage inventory; and more. In addition, food businesses can find and book commercial kitchens, equipment, commissaries, processors, co-packers, and food storage spaces. The Food Corridor also facilitates the Network for Incubator and Commissary Kitchens (NICK) community. [thefoodcorridor.com](http://thefoodcorridor.com)

Fruition Planning & Management is a community development consulting firm focused on providing strategic support to organizations that expand opportunities. They use a collaborative approach to deliver insight and build capacity in mission-driven organizations focused on entrepreneurial ecosystems, food systems, ethical cacao and chocolate, and affordable housing. [fruitionplanning.com](http://fruitionplanning.com)

Purdue University Extension Local Food Program uses an interdisciplinary approach to local food systems redevelopment for Indiana. They work collaboratively to create programming, provide educational materials, and build a community of scholarship for local food system issues. Their creative partnerships are designed to engage leaders in community food systems, build local economies, and deliver science-based outreach for Indiana. [purdue.edu/dffs/localfood/](http://purdue.edu/dffs/localfood/)

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## Introduction

Shared kitchens and kitchen incubators play a unique and vital role in food and entrepreneurial ecosystems across the country. Shared kitchens are licensed commercial spaces that provide a pathway for food entrepreneurs—ranging from chefs, caterers, food truck operators, and bakers, to value-added producers and packaged food and beverage makers—to launch and grow their businesses. By renting space in a shared kitchen on an hourly, daily, or monthly basis, businesses can produce food in compliance with regulatory requirements without needing to invest in their own facility during a stage when capital and cash flow are a challenge. Kitchen incubators provide similar access to production space while also delivering education and ecosystem services that support business success and propel growth.

By providing entrepreneurs, producers, and food access programs with affordable space, shared kitchens can help strengthen local food systems and build community prosperity. Because of this, shared kitchens are being embraced as tools to achieve a wide variety of community impact goals, from job creation to workforce training, healthy food access to nutrition education, farm viability to localizing the food economy, and neighborhood revitalization to tourism. Additionally, investments in shared kitchens offer more inclusive economic opportunities. The shared commercial kitchen has become an important tool for overcoming obstacles entrepreneurs with limited resources face when entering the food industry.

The shared kitchen model is emerging and evolving across the country. A 2016 survey found that two out of three kitchen incubators were established after 2010.<sup>1</sup> This growth among shared kitchens and kitchen incubators is due to a convergence of trends, including the expanded focus on entrepreneurship in community

economic development and popular culture, increased food safety regulation, and the rise and visibility of the broader sharing economy.

The spread of shared kitchens is being propelled by America's changing tastes and an expanding market for healthy, fresh, local, and sustainable specialty foods, which is supporting a revival of food entrepreneurship. This market change reflects the impact of interrelated movements to shift consumer spending toward healthy and sustainable local food systems. Underwriting this change are private, public sector, philanthropic, and impact-driven investors who recognize the vital role processing infrastructure plays in local food economies.

These trends have given rise to a nascent industry of hundreds of shared kitchens and kitchen incubators in communities of all sizes around



**Two out of three kitchen incubators were established after 2010.**

<sup>1</sup> American Communities Trust. (2016). *U.S. Kitchen Incubators: An Industry Update*. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>



the country. Today, these kitchens are found in America's rural farmlands, Native American tribal nations, suburban hubs, and dense urban centers. They range from 1,000-square-foot community kitchens to 3,000-square-foot springboards, to production powerhouses that exceed 50,000 square feet. Their business structures are also diverse, encompassing owner-operated, corporate, nonprofit, government, and university-sponsored facilities.

Shared kitchens are a combination of self-funded, grant-supported, debt-financed, corporate-sponsored, and investor-seeded projects. A considerable share are run by entrepreneurs who started their food business and found that renting out their commercial asset provides additional cash flow for their business. Additionally, many for-profit kitchens are started with the dual aims of supporting entrepreneurs and providing a personal livelihood for themselves, or in some cases a return for their investors.

While commercial kitchen sharing is nothing new, the formal shared kitchen facility is still a relatively new and evolving concept. Today's kitchen models vary tremendously. They are stand-alone facilities as well as accessory uses in a wide range of developments including markets, community centers, and housing projects. Their facilities increasingly include event spaces, studio kitchens, cafés, and food hubs.

Recognizing that shared-use rentals alone are often insufficient to sustain a kitchen, kitchens are expanding their uses in order to diversify their revenue streams. They are crossing over into contract packing of food products, venturing into distribution, launching retail outlets, and developing community-focused programming. Additionally, there are an increasing number of multi-tenant facilities that include both shared kitchens and dedicated, single-user production space.

In this landscape, the line of what is a shared kitchen, kitchen incubator, and other enterprise is continually being blurred and reinvented.

We embrace this diversity and spirit of innovation. We use "shared kitchen" in the Toolkit in an inclusive way to represent the common denominator between these facilities, rather than in the specific sense of a facility whose sole purpose is to rent shared commercial kitchen space. Our hope is to speak to this core kitchen function that is shared among facilities while embracing the unique, place-based and innovative approaches that continue to emerge.

Because of the diversity of kitchen models and founder goals, there is no single "standard" kitchen model featured in this Toolkit. We encourage readers to establish their own goals, tailor their kitchens to serve their local communities, track their own outcomes, and continue to learn from each other. Our aim is to distill the process into universal steps and point out where the paths may diverge depending on the kitchen model and goals.

This Toolkit is intended for everyone from kitchen entrepreneurs to startup nonprofits, from economic development agencies to producer networks, from food system groups to real estate developers. We hope this Toolkit also provides helpful guidance to existing food businesses and community kitchens (churches, community centers, schools and food access program kitchens) who seek to share their commercial kitchen space with entrepreneurs and food programs as an ancillary use.

Writing for this diverse audience is necessarily more complex and nuanced than if we presume readers share the same kitchen vision. In our effort to be inclusive, some readers may find information that does not apply to their vision or find ideas that require further research. We hope this Toolkit will be a launch point for you and a foundational reference for the emerging industry.

## 1 Introduction

We created this Toolkit because we recognized that the dissemination of open source industry knowledge has not kept pace with the expansion of kitchens. While many resources tout the benefits of shared kitchens, few have ventured into the complexities of developing and running them in a sustainable way. Without an accessible base of shared kitchen industry knowledge, founders (and funders) have struggled with a steep learning curve that can be costly or risky to their projects and communities.

In our work with shared kitchens, we frequently hear that kitchens are more costly to build, challenging to operate, and less profitable than expected. This points to a critical knowledge gap. Many shared kitchens start without a clear idea of the key ingredients to success. As a result, too many kitchens struggle and eventually close. Others get lost in the planning stage. There are communities where shared kitchens seem to pop up and disappear every couple years. In their passionate focus on serving others, some founders neglect to realize their project is itself a startup, deserving of the same amount of market research, business model development, financial planning, and marketing as the food businesses they look to serve.

This Toolkit is designed to walk founders through those steps. While we have no secret recipe for success, we will highlight the necessary elements and guide you through the process of research and discovery. Toolkit chapters will take you through the essential planning, launch, and management steps that are common to all projects. The following page summarizes the content.

We are grateful to the shared kitchens and incubators around the country who contributed their insights to this Toolkit through interviews, feedback, and discussions among the Network

for Incubator & Commissary Kitchens (NICK) members.<sup>2</sup> We anticipate that as more opportunities for peer-sharing and research emerge, there will be greater identification of best practices and successful models. In response, we expect this Shared Kitchen Toolkit (SKT) to be revised periodically as new collective insights and innovative approaches emerge. We encourage you to share your knowledge with peers, researchers, and industry groups so that shared kitchens can continue to thrive and support vital functions in their communities.

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<sup>2</sup> Network for Incubator and Commissary Kitchens <https://www.facebook.com/groups/NICKitchens/>. Participating interviewees and reviewers are listed on page 2.

## 2. Emerging Definitions and Shared Kitchen Models

Describes various kitchen operating models and terminology such as incubators, accelerators, and food hubs.

## 3. Identifying Opportunities

Highlights potential rental and programming opportunities that can diversify revenue streams and expand community impact.

## 4. Embarking on the Planning Process

Outlines the planning stages and guides readers through the process of clarifying and articulating their vision and outcome goals.

## 5. Understanding Your Market

Demystifies the process of conducting market research and assessing community needs to determine if there is enough demand to support a kitchen facility.

## 6. Service Planning

Describes common mission-serving and revenue-generating services provided by shared kitchens and outlines the process of researching service needs and opportunities.

## 7. Developing Your Business Model and Plan

Offers tools for developing your business model and gives an overview of business structure considerations.

## 8. Financial Planning

Describes the importance of diligent financial planning and provides suggestions on how to create financial forecasts.

## 9. Funding Strategies and Prospects

Gives an overview of potential funding sources such as grants, loans, investments, and crowdfunding, as well as capital campaigns and sponsorships.

## 10. Facility Design and Development

Discusses key considerations for every step of development, from choosing a site, to designing the kitchen, to the construction process.

## 11. Brand and Marketing Strategy

Distills the essential elements of successful marketing for shared kitchens.

## 12. Launching Your Kitchen

Outlines the key activities involved in opening your facility, from hiring staff to recruiting, and onboarding renters.

## 13. Management and Operations

Highlights the policies, procedures, and management systems needed for successful day-to-day operations.

## 14. Kitchen Culture

Reflects on how kitchens create a collaborative environment for shared success.

## Emerging Definitions and Kitchen Models

Growing interest in local food entrepreneurship has drawn attention to shared kitchens and sparked rapid growth and differentiation in shared commercial kitchens around the country. These kitchens are the under-recognized infrastructure that has supported a renaissance in local, artisan, and healthy foods. New and innovative models are being developed that embed shared kitchens into the heart of a wide range of facilities and programs. These kitchens host an extraordinary range of programs and services for entrepreneurs, food systems, and community members. Over the years, their role has expanded from simply being a place for food production, to becoming a vital link between makers and their communities.

In such a rapidly evolving landscape, there is a growing need to clarify the terminology being used to describe the tremendous diversity of facilities and programs associated with the terms “shared kitchen” and “kitchen incubator.” While there is no consensus in the industry about definitions, there are commonly recognized distinctions between facility and program types that can serve as a helpful foundation for exploring possibilities in the industry.

Our goal in this chapter is to begin classifying kitchen models in order to create a common language. We recognize some projects will straddle or fall outside the boundaries of these definitions. The following [Identifying Opportunities](#) chapter will more explicitly explore programs and co-uses that stretch these models and reflect the interconnectedness of food system activities. We hope that drawing distinctions through definitions will help readers identify models that reflect their interests, pique their creativity and appreciate the breadth of approaches in this rapidly evolving industry.



## Shared Kitchens

In simple terms, shared-use kitchens can be thought of as co-working spaces for food businesses. In *Shared-Use Kitchens: A Policy Landscape Report*, The Food Corridor provided the following definition:

**“A shared-use kitchen, where renters or members can rent existing infrastructure for hourly or daily time blocks, provides a convenient way for food entrepreneurs to access existing infrastructure without the high startup costs. Two types of shared-use kitchens are emerging as valuable models in this sector: (1) commissary kitchens, whose business model is to rent out kitchen time, equipment, and storage; and (2) incubator kitchens, whose business model is to rent out kitchen time, equipment, and storage; with the addition of business development assistance, business counseling, and access to unique channel opportunities.**

**A shared-use kitchen is a place of business for the exclusive purpose of providing commercial space and equipment to multiple individuals or business entities to commercially prepare or handle food that will be offered for wholesale, resale, or distribution. ‘Commercially prepare or handle’ includes, but is not limited to, the making, cooking, baking, mixing, processing, packaging, bottling, canning, or storing of food. Shared-use kitchens may include multiple workstations, professional-grade equipment, freezer, cold and dry storage areas, and proper sanitation equipment. The spaces may serve as a commercial production area, a packaging facility, and/or a commissary for food businesses, among other uses.”<sup>3</sup>**

Shared kitchens are often privately owned, for-profit entities but can also be nonprofit, institutional, or government-owned facilities.

They may be mission-driven or be profit-driven, or they may aim to be both. Sometimes food businesses will become de facto shared kitchens by renting excess space or kitchen capacity to other food businesses in order to increase or stabilize their own revenues. Shared kitchens often care about the success of their clients but do not see educating or advising clients as their role (with the exception of guiding renters through the licensing process). Unlike incubators, shared kitchens do not have graduation requirements and may seek clients who will be long-term users, or anchor tenants.

## Kitchen Incubators and Food Business Incubators

Incubator kitchens are entrepreneurial support organizations with kitchen facilities that are focused on accelerating the growth of startup and emerging businesses for the benefit of the local economy, food system, and/or underserved entrepreneurs. They are sometimes referred to as “culinary incubators” or “food business incubators.” The terms “shared kitchen” and “incubator kitchen” are often used interchangeably, but there is an important distinction—whether ecosystem services are provided. Incubators generally provide more support and education to entrepreneurs than a shared kitchen through classes, coaching, referrals, networking events, and mentoring opportunities.

There is a wide range of services that incubators offer, including startup business classes, food safety trainings, marketing and distribution opportunities, packaging and branding services, access to capital, and legal and financial advising. Incubators are increasingly recognizing the importance of building market opportunities for their clients because kitchen access and business planning support are often not enough for businesses to succeed.

<sup>3</sup> *Shared-Use Kitchens: A Policy Landscape Report*, 2017

## 2 Emerging Definitions and Kitchen Models

Incubators usually establish acceptance criteria and utilize intake forms and interviews to verify if clients are the right fit for the program goals. Incubators may target certain populations of entrepreneurs, such as those that aim to expand into their own facility, those focused on consumer packaged goods, or entrepreneurs with limited financial resources or other barriers. Incubators seek to grow companies that will contribute to jobs and opportunities in their local economies, so they usually aim to graduate clients out of their facilities. Kitchen incubators generally operate on a fee-for-use and fee-for-service model and may receive support from grants or sponsors. Unlike accelerators, kitchen incubators generally do not take an equity stake in client businesses.



CommonWealth Kitchen<sup>4</sup>

CommonWealth Kitchen (CWK) operates two kitchens at its 12,000-square-foot facility in Dorchester, Massachusetts—a shared commercial kitchen, home to more than 45 small food

businesses, and a commissary kitchen, offering small-batch contract manufacturing to member companies, farms, and other food businesses.<sup>5</sup>

In addition to kitchen space, CWK provides comprehensive incubation services and production support including advising and coaching, business planning, permitting, recipe development and scaling, production flow improvement, ingredient sourcing, nutritional analysis, labeling, access to capital, and market channel development.<sup>6</sup> Their incubation services are supported by revenues and public and private grants.



ACEnet Kitchen<sup>7</sup>

Another example is, ACEnet, a community-based economic development organization serving the 32 counties of Appalachian Ohio.<sup>8</sup> The mission of ACEnet is to grow the regional economy by supporting entrepreneurs and strengthening economic sectors. ACEnet has two campuses, one housing a shared-use commercial kitchen and business center, and the other housing a food hub dedicated to storage and distribution. All potential clients go through ACEnet's four-step process to become a Food Ventures tenant within the facility: clients fill out an intake form, schedule an intake meeting, schedule their

<sup>4</sup> Image credit: Lucas Mulder

<sup>5</sup> <http://www.commonwealthkitchen.org/>

<sup>6</sup> <http://www.commonwealthkitchen.org/start-food-business>

<sup>7</sup> Image credit: ACEnet, <https://acenetnetworks.org/services/food-sector/equipment-and-services>

<sup>8</sup> <https://acenetnetworks.org/>

## 2 Emerging Definitions and Kitchen Models

production, and complete their production times. Each step has varying levels of intricacy based on the maturity of the client business.



ACEnet Kitchen<sup>9</sup>

“Food business incubator” is a general term for an entrepreneurial support program focused on food businesses. The term encompasses kitchen incubators and is sometimes used to describe them. It is also used to describe “virtual incubator” programs that offer incubation services but do not operate their own kitchen facilities. These programs may partner with community or commissary kitchens in their area; or they may serve businesses that have their own facilities or rent from any number of shared kitchens in their area. Eastern Market’s Detroit Kitchen Connect program leverages a network of affiliated, community-based commercial kitchens to expand the reach of its incubation program beyond its own on-site kitchen.<sup>10</sup>

The information in this Toolkit is geared to the needs of shared kitchens and kitchen incubators, but the services-related information will also be valuable to food business incubators that do not operate kitchen facilities. In addition, founders interested in developing incubation programs are encouraged to consult the resources available from the National Business Innovation Association (InBIA), listed in the Resources section.

## Community Kitchens

The term “community kitchen” encompasses various concepts, but it is generally used to describe kitchens that serve the community at large (which may include food businesses) and are not for the exclusive use of for-profit businesses. The term also generally applies to community-based kitchen facilities found in community centers, schools, churches, and other institutional or event spaces that may or may not meet all the standards for commercial food production. These facilities are generally run by nonprofits or public entities. They often have a primary use such as meal services for children or food insecure populations, facilitating social enterprise programs, event rentals, community dinners, cooking and nutrition classes, and other food-related experiences for the general public.



Loveland Community Kitchen<sup>11</sup>

<sup>9</sup> Image credit: ACEnet, <https://acenetnetworks.org/services/food-sector/equipment-and-services/>

<sup>10</sup> <https://detroitkitchenconnect.com/>

<sup>11</sup> Image credit: Loveland Community Kitchen, <https://www.lovelandcommunitykitchen.org/>

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Loveland Community Kitchen in Loveland, Colorado offers a continental breakfast, hot meal and to-go-bag programs to homeless, working poor, and seniors who are living on a fixed income.<sup>12</sup> The kitchen operates on a daily basis thanks to a dedicated core of volunteers and donors.

Much of the information in this Toolkit, particularly the **Management and Operations** chapter, will be valuable to community kitchens that wish to rent their facilities to food businesses.

### Food Hubs

“Food hubs” generally refer to aggregation and distribution centers for locally produced foods. The National Good Food Network defines a food hub as:

**“A business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.”<sup>13</sup>**

Food hubs generally offer cold and dry storage areas designed for the aggregation and distribution of locally grown or raised products, such as produce, fruits, meats, and dairy. Additionally, many food hubs have processing facilities that include a shared kitchen that may be rented by producers and/or other food entrepreneurs, depending on the community and mission of the hub. This Toolkit does not address all the unique needs of facilities designed for aggregation and distribution; however, food hubs that include a shared kitchen will find the Toolkit helpful for

planning or optimizing their kitchen operations and programming. The National Good Food Network’s Food Hub Center has numerous resources for managing the aggregation, distribution and marketing aspects of a food hub.<sup>14,15</sup>

The Good Acre in Falcon Heights, Minnesota, provides a unique mix of market access for farmers, food entrepreneur empowerment, and other food systems services.<sup>16</sup> They offer a wholesale program that connects immigrant and independent farms with institutional and market buyers, as well as a **CSA** (Community Supported Agriculture) FarmShare program for consumers. In addition to rentable kitchen space, they offer dry and cold storage, produce wash stations, and a robust schedule of **classes** (more than 100 classes in 2016!).<sup>17</sup>



The Good Acre Kitchen<sup>18</sup>

### Food Innovation Centers

“Food Innovation Center” is an increasingly popular term that has historically referred to large facilities providing a spectrum of food science/safety, education, and business services

<sup>12</sup> <https://www.lovelandcommunitykitchen.org/>

<sup>13</sup> <http://www.ngfn.org/resources/food-hubs>

<sup>14</sup> <http://www.ngfn.org/resources/food-hubs>

<sup>15</sup> Image credit: The Good Acre, <https://finance-commerce.com/2016/09/top-projects-of-2015-series-the-good-acre/>

<sup>16</sup> <http://www.thefoodcorridor.com/kitchen-feature-good-acre/>

<sup>17</sup> <https://thegoodacre.org/wp-content/uploads/2015/02/2016-Annual-Report.pdf>

<sup>18</sup> <https://thegoodacre.org/shared-commercial-kitchen-rental/>



## 2 Emerging Definitions and Kitchen Models

for startup and established food businesses. Often associated with university agriculture or nutrition departments, Food Innovation Centers (FICs) commonly provide technical lab and research services not available in general shared-use kitchens or kitchen incubators. These include services like shelf life testing, nutritional analysis, process authority services, sensory and quality testing, culinology, food safety training, and market research. These facilities are often larger in size with higher capacity equipment than a typical shared kitchen. They may rent on a daily basis (sometimes referred to as a “hotel model”) rather than hourly.<sup>19</sup> Some FICs offer services but do not rent food processing facilities.<sup>20</sup> FICs often offer services to new food businesses but may also offer pilot plants, product development, testing, market research, or other services to large companies and brands.

The growing popularity of the term Food Innovation Center has extended its use beyond the university-based model. Increasingly, food incubators positioning themselves as hubs of innovation in their communities, and/or as multi-service centers for numerous food systems programs, are calling themselves Food Innovation Centers.

The Maui Food Innovation Center is housed within The University of Hawaii Maui College (UHMC) and offers rentable kitchen space and shared processing facilities. They also provide unique education on Hawaii’s food system and economy through the UHMC Office of Continuing Education and Training. They help cottage food companies progress to “medium-sized food manufacturers in the State of Hawaii by providing access to industry leaders, a food business incubator and

shared-use processing facility with resources and technologies to elevate and foster their growth.”<sup>21</sup>



Maui Food Innovation Center<sup>22</sup>

### Accelerators

Accelerators are typically short-term programs designed to help businesses with high growth potential. They usually have a competitive application process where a cohort of accepted companies are offered intensive mentoring and support either at a specific location or remotely. Participants are given opportunities to network with industry leaders, work on their business model, and pitch to investors to potentially receive an investment of equity capital. In exchange, most accelerators take an equity stake in the companies, but some operate on a program fee basis. A growing number of food tech accelerators, such as Food-X have emerged to fund promising technologies for the food industry.<sup>23</sup> Food companies such as Chobani and Land O’Lakes also host their own accelerator-type programs as a way to

<sup>19</sup> Example: Rutgers Food Innovation Center: <http://foodinnovation.rutgers.edu/>

<sup>20</sup> Example: Oregon State University Food Innovation Center: <https://fic.oregonstate.edu/>

<sup>21</sup> <http://maui.hawaii.edu/foodinnovation/about/>

<sup>22</sup> Image credit: Maui Food Innovation Center, 2018

<sup>23</sup> <https://food-x.com/>

## 2 Emerging Definitions and Kitchen Models

outsource their research and development departments by connecting with early stage, innovative companies and emerging trends.

Union Kitchen’s accelerator in Washington, D.C., is a fast-paced program designed to scale consumer packaged goods food companies. With a Launch–Grow–Scale roadmap, food businesses can blossom in about 1.5 years.<sup>24</sup> Union Kitchen’s process involves food entrepreneurs taking a concept to production level, then launching in Union Kitchen Grocery, and finally, after achieving saturation in a local market, distributing product at a multi-regional scale with the help of investment capital. Accelerators like Union Kitchen are at the forefront of a trend among entrepreneurial support programs (including incubators, food hubs and food innovation centers) to address capital and distribution hurdles that often prevent businesses from scaling.

### Food Innovation Districts

“Food Innovation Districts” are geographic areas where multiple food systems activities are clustered. Michigan State University’s Center for Regional Food Systems describes them as:

**“Food Innovation Districts (FIDs) are a land use concept based on the economic benefits of business clusters, which arise when related businesses locate in close proximity to each other. FIDs often include services such as markets, food business incubators, and facilities for common storage, packing, and distribution needs. By encouraging business collaboration, they provide important opportunities for product aggregation, information sharing, and partnering on**

**events and market promotion. These districts also provide fertile ground for regional food hubs to grow, and for related food and farm ventures and market channels to emerge.”<sup>25</sup>**

The Michigan Food Innovation District in Okemos, Michigan, was spearheaded by Michigan State University Extension and local developers and “is envisioned as being community-owned by additional stakeholders such as producers, adjacent property owners, food-related businesses, the MSU Product Center, potential investors, local and regional government, and others who wish to advance food innovation and markets in Michigan.”<sup>26</sup> Its convenient location makes it easy to access for surrounding communities, increasing market access for co-located food businesses in the FID.



Michigan Food Innovation District <sup>27</sup>

FIDs are longer-term visions that involve the coordination of multiple investments, stakeholders, and activities over time. Guidance on establishing a food innovation district can be found in the guide, *Food Innovation Districts: An Economic Gardening Tool*, produced by the Michigan State University Center for Regional Food Systems.<sup>28</sup>

<sup>24</sup> <https://unionkitchendc.com/wp-content/uploads/Accelerator-Program-Outline-11.27.17.pdf>

<sup>25</sup> [http://foodsystems.msu.edu/our-work/food\\_innovation\\_districts/](http://foodsystems.msu.edu/our-work/food_innovation_districts/)

<sup>26</sup> [http://msue.anr.msu.edu/news/the\\_michigan\\_food\\_innovation\\_district\\_is\\_introduced\\_to\\_the\\_community](http://msue.anr.msu.edu/news/the_michigan_food_innovation_district_is_introduced_to_the_community)

<sup>27</sup> Image credit: <https://www.facebook.com/mifoodinnovationdistrictokemos/>

<sup>28</sup> <https://www.canr.msu.edu/resources/fid-guide>

## Food Corridors

Food Corridors (not to be confused with The Food Corridor software) are similar to [Food Innovation Districts](#) or Food Clusters. They interweave community resources to create opportunities for employment, workforce development, food production, and education. They often provide access to commercial kitchen equipment or space, professional services, storage, and more; with the overall goal of building economic opportunity by leveraging proximity.

The Central Appalachia Food Corridor is a collaborative of The Appalachian Center for Economic Networks (ACENet), which serves 32 counties in Ohio with a mission to “grow the regional economy by supporting entrepreneurs and strengthening economic sectors.”<sup>29</sup> ACENet provides business and consulting services and in 2017 hosted a Women in Business Conference, free to entrepreneurs.<sup>30</sup> The Central Appalachia Food Corridor also works on farmers markets and healthy food access.<sup>31</sup> They boast two different campuses which include warehousing, a full commercial kitchen, and a thermal processing room with staff to assist in product pH testing. Another example is the Raleigh Food Corridor, which bills itself as “a community project connecting people, ideas, and resources to build a better food system for all.”<sup>32</sup>

## Public Markets, Restaurant Incubators, and Food Halls

Other emerging models include food service-focused facilities that provide affordable, low-risk space for entrepreneurs to test and grow new food service concepts. There are a wide range of facilities that fall in this category. Some

may be co-located within shared kitchens and offer entrepreneur support services, while others may be exclusively retail and food service by nature. Some facility models include:

- Restaurant spaces offered on a short-term or pop-up basis, sometimes through a competitive application process or contest.
- Food halls with multiple food retailers, vendors, or restaurants that share common dining, preparation, or sales areas.
- Public markets and mercados with fixed and/or temporary vendor spaces for ready-to-eat, packaged, and locally grown food.
- Food cart and food truck lots providing affordable parking spaces with utility hookup, common dining facilities or tables, and infrastructure to support fixed and/or mobile food trailers.
- Ghost kitchens, cloud kitchens, or delivery-only restaurants providing a low-cost licensed commercial space to produce food and ready-to-eat meals available primarily through delivery.

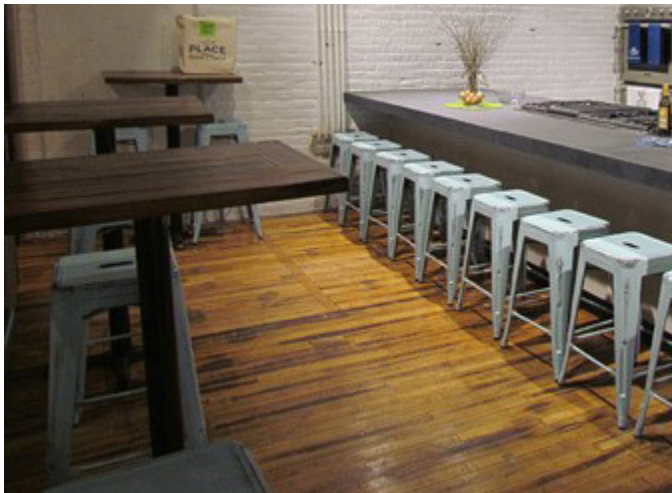
Food service and retail facilities have special planning and management considerations that are beyond the scope of this Toolkit, but are valuable to consider as part of a shared kitchen or incubator project. While processing facilities overcome production hurdles, retail facilities offer a sales solution by providing space for new brands to be discovered by consumers. These facilities help drive customer demand by creating destination dining experiences through co-location and marketing buzz.

<sup>29</sup> <https://acenetworks.org/about/mission-history/>

<sup>30</sup> <https://acenetworks.org/2017-women-business-conference/>

<sup>31</sup> <https://acenetworks.org/central-appalachia-food-corridor/>

<sup>32</sup> <https://raleighfoodcorridor.org/>



Easton Public Market kitchen space <sup>33</sup>

Four examples illustrate the diversity of retail- and food service-focused kitchen concepts:

- Easton Public Market in Easton, Pennsylvania, is composed of vendors, a farm stand, a family-friendly events calendar, and a 600-square-foot rentable kitchen. They host weekly programs for adults and children, nutrition and food education classes, and culinary-related film productions.<sup>34</sup>
- The Portland Mercado in Portland, Oregon, is a Latino public market composed of nine Latin American food carts, an indoor market, and café.<sup>35</sup> Their Micro Mercantes incubator kitchen offers income-based rental rates and business support services.<sup>36</sup>
- EatsPlace is a restaurant incubator in Washington, D.C., that rents a turnkey restaurant and bar on a competitive basis for pop-ups and chef-in-residence concepts lasting up to six months. They also offer shared commercial kitchen access and consulting services.<sup>37</sup>

- Avanti Food & Beverage: A Collective Eatery in Denver, Colorado, is a modern food hall inspired by European markets and food truck roundups. Seven different restaurant concepts, housed in modified shipping containers (mini kitchens), provide guests with an eclectic mix of affordably priced, chef-inspired cuisine, while allowing the restaurateurs the opportunity to test and refine menus before moving into their own brick and mortar spaces.<sup>38</sup>

### Spectrum of Kitchen Solutions

The many examples and definitions provided above illustrate the innovative contributions shared kitchens and clustered food infrastructure bring to local food economies and communities. Shared kitchens and kitchen incubators have become the primary strategy for providing kitchen access, but they are not the only option. Leveraging existing community assets is often a good first step for growing a nascent entrepreneurial ecosystem. Communities that lack resources or demand to support a commercial kitchen may have unique opportunities to leverage existing food businesses or community-based kitchens to fill gaps in shared production space. When combined with virtual incubation and business support programs, communities can sometimes meet the needs of budding businesses without building a new shared kitchen facility. Once a cluster of businesses has taken root, facility investments are usually more impactful, and more feasible. At that point there is more demand from new and growing businesses to support a dedicated facility.

The chart on the following page outlines the spectrum of kitchen and business support

<sup>33</sup> Image credit: Easton Public Market, <http://eastonpublicmarket.com>

<sup>34</sup> <http://eastonpublicmarket.com/>

<sup>35</sup> <http://www.portlandmercado.org/>

<sup>36</sup> <http://www.micromercantes.com/>




<sup>37</sup> <https://eatsplace.com/>

<sup>38</sup> <https://avantifandb.com/>






## 2 Emerging Definitions and Kitchen Models

solutions that communities may consider in meeting the needs of local food businesses. As you evaluate the demand for shared kitchen space and the opportunities that exist in your community, consider creating an asset map to chart the breadth of existing facilities and programs in your entrepreneurial ecosystem.

### The Kitchen/Incubator Spectrum

	Type	Description	Primary Facility Uses	Common Aims	Common Features	Best Suited for
Non-Incubation Facilities ↓	 <b>Community-Based Kitchen</b>	Church, school, community center, culinary school, workforce training, food security program kitchens rented to businesses when not in use.  <b>Variations:</b> Community kitchen designed to support food system with community and nutrition activities.	Other community uses.	Community service; revenue.	Rentals are secondary to other uses, so hours may be limited. Facility may not be designed for production. Equipment may be limited. On-site storage may not be available.	Small batch production; market feedback stage.
	 <b>Food Business Rental of Excess Kitchen Capacity</b>	Existing food business renting extra kitchen time/space to other businesses. Business may rent equipment or floor space and may also offer co-packing.	Host's food business.	Overhead cost reduction/revenue.	Rental is secondary to host business' use of kitchen. Time and equipment availability may fluctuate based on host business' changes. Host may decline to rent to competing businesses.	Businesses with part-time production needs that match available time/equipment. Entrepreneurs who can pay market rates and do not want or need services.
	 <b>For-Profit Shared-Use Commercial Kitchen</b>	Privately owned commercial/commissary rental kitchen.  <b>Variations:</b> Shared kitchen plus cluster of dedicated, single-user kitchens.	Entrepreneurs/small food businesses.	Income; supporting artisan food producers.	Equipment varies to meet target customer needs (food trucks, caterers, packaged foods, etc.). Facility size varies from small to very large.	Entrepreneurs who can pay market rate rents and are interested in any services offered.

**The Kitchen/Incubator Spectrum** (continued)

	Type	Description	Primary Facility Uses	Common Aims	Common Features	Best Suited for
Incubation Facilities With Programs	 <b>Incubator Kitchen</b>	Commercial kitchen(s) with entrepreneurial support services. <b>Variations:</b> Shared kitchen plus cluster of dedicated, single-user kitchens. Private Kitchens; co-packing; distribution; retail.	Entrepreneurs/ small food businesses.	Support job creation, food cluster, poverty reduction and/or food system.	Facility size varies from small to very large. Supports launch and growth stage companies.	Entrepreneurs interested in support services, accelerating growth, and graduating into their own facilities.
	 <b>Food Innovation Center</b>	Multi-program facility offering technical services to entrepreneurs and established businesses. Rental kitchen/ production facilities may not be offered.	Entrepreneurs/ small food businesses; growth stage businesses; national and international corporations.	Support food cluster, job creation, ag development, economic development and/or food system.	Incubator/startup programs, food science/lab services, industry research and education.	Entrepreneurs, growth stage, and established businesses in need of services, technical assistance and research insights.
Incubation Programs Without Facilities	 <b>Network of Community Kitchens</b>	Coordinated rentals or referrals of community-based kitchens plus entrepreneurial support services.	Other community or business uses.	Support job creation, food cluster, poverty reduction and/or food system.	Match-making between renters and facilities. Entrepreneurial support services. May provide rental management support to kitchen operators.	Entrepreneurs in communities where a dedicated incubation facility is not feasible or supported by demand.
	 <b>Subsidized Use of For-Profit Shared Kitchen</b>	Business support services plus reduced rate rentals for program participants.	Market rate renters.	Support job creation, food cluster, poverty reduction and/or food system.	Participants may need to meet qualifying income/ asset criteria.	Entrepreneurs who cannot pay market rates and are willing to participate in support services.
	 <b>Virtual Incubation and Acceleration Programs</b>	Business support services without facilities. May serve certain industry segments. May or may not have a geographic focus.	N/A	Support job creation, food cluster, poverty reduction and/or food system.	Accelerators are short term, cohort-based.	Entrepreneurs and growth stage businesses in need of services but not facilities.

Kitchen/Incubator Spectrum: A Summary of Solutions for Shared Commercial Kitchen Space and Business Support Services<sup>39</sup>

<sup>39</sup> Fruition Planning & Management. (2017). *Kitchen/Incubator Spectrum: A Summary of Solutions for Shared Commercial Kitchen Space and Business Support Services*.

## Identifying Opportunities

Shared Kitchens have the potential to host an extraordinary range of uses and programs for entrepreneurs and community members. From co-packing to farmers markets, food access programs to special events, photo shoots to pop ups, these special uses and mission-driven activities can expand the kitchen's community impact and support its bottom line. Since kitchens often struggle to sustain themselves solely on the income from hourly rentals, other revenue opportunities can play a pivotal role in their sustainability. By identifying these opportunities early, kitchen founders can craft business models with diversified revenue streams and design facilities to accommodate a variety of business types and impactful programs.

Whether you are planning a new facility or looking to expand the reach of your current facility, it is helpful to start by surveying your community for opportunities. The content outlined in this chapter will help you brainstorm potential business renters, special uses, and programs your facility might accommodate. With so much innovation in the food systems and the sharing economy, the possibilities are nearly endless.

### Potential Food Business Renters

Shared kitchens host a wide range of food and beverage makers, depending on their facility design. A recent survey of kitchen incubators found that bakers, caterers, and food

trucks were the most common categories of renters.<sup>40</sup> The majority of kitchens also rented to businesses making prepared meals and sauces/spreads.<sup>41</sup> However, the list of potential food business renters encompasses a vast assortment of additional product types:

- Agricultural products
- Allergen- or diet-specific foods
- Beer, wine, and liquor (special licensing requirements apply; may require separate facilities)
- Baked goods and pastry
- Catering or food service
- Chocolate, confectionery and candy
- Consumer packaged goods
- Delivery-only restaurants or delivery operations of local restaurants
- Fermented food or beverages



<sup>40</sup> American Communities Trust. (2016). *U.S. Kitchen Incubators: An Industry Update*. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>

<sup>41</sup> American Communities Trust. (2016). *U.S. Kitchen Incubators: An Industry Update*. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>

### 3 Identifying Opportunities

- Food trucks or mobile cart vendors
- Marijuana product manufacturers (special licensing requirements apply; may require separate facilities)
- Meal service or box delivery programs
- Non-alcoholic beverages
- Pet foods

In the [Understanding Your Market](#) section of this Toolkit, we will guide you through the process of identifying target renters and understanding their needs. The types of food businesses your facility caters to will impact your [business model](#), your [financial planning](#), and the design of your [facility](#).

## Programming and Special Uses

There are an ever-increasing number of rental uses or programming that shared kitchens can accommodate. These can greatly expand the revenue streams of a shared kitchen while supporting the community at large. Kitchens are learning that rentals as a sole revenue source do not generate enough to cover operating expenses. Strategically designing a facility to incorporate a variety of rental spaces and maximizing the use of indoor and outdoor spaces will help your facility reach financial sustainability. Some ideas include renting the parking lot for summer barbecues or events, leasing office space for business coworking, renting space for various community meetings, or hosting events and trade shows. Opening your facility to the public can build unique connections between your kitchen, food businesses, and the community. In addition to these various uses, kitchens often provide or host a variety of services for food business renters as well. Potential uses and programming include:

- [Incubation services and business classes](#)
- [Community and food safety classes](#)
- [Co-packing services](#)

- [Food hubs](#)
- [On-site retail](#)
- [Farmers markets](#)
- [Chef or product tastings](#)
- [Pop-up events and markets](#)
- [Workforce training programs](#)
- [Food access and security programs](#)
- [Food policy councils](#)
- [Community Supported Agriculture \(CSA\) and subscription programs](#)
- [Community dinners](#)
- [Special event rentals](#)
- [Photo shoots](#)
- [Film, TV, or YouTube cooking shows](#)

The [Understanding Your Market](#) chapter of this Toolkit will discuss methods for evaluating the demand and opportunities. Some of these special uses, such as retail, farmers markets, and food hubs, will warrant a separate market study and business plan. The tools highlighted in the [Business Model](#) chapter will help you think through how to bring these ideas together to form a sustainable model.

## Incubation Services and Business Classes

Incubation services are designed to help food entrepreneurs launch, manage, and grow businesses. If your project is focused on growing businesses and creating jobs, offering incubation services can advance these goals. [Incubators](#) provide a wide range of advising and education [services](#) from business planning, to product development, to sales. Education and advising services are often delivered through a combination of one-on-one coaching, group classes, workshops, and mentoring sessions. These services often require additional staff and networks of mentors to administer. Leveraging partnerships and volunteers can help you offer a robust program while retaining limited staff.





La Cocina - "Cultivating Food Entrepreneurs"<sup>42</sup>

Incubators are increasingly participating in building market opportunities for program participants through a host of activities including coordinating distribution services, facilitating retail markets, forging buyer/broker relationships, and promoting businesses at trade shows and events. Union Kitchen in Washington, D.C., has developed a complete suite of promotion, distribution, and retail services.<sup>43</sup> Additionally, some programs offer capital and financial services, including microloans, pitch sessions with investors, crowdfunding campaign support, and relationships with accountants and financial advisors. Often, incubators organize networking events to cultivate a sense of community among their participants. Some incubators focus their services on underserved populations as a way to build opportunities for populations facing barriers to entering the food industry. La Cocina in San Francisco is a leading program that serves low-income entrepreneurs with a focus on women of color and immigrant communities.<sup>44</sup>

An increasing number of accelerator programs are being developed by incubators and other groups to help businesses with strong growth potential become

investor ready. These programs differ from incubators in that they are more selective, time-limited, and intensive. Typically they offer an investment opportunity or a pitch session with investors.

The article "*No Two Incubators Think Alike*" by the New Food Economy, illustrates the diversity of approaches to incubation services among kitchens.<sup>45</sup> It is vital that incubation services be tailored to the needs of the community and developed in the context of the larger entrepreneurial ecosystem. The Service Planning chapter of this Toolkit will help guide you through the process of determining which services to offer, but it is best to do additional research in collaboration with partners in your entrepreneurial ecosystem. Founders interested in developing incubation services will benefit from studying incubation models and best practices through the incubation resources listed at the end of this Toolkit.

#### **Community and Food Safety Classes**

Shared kitchens are hosting an ever-growing list of classes for food-lovers, food businesses, and general community members. Classes are a

<sup>41</sup> Image credit: La Cocina, 2018.

<sup>43</sup> <https://unionkitchendc.com/>

<sup>44</sup> <https://www.lacocinasf.org/>

<sup>45</sup> <https://newfoodeconomy.org/incubator-roundup/>

### 3 Identifying Opportunities

wonderful way to increase revenue, diversify your rentals, and expand kitchen awareness within the community. Depending on their level of expertise, kitchen management or employees can facilitate cooking classes, health and nutrition classes, and food safety classes. Alternatively, courses can be developed and facilitated in collaboration with partners in your community from the local Small Business Development Center, health department, college, university, Cooperative Extension Service, or nonprofit agencies. If managed well, classes can be profitable, but they also require significant resources to organize and host. So, be sure to think through all the following:

- Who will teach the class? If your staff does not have the time or credentials to do this, reach out to local organizations who may be able to help. See more about [partnerships](#) here.
- How much will you charge? Are there food, rental, or equipment supply costs to consider?
- How much will you profit after cost of materials, space rental, planning time, and instructor fees?
- How will you evaluate the class?

#### ***Culinary Programs and Cooking Classes***

Shared kitchens can be an excellent venue for culinary programs run by the community or by local high schools and trade schools that lack their own facilities. Culinary programs can sometimes serve as recurring, or anchor, tenants that commit to pay a set monthly fee for designated blocks of rental time in the kitchen. Because of group size and noise considerations, they often require exclusive use of a kitchen area or classroom. In addition, programs may use a meeting or conference room for instruction.

General cooking classes for consumers are an increasingly popular aspect of shared kitchen

programming. Cooking classes can be tailored to special group events, holidays, seasonal produce availability, special diets, ethnic cuisines, special cooking techniques or tools, or themes such as quick and easy weeknight meals or date night.

Including a teaching or studio kitchen in your facility can help you accommodate both community- or chef-hosted cooking classes and culinary programs. While classes can be held in the general production kitchen, instructors may prefer working in a teaching or demo kitchen with an island that allows the attendees to stand around the counter or range for viewing and participation in addition to working at their own table stations. A mounted camera and display screen can enhance the experience by giving everyone a clear view of the action. If you are interested in attracting cooking classes or partnering with a culinary program, you will want to interview cooking instructors to understand their ideal class size, workflow, preferred set up, and technology requirements. A trial run always helps to ensure the event runs smoothly.

Cooking Block in Redlands, California, provides a variety of cooking classes for adults, children, and area charter schools, including a Knife Skills Series, Practical Food Science, Kids Patisserie, World Street Food, and Sushi and Sake Party.<sup>46</sup>

#### ***Health and Nutrition Classes***

With the rise in diet-related diseases like obesity and diabetes, the need for community health and nutrition classes is paramount. An increasing number of shared kitchens are focusing on the goal of improving community health. Your kitchen may be an ideal venue to host and teach cooking skills and recipe adaptations for dietary restrictions, general health, and weight loss. These classes can help community members maintain a healthier lifestyle while

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<sup>46</sup> <http://www.cookingblock.com/>

bringing additional revenue to the kitchen.

It may be advantageous to partner with local health organizations, public health departments, low-income outreach programs, food banks, or university or college nutrition, dietetics, and culinary programs to develop and facilitate health and nutrition classes. Additionally, there may be grants or public funds available to subsidize kitchen time or programming. Private instructors focused on niche diets may also be interested in renting the kitchen for their own classes or seminars.

#### **Food Safety Classes**

Food safety education is integral to kitchen success because every renter requires some level of food safety training. Offering classes and trainings is not only a potential revenue stream but an opportunity to improve public health and educate the food industry job force. The level of training and certification required for business owners and workers varies depending on the jurisdiction. Before offering services, research licensing requirements and existing food safety certification providers to evaluate the need for training. New national food safety regulations require that retail food establishments employ at least one Certified Food Protection Manager, and the certification can only be obtained by taking an accredited exam administered by a Certified Proctor or Testing Center.<sup>47</sup> Partnerships with the local health department could connect you to a Certified Proctor in your community or deem your location as an official Testing Center.

Chiknegg Incubator Kitchen in Goochland, Virginia, offers a ServSafe® Food Handler class as well as a ServSafe® Food Protection Manager Certification course.<sup>48</sup> Chiknegg is building their community's capacity to make and sell safe foods by offering

regular classes on-site and off-site by request.

#### **Co-packing**

Co-packing (contract packing) is the outsourcing of the manufacturing and packaging of a product. Sometimes small specialty food producers will take on contract manufacturing or co-packing of products for other brands in the open time they have between their own production runs. Shared kitchens can offer similar services to food companies as an additional revenue stream. Co-packing products for your clients or other food businesses in the area can also be a revenue stream for workforce training programs.

The Western Massachusetts Food Processing Center provides co-packing solutions. Their staff works with entrepreneurs to develop commercial production quantities of products on behalf of businesses, allowing them to focus on building market channels.<sup>49</sup> The corporation also purchases vegetables from local farmers, processes, and freezes them and then sells them to schools in the region.

If a food business is scaling quickly, it may need to find a commercial co-packer to take over production in order to ensure consistency and availability of its product. Food+Tech Connect's article, "4 Tips for Scaling Your Food Business With a Co-Packer," sheds some light on the main reasons food entrepreneurs seek out co-packing services.<sup>50</sup> If you decide not to offer co-packing, it is a good idea to develop relationships with existing co-packers in your area. They can be vital resources for your clients who outgrow the kitchen or are ready to transition to a contract manufacturer.

Whether your kitchen has the ability to co-pack is often dependent upon the type of equipment

<sup>47</sup> <https://www.fda.gov/Food/GuidanceRegulation/FSMA/>

<sup>48</sup> <https://chiknegg.com/training-consulting/>

<sup>49</sup> <http://fccdc.org/food-processing/>

<sup>50</sup> <https://foodtechconnect.com/2015/10/07/4-tips-for-scaling-your-food-startup-with-a-co-packer/>

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(bottling line, filler, labeler) and the staff available. Staff must have the necessary food production skills to reliably manufacture the product according to the brand's specifications. You will want to consider the impact that co-packing has on your available time in the kitchen. Committing too much kitchen time to co-packing may also inhibit the growth of your clients. Completing co-packing runs during off-peak hours may be a valuable way to increase efficiency in your kitchen, but that requires staff to work overnight hours.

You should evaluate the costs and margins carefully to determine if the kitchen will net income from co-packing. Be sure to think through where the finished products will be stored and whether there is room in your facility to accommodate the volume needed to be profitable. You should also work closely with the businesses to make sure there are adequate distribution and market opportunities to move the finished product to retail shelves in a timely fashion.

#### Pros and Cons of Offering Co-Packing Services as a Shared Kitchen

Pros	Cons
1. Additional revenue stream	1. May not be profitable at a small scale
2. Wider client market	2. Can require additional equipment investment
3. Help current clients grow	3. Can require more storage space
4. Use excess kitchen capacity and/or staff time during slow periods	4. May reduce kitchen time available for rentals
5. Support workforce training programs	5. Risk of not executing recipes properly
	6. Wear and tear on the kitchen

If you are considering adding co-packing to the services you offer, be sure to assess the demand for it through market research. Consult the [Understanding Your Market](#) chapter for further guidance on surveying the needs of entrepreneurs in your community.

#### Food Hubs

According to the National Good Food Network, a [food hub](#) is a “business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.”<sup>51</sup> Depending on the size of your facility, regional supply and demand, and your organizational mission, developing a food hub may be a valuable opportunity to consider.

The Mad River Food Hub in Waitsfield, Vermont, is a 4,000-square-foot facility composed of food processing and storage rooms.<sup>52</sup> They also are licensed by the USDA for meat processing. In addition to day use rentals of their meat processing room, vegetable and meat kitchen, and monthly storage, they also offer a local distribution service that makes stops around the state of Vermont.

If you are interested in serving as a food hub for your community, you will want to [design your facility](#) with this use in mind. Most food hubs have larger storage and freezer areas than a typical shared kitchen would require. Before designing your facility, you should engage with your local food systems organizations and producers to carefully evaluate the need for a food hub in your community. There are numerous resources available from the National Good Food Network (NGFN) to assist you in this process.<sup>53</sup> NGFN hosts a Food Hub knowledge base

<sup>51</sup> <http://www.ngfn.org/resources/food-hubs>

<sup>52</sup> <http://www.madriverfoodhub.com/>

<sup>53</sup> <http://www.ngfn.org/resources/food-hubs>

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Mad River Food Hub facility layout<sup>54</sup>

full of guidance and resources, a national directory of hubs, as well as a conference and community of practice discussion group.<sup>55</sup>

#### On-site Retail

Food businesses are often in search of additional markets or distribution channels and your kitchen may be an excellent venue to host client product tastings or showcase products made in your kitchen. Some kitchens offer occasional on-site pop-up retail events while others host permanent kiosks, cafés or retail markets. Including a grocery area or café in or near your kitchen can be complex and warrants a separate retail market study and business plan. Factors such as consumer demand, location, margins, food spoilage, labor, storage, and point-of-sale systems must be considered.

Revenue models for on-site retail may include, but are not limited to:

- Percentage commission for the kitchen on clients' goods or sales

- Wholesale purchase of packaged products by kitchen
- Flat rate charge per display area (per shelf, end cap, etc.)

KitchenTown is a “food startup incubator” in San Mateo County, California.<sup>56</sup> They offer a “casual, seasonal” menu in a café with a glass wall as a window into their shared kitchen space. Their on-site retail area allows visitors to the café to shop for items prepared by their kitchen clients and other local artisans.

#### Farmers Markets

Shared kitchens and farmers markets are a natural partners. Not only do farmers markets provide opportunities for sales and consumer feedback, they also help kitchen clients find local sources for ingredients. Sourcing relationships between producers and kitchen clients can help strengthen the local food system and support the producer and entrepreneur. Businesses may get fresher produce or meat, as well as marketing differentiation, and farms get a new source of demand. Establishing a fair price that supports both the buyer and seller can be the biggest hurdle to developing these relationships.

Hope & Main in Warren, Rhode Island, pairs their shared kitchen beautifully with year-round market events.<sup>57</sup> From June through October, they host the Schoolyard Market, which features 30 of their own clients and others in the community. When that season ends, they roll into offering their indoor Meet Your Maker events on select days throughout the winter months.

<sup>54</sup> Image credit: Mad River Food Hub, 2018.

<sup>55</sup> <http://www.ngfn.org/>

<sup>56</sup> <http://www.kitchentowncentral.com/>

<sup>57</sup> <https://makefoodyourbusiness.org/markets/>



Shopper and vendor at Hope & Main's Schoolyard Market<sup>58</sup>

Farmers markets can advance the health and nutrition goals of kitchens and communities by expanding access to fresh local foods and providing a venue for healthy cooking demonstrations and outreach. There may be opportunities to cultivate partnerships with health and nutrition organizations in your community to support these activities and help fund or manage the market.

Farmers markets can contribute to neighborhood revitalization and increase foot traffic to surrounding local businesses. However, it is important to consider the existing farmers markets in your area to ensure you are not competing directly with those markets. If you are thinking about adding a farmers market to your kitchen strategy, check out the following resources for more information:

- Farmers Market Toolkit<sup>59</sup>
- USDA Farmers Market Promotion Program (funding)<sup>60</sup>
- National Farmers Market Directory<sup>61</sup>

## Chef or Product Tastings

Tastings are another fun way to involve your kitchen in the community and market your clients' products. Communities and foodies want to try foods made by local food entrepreneurs, and this is a great opportunity to tell their story and let your community get to know the people and kitchen behind the products. You can host a special event or open house at your kitchen, put on a pop-up exclusively for a tasting, or tack it onto an existing market or event. Tastings are especially helpful if clients make unique products that people may not know how to prepare or eat, as the clients get to demonstrate this.

There are various forms of tastings you can host ranging from casual to upscale, depending on your goal. If you are looking to help your clients do market research or gain traction in the community, you may consider hosting a tasting free of charge. Or, if you are looking to get the word out about your kitchen and clients, you may host an open house. For example, Cleveland Culinary Launch & Kitchen hosted an open house and offered free tickets to the public to come to the kitchen and taste products made by their graduating cohort of clients.<sup>62</sup> If a chef or client already has a following, you can host a private event and sell tickets.

Having the client do some or all of the cooking in front of guests makes the tasting more interactive as guests anxiously await to taste the product they are eyeing and smelling. While cooking, the client can teach guests a trick or two about the best way to prepare and eat the product, and invite them to be involved in a simple task if the product allows. Clients can also sell product at the

<sup>58</sup> Image credit: Hope & Main, <https://makefoodyourbusiness.org/markets/>

<sup>59</sup> <https://farmersmarketlegaltoolkit.org/>

<sup>60</sup> <https://www.ams.usda.gov/services/grants/fmpp>

<sup>61</sup> <https://www.ams.usda.gov/local-food-directories/farmersmarkets>

<sup>62</sup> [http://www.cleveland.com/cooking/index.ssf/2015/09/take\\_a\\_taste\\_free\\_open\\_house\\_s.html](http://www.cleveland.com/cooking/index.ssf/2015/09/take_a_taste_free_open_house_s.html)

tasting. If they do not have product for sale, they should let guests know where to find it later.

#### **Pop-up Events and Markets**

Pop-up dinners and markets can create market opportunities for new businesses and raise the profile of your kitchen in the community. They can be a great way for new brands to catch the attention of customers because their temporary nature creates a sense of discovery and builds excitement. Pop-ups can help you market your kitchen and clients' products, reach new audiences, test new concepts and conduct market research.

By nature of the events being "pop-up," these events can be hosted in different places each time for a finite period of time. Or, you may wish to have a rotating "pop-up restaurant" in your kitchen like Foundation Kitchen, where food businesses can rent space from you to host a pop-up dinner.<sup>63</sup> In addition to seated dinners, pop-ups can be over-the-counter or cart sales, kiosks and market stands, and sample giveaways. A client might host their own pop-up to sell their product, or the kitchen can host a stand to showcase the products made in their kitchen.

If hosting a pop-up outside your kitchen, you can partner with another community event already happening (a stop along an art walk, or a holiday lighting ceremony, for example), or set up in an area with foot traffic (such as a street corner, park, retail shop, or warehouse). One of the clients at Foundation Kitchen partnered with a local distillery to host a pop-up Sunday brunch at the distillery with a set menu of cupcakes and cocktails.<sup>64</sup> When considering off-site locations, make sure the venue fits with the desired concept and has good potential for sales.

While pop-ups seem spontaneous to customers, they do take quite a bit of planning and work.

Identifying a goal and concept, setting the menu/product list, coordinating with community partners and/or locations, creating a budget and timeline, deciding how you will market the event, determining prices, ticketing, etc., will take time. If you choose to not sell tickets (perhaps for a pop-up at an existing community event), planning how much product will be needed can be more difficult. It is a good practice to gather feedback and contact information during the event to help build a following for your kitchen and/or businesses.

Be sure to confirm any zoning restrictions and permit requirements for your concept. Some jurisdictions may have antiquated codes that do not address or may even restrict pop-ups and mobile food vending. Working with your local agencies to interpret or revise these codes may be necessary and could take time. See the section on [Regulatory Requirements](#) for tips on working with regulatory agencies.

#### **Workforce Training Programs**

Workforce training programs and shared kitchen programs are valuable partners and frequently share facilities. This co-location can create an opportunity for underserved populations facing barriers to entering the workforce or starting businesses. Food service training can build skills and experience that can be leveraged to join or start a food business.

Hot Bread Kitchen's workforce training programs and shared kitchen programs create an opportunity for underserved populations who face barriers to entering the workforce or starting businesses.<sup>65</sup> They operate a successful social enterprise in New York City with two main programs: Bakers in Training and HBK Incubates. Bakers in Training provides women

<sup>63</sup> <https://foundationkitchen.com/#intro>

<sup>64</sup> <https://www.facebook.com/foundationkitchen/posts/1985869855017368>

<sup>65</sup> <https://hotbreadkitchen.org/>

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facing economic insecurity with job skills and baking techniques to place them in management-track jobs around NYC.<sup>66</sup> The program is supported by the sale of multi-ethnic, traditional breads. HBK Incubates supports small food businesses by offering low-cost commercial kitchen rental, educational workshops and resources, and market opportunities.<sup>67</sup>



Hot Bread Kitchen Bakers in Training program<sup>68</sup>

The relationship between workforce training programs and entrepreneur-focused shared kitchens can take many forms. Kitchens may launch both services in tandem or start with one program and expand into the other. For example, workforce training programs sometimes start a shared kitchen rental program to generate revenue when the kitchen is not used for training. Some develop incubation programs at the urging of trainees interested in launching their own businesses. Shared kitchens and incubators sometimes partner with workforce programs or simply rent space to them as anchor tenants.

Whether this co-location makes sense depends on the programs' needs and facility design. The compatibility of time, space and equipment needs are crucial considerations

<sup>66</sup> <https://hotbreadkitchen.org/bakers-in-training/>

<sup>67</sup> <https://hotbreadkitchen.org/incubates/>

<sup>68</sup> Image credit: Christine Han.

<sup>69</sup> <http://catalystkitchens.org/>

if the programs and entrepreneurs will be sharing the same kitchen area.

Workforce training programs often include a social enterprise component, either a wholesale product or a food service enterprise, that supports the program. This may require specialized equipment or a dedicated kitchen area to accommodate the production schedule. Organizations that plan to offer both programs from the beginning can design facilities that accommodate both uses more easily than those that add a program after the facility is built.

Catalyst Kitchens has created a network of social impact organizations focused on building food service enterprises with a mission to break the cycle of joblessness, poverty and hunger. Check out the network map and resources on their website to learn more about these enterprises.<sup>69</sup>

### Food Access and Security Programs

Kitchens are an integral part of a community's food security and sovereignty. Kitchens can serve as points of access to food benefit programs and host produce markets for food-insecure households. Just the existence of kitchen infrastructure can increase local food security up and down the supply chain from farmers to household; as demonstrated by organizations like FEED Kitchens and Acadiana Food Hub & Commissary. Acadiana Food Hub & Commissary rents warehouse space for farmers, who often do not have access to large dry and cold storage nor the financial resources to build them. Their impact statement highlights how this improves access:

**“By providing shared-use space in the warehouse and serving as a resource to connect the local food industry supply chain,**



**the Acadiana Food Hub (AFH) will increase the supply of fresh local produce to blighted communities at competitive prices. With the right infrastructure and cooperation of official parish programs, the AFH can work to provide the community's underprivileged with regular access to fresh produce and locally sourced food items.”<sup>70</sup>**

FEED Kitchens in Madison, Wisconsin, hosts a Healthy Food For All community-based food recovery program. They collect excess produce and prepared foods, then clean and repackage this food that would otherwise go to waste. Instead, it is redistributed to food pantries and neighborhoods.<sup>71</sup>

### **Food Assistance Programs**

The Supplemental Nutrition Assistance Program (SNAP) and Women, Infants, and Children (WIC)<sup>72</sup> programs are federal Food and Nutrition Service initiatives, intended to curb hunger and malnutrition through education and access to resources.<sup>73,74</sup>

Kitchens may serve as a gathering place for:

- Program education
- Benefits enrollment
- Benefits distribution
- Classes such as “Shopping and Cooking With Your SNAP Benefits”

If your kitchen operates or partners with a farmers market, you are able to accept

many of these food benefit programs, too. Education, marketing materials, grant opportunities, and more are available through the USDA’s Food and Nutrition Service.<sup>75</sup>

Kitchens may partner with meal preparation and distribution assistance services like Meals on Wheels.<sup>76</sup> Kitchens can also be used for food recovery programs that process excess farm products into food for meal programs and food banks. Review the [Developing Partnerships](#) section for more ideas on cultivating partnership opportunities.

Another food access program gaining traction around the nation is “prescription produce,” when a medical professional prescribes nutritious foods as medicine and the patient/consumer receives a discount through third-party organizations such as Wholesome Wave.<sup>77</sup> Eastern Market is a public market in Detroit (with a food incubator program) that offers an array of food access initiatives, including a prescription program. They have partnered with Saint Joseph Mercy Health to provide redeemable, refillable prescriptions that help pay for fresh, local produce from a partnering farm stand or farmers market.<sup>78</sup> Patients also receive nutrition education, cooking demonstrations and social support to make healthy eating changes.<sup>79</sup>

In addition to its local sourcing activities and acceptance of food benefits at the Market, Eastern Market partners with Detroit Community Markets on alternative distribution channels for healthy

<sup>70</sup> <http://www.acadianafoodhub.com/warehouse-fulfilment/#sell>

<sup>71</sup> <http://hffadane.org/>

<sup>72</sup> <https://www.fns.usda.gov/wic/women-infants-and-children-wic>

<sup>73</sup> <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-education-snap-ed>

<sup>74</sup> <https://www.fns.usda.gov/>

<sup>75</sup> <https://www.fns.usda.gov/ebt/snap-and-farmers-markets>

<sup>76</sup> <https://www.mealsonwheelsamerica.org/>

<sup>77</sup> <https://www.wholesomewave.org/how-we-work/produce-prescriptions>

<sup>78</sup> <https://www.easternmarket.org/programs/food-access#ways-to-pay>

<sup>79</sup> <http://www.stjoeshealth.org/default.cfm?id=1>

foods, such as mobile, pop-up farm stands and farm box programs.<sup>80</sup> The Market also hosts a food and health fellowship program to cultivate food systems leaders in the community.<sup>81</sup>

Food access programs have their own funding considerations and you will want to work with your partners to develop a budget, funding, staffing plan and kitchen-sharing model that meets the needs of the programs while being sustainable for the kitchen. If you are hosting a food access program in your kitchen, you will need to consider if the kitchen will donate space, charge a reduced rate, or offer space at market rates. Make sure you understand your kitchen costs so you can plan other revenues or funding sources to balance below-market uses.

#### ***Disaster Relief***

Natural disasters such as floods, storms, fires, earthquakes, and tsunamis can render an entire community food insecure. Disasters can interrupt traditional distribution channels and underscore the value of local food resources, like shared kitchens. Providing a place to prepare and possibly even serve large quantities of food in an already commercially licensed space decreases some of the food safety concerns that abound after a natural disaster.

When Hurricane Harvey ravaged Texas in late 2017, Houston stepped up to take care of their community.<sup>82</sup> Volunteer restaurant professionals searched for available commercial kitchen space to prepare meals for distribution. Shortly after organizing efforts began, they located a recently opened shared-use kitchen, Midtown Kitchen Collective, and produced up to 15,000 hot meals per day.<sup>83,84</sup>

Consider ways your kitchen could serve the local community in the event of a disaster and discuss this with your team and stakeholders. Reach out to disaster management departments and organizations to explore how your kitchen assets could support aid and recovery efforts. Planning ahead will make your efforts more effective and give you time to think through client, staffing, safety and liability considerations. It is also important to have a disaster management plan for your facility that details how staff and clients should respond in the event of an emergency.

#### **Food Policy Councils**

Food Policy Councils (FPCs) are another partnership resource for kitchens. The purpose of an FPC is to organize diverse stakeholders, prioritize the food policy agenda, aggregate resources, and work toward community change. FPCs can be stand-alone nonprofit entities or be affiliated with local government, such as the mayor's office. Kitchens may serve as a gathering place for FPC meetings and events, become a partner on new initiatives, or reach out for consultation on food systems issues such as health code, sourcing, food assistance programs, and more. To learn more about Food Policy Councils and to locate one near you, check out the Johns Hopkins Center for the Livable Future Food Policy Council Map and other resources.<sup>85</sup>

The Los Angeles Food Policy Council created a working leadership board, organized working groups, and hired staff to pursue four strategic priorities listed on the following page:

<sup>80</sup> <https://www.easternmarket.com/programs/food-access#detroit-community-markets>

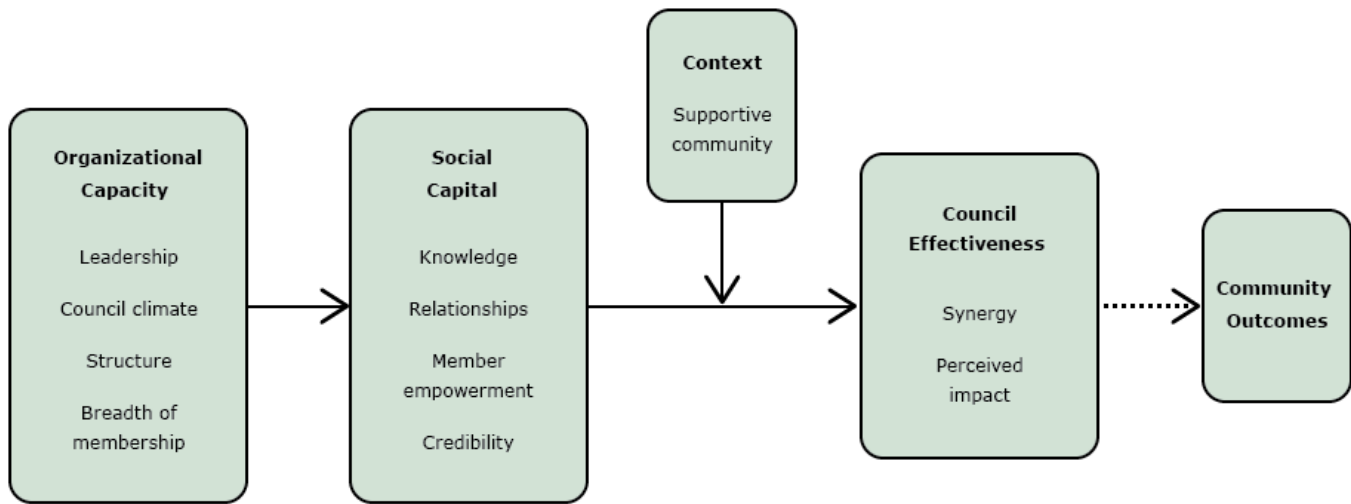
<sup>81</sup> <https://www.easternmarket.org/programs/food-access#food-and-health>

<sup>82</sup> <http://www.houstonchronicle.com/life/food/article/Volunteers-set-up-unique-collective-to-feed-12172394.php>

<sup>83</sup> <https://www.facebook.com/midtownkitchencollective/>

<sup>84</sup> <http://www.houstonchronicle.com/life/food/article/Volunteers-set-up-unique-collective-to-feed-12172394.php>

<sup>85</sup> <http://www.foodpolicynetworks.org/fpc-map/>



Food Policy Council Framework, Centers for Disease Control, 2018.<sup>86</sup>

1. Provide equitable access to healthy food for underserved communities.
2. Build durable market demand for Good Food – food that is sustainable, fair, healthy, humane and local.
3. Support sustainable and equitable infrastructure for a Good Food system.
4. Serve as a space to catalyze, coordinate and connect a multi-sector movement for Good Food in Los Angeles.<sup>87</sup>

The Los Angeles Food Policy Council convenes a network of food system stakeholders in seven working groups, runs a healthy corner store program, and connects the community to programs and events.

### Community Supported Agriculture and Subscription Programs

Community Supported Agriculture (CSA) connects farmers and producers with customers who wish to support their local producers and receive fresh foods directly from the farm or ranch.

Customers become members or subscribers to that producer’s offerings, sometimes referred to as buying a share. Customers typically pay a set fee upfront or monthly for weekly or biweekly boxes. The offerings included in the box are almost always different, depending on the season, harvest, and availability. The subscription model can be used with one farm/producer or a group of producers. This model has been adopted by other makers such as bakers, brewers and chocolatiers.

CSAs may require customers to pick up their box each week, or they may offer neighborhood pick-up locations or delivery services. Kitchens can be ideal pick-up locations for customers, as they offer a clean space and storage. They also provide access to kitchen equipment and prep tables if needed. 21 Acres, a nonprofit shared kitchen, farm, and market in Woodinville, Washington, offers various sizes of CSA shares with produce from their farm during the summer and fall months. They accept several payment methods, including SNAP, to ensure access to fresh fruits and vegetables to low-income populations.<sup>88</sup>

<sup>86</sup> Image source: Allen, N.E., Javdani, S., Lehrner, A.L., & Walden A.L. (2012). Changing the text: modeling council capacity to produce institutionalized change. *American Journal of Community Psychology*, 49 (3-4), 317–31.

<sup>87</sup> <http://goodfoodla.org/objectives/good-food-priorities/>

<sup>88</sup> <http://21acres.org/farm-market/harvest-sharecsa-program/>

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You could choose to put together your own Community Supported Kitchen shares or subscription service. One option is to aggregate five to eight products from clients in your kitchen (bread, fresh pasta, honey, jam, produce, eggs, baked goods, sauce, etc.) and place them into a box each week for subscribing customers to pick up. Another option is to offer a share for one type of product made in your kitchen, such as a bread share. You or the maker can choose to charge customers per pickup, or have them pay in advance for a three, six, or twelve-month share. This can be an effective strategy to drive traffic to your kitchen and grow a loyal customer base for you and your clients.

#### **Community Dinners**

Community dinners are a great way to cultivate community, generate buzz and market your kitchen and clients to new audiences. You can host a dinner at your facility if you have the right space and atmosphere, or you can work with community partners to host one off-site. Community dinners are open to the public and guests pay for a ticket. They are often themed (cultural, seasonal, social cause) and your clients or other chefs create dishes around the theme. Sometimes guests and community members participate in the meal production. For instance, Food Innovation Network hosts community dinners to showcase traditional cultural foods of their local residents and incubator participants.<sup>89</sup>

These dinners require time, planning, and often the help of volunteers. If the meal is offered for free, it also requires funding or sponsorship. You will need to set a goal and theme for the event, identify community partners, create a budget and timeline, book the space, market the event to the public, plan and prepare the food, and organize event programming. While

time-intensive, community dinners are valuable for integrating your kitchen into the local community. These dinners can be an effective marketing tool for your kitchen and clients.

Community dinner theme ideas:

- Dinner and a film screening, presentation, comedic performance, music, or other show
- Dinner and wine, beer or spirits pairing
- Dinner on the farm, with a farm tour
- Harvest celebration events
- Dinner in the dark
- Cultural cuisine
- Food history of the area
- Unique set of ingredients (nightshades, dishes with insects, chocolate)
- Dinner for a cause (donate proceeds or food to a local nonprofit or have a facilitated discussion around an issue of interest)
- Festive holiday events (Christmas, Valentine's Day, etc.)
- Other ideas unique to your community or neighborhood

#### **Special Event Rentals**

If your facility has the capacity and atmosphere to function as an event venue, special event rentals can be a beneficial opportunity to generate additional revenue. Event planners often seek unique, affordable venues for weddings, rehearsal dinners, graduation celebrations, holiday parties, fundraisers and corporate events. And community members are increasingly interested in booking private cooking classes and tastings for birthday parties, bridal showers and other gatherings. Engaging your food businesses in these events can provide them with new catering and sales opportunities.

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<sup>89</sup> <http://foodinnovationnetwork.org/news-stories/stories/2017/06/reflections-community-kitchen-2/>

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You can host private events if you have staff available or work with an event planner who can manage the event rentals. You may also decide to offer your facility to current clients to rent out for events such as cooking classes, focus groups, or pop-up dinners for guests.

The Local Kitchen in Saskatoon, Saskatchewan, rents their space out for private events, such as birthday parties (artisanal cake and bubbly included!) and other à la carte space rentals to teach classes, hire a personal chef, and more.<sup>90</sup> They also offer a customized liquor menu to increase the revenue potential for event rentals.



The Local Kitchen.<sup>91</sup>

If you are developing a new facility with event space, make sure you study the market for these uses and survey potential kitchen clients about their interest in utilizing event space. Look for opportunities to create flexible indoor and outdoor areas that can be used for events as well as other revenue-generating activities. Be sure you understand your costs and the market rates in your area to develop a successful fee structure. You will most likely need to include your event rentals in your insurance policy, so plan to discuss this with your provider. Draft an event contract and review the Policies and Procedures section to make sure

<sup>90</sup> <https://www.thelocalkitchenyxe.com/private-events>

<sup>91</sup> <https://www.thelocalkitchenyxe.com/private-events>

<sup>92</sup> <https://www.thelocalkitchenyxe.com/private-events>

you have thought through all the documents and policies you will need to protect your kitchen.



The Local Kitchen.<sup>92</sup>

### Photo Shoots

Food photography, a specialized form of commercial photography, can be a great source of revenue for commercial kitchens. The opportunities for digital image production abound as entrepreneurs, chefs, educators, bloggers, and others seek images for products, stories, and promotions. Photographers may think of restaurants when considering where to shoot, but restaurants may not have the lighting, space, or schedule to deliver what photographers need. Shared kitchens can develop an additional revenue stream by providing an attractive, easy-to-book venue for photo shoots. If this is something you want to do in your kitchen, here are some things to consider:

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- ✔ **Space.** You will need a clean, beautiful, well-lit area. Will your space meet the lighting and appearance requirements of commercial photographers? How much space will they need? Will the photographer have access to all of your kitchen space? A certain area? Will this restrict other rentals? Where will they set up?
- ✔ **Rates.** Will you charge your normal kitchen rental rates or a premium due to the nature of the usage? Professional photographers can charge between \$50 and \$500 per hour for their services, depending on their experience.
- ✔ **Compatibility and Impacts.** You will want to consider how photography bookings will affect your other kitchen activities.
  - **Current Clients.** How will this impact your current clients? Will they have to delay supply delivery or avoid areas of the kitchen during the shoot? How will you manage and communicate this?
  - **Time.** The photographer may want to take your space for a surprisingly long period of time (sometimes days), so make sure you are clear about the time requirements. The shoot may take longer than the photographer estimates. Plan for a buffer and think about whether you will charge for additional time.
  - **Sound.** If the photographer is also shooting video, noise may be an issue, whether from your other kitchen clients or from equipment. Make sure to discuss this so the photographer knows what to expect.

If you are planning a new kitchen facility, look for opportunities to design the space for photo shoots. Planning for a demo/teaching kitchen to be used for photo and filming purposes can be a good approach since these uses have similar needs. Consider adding lighting, enhancing natural light, and selecting attractive finishes. Reach out to commercial food photographers in your area to learn more about what they look for in a space and what fee structure works for them.

#### **Film, TV, or YouTube Cooking Shows**

The rise in video as a social medium has opened many doors for the food and culinary world. Television channels like The Food Network, competition shows like *Top Chef* and *Chopped*, and online YouTube cooking shows have captivated audiences. Your kitchen may provide the perfect setting for one of these shows, or a rising star in your culinary community may be looking for a venue for a new show.

While production kitchens can be dark and noisy places, some kitchens are choosing to include beautiful, well-lit studios or teaching kitchens that can be used for photography and filming.

Crafted Kitchen in Los Angeles rents a studio kitchen and other facilities for various types of food photography and filming. Their space may be rented for advertisement, television, internet cooking features, and other types of photography and video production.<sup>93</sup>

Check out Tasting Table's post, "The 11 Best Cooking Channels on YouTube" for inspiration.<sup>94</sup>

<sup>93</sup> <http://www.craftedkitchenla.com/event-film-venue-downtown-los-angeles/>

<sup>94</sup> <https://www.tastingtable.com/cook/national/best-youtube-cooking-channels>



Filming at Crafted Kitchen<sup>95</sup>

## Developing Partnerships & Networks

Capitalizing on these many revenue and impact opportunities takes investment in building partnerships and networks within your community. Successful kitchens do not operate in a vacuum. They are integral players in their community's economy and food system. Depending on your mission, business model and programming, you will want to develop a wide range of relationships that may include:

- Other shared and community kitchens
- Co-packers
- Business development service providers
- Retailers
- Distributors
- Bottlers
- Packaging and labeling companies
- Local food service businesses and chefs
- Culinary programs
- Community development financial

institutions and other community funders

- Local investors, venture capital networks, and angel investors
- Food security programs
- Workforce development programs
- Farmers, producers, and food hubs
- Community development organizations
- Food policy councils
- Neighborhood organizations
- Service organizations and empowerment groups
- Chambers of commerce and local business networks
- Community and economic development departments of local government
- Local universities, extension programs, and community colleges

These partners will help you understand the needs in your community and among businesses you seek to serve. Cultivating partnerships will also expand your ability to offer programming and services in a cost-effective way. Ideally, your partnerships will deepen the impact of your project and create efficiencies that make your work easier and more valuable to clients. Collaborations can also raise the profile of your kitchen and create a reputation that attracts renters and special uses.

### Additional benefits of partnerships include:

- ✓ **Expanding your capacity.** Partnerships can help you achieve your mission and provide valuable services with limited staffing and budget.
- ✓ **Skill and knowledge sharing.** Drawing on strengths in a coordinated way is more effective. If there is a strong demand for services, such as food safety classes, that

<sup>95</sup> <https://www.instagram.com/p/BeWnuQTB-hM/?taken-by=craftedkitchen>

### 3 Identifying Opportunities

are outside your expertise or business model, take the opportunity to let other kitchens and service providers in your area know so they can help meet the need.

- ✔ **Increased buying power.** Collectively sourcing ingredients and bulk ordering supplies often can reduce costs and help make local purchasing more viable.
- ✔ **Increased visibility.** Leveraging partners to market your services, events, and rental opportunities can help build awareness of your kitchen.

#### Tips for creating partnerships:

- ✔ **Make it mutually beneficial.** Ensure both parties bring value to the table. What are each of you receiving? What are you able to give in return?
- ✔ **Be efficient.** Forging new partnerships can take time, which is a hot commodity when launching a kitchen.
- ✔ **Define expectations.** Be clear about who will bring what to the table. If necessary, create a memorandum of understanding or a contract stating each party's responsibilities.
- ✔ **Spread the word.** Once you have formed a working partnership, tell those who may be interested. Did your kitchen just partner with a labeling company for discount pricing? Did you develop a sourcing relationship with a local producer network? Have you developed a new co-packing service with a workforce training program? Make sure you communicate this to your clients to maximize the impact.

When developing your network, do not discount the value of relationships with your competitors. Turning competition into a collaboration not only builds good will in your community, but it can directly benefit both kitchens by helping you differentiate your offerings and share resources. A strong entrepreneurial ecosystem and a well-connected food system will help you both succeed.

Additionally, kitchen and food entrepreneur networks that offer resources and shared learning opportunities are a great way to build your knowledge and support network. These include:

- Network for Incubator & Commissary Kitchens (NICK)<sup>96</sup>
- International Business Innovation Association (InBIA - FoodBIN)<sup>97</sup>
- National Good Food Network (NGFN)<sup>98</sup>
- Specialty Food Association<sup>99</sup>

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<sup>96</sup> <https://www.facebook.com/groups/NICKitchens/>

<sup>97</sup> <https://inbia.org/services/foodbinmembership/>

<sup>98</sup> <http://www.ngfn.org/>

<sup>99</sup> <https://www.specialtyfood.com/>



## Embarking on the Planning Process

Planning a shared kitchen project is a complex process that involves cycles of research, reflection and revision. Discovering opportunities and potential partnerships is the exciting first stage. Once planning begins, founders start the hard work of focusing their visions and evaluating the feasibility of their ideas. This requires engaging with prospective clients and the community and identifying a business model that aligns with the mission while generating value.

Our summary of the planning process is necessarily simplistic. We recognize that planning a new venture is both a sequential and an evolving process. It requires making progress on multiple processes concurrently and then circling back to revise earlier plans. Founders must simultaneously maintain a vision and remain open to reshaping that vision as they better understand their prospective clients and market. While the planning process is by no means linear, it can be described as a sequence of critical processes. These key steps are outlined in the adjacent chart.

It is easy to underestimate the resources needed and the steps involved in planning and developing your facility, programs, and partnerships. This Toolkit aims to give you insight into what to expect and tools for navigating these planning steps. We have included management and operational strategies to encourage you to be thoughtful about how your plans will come to life in your day-to-day operations.



## Developing a Planning Budget and Timeline

The preliminary task in your planning is to develop realistic expectations of your planning process. A common mistake in planning a kitchen project is to underestimate the time and resources needed for planning. Unrealistic expectations of costs and timelines can erode your sense of progress and leave your team feeling discouraged. Underfunding your planning can also threaten your success by pushing you to skip important research and due diligence activities. Whether you are a self-funded, for-profit project; an upstart nonprofit; or a public agency, you should develop a budget and a timeline for your planning process. It should include:

- ✓ Expenses for the outside expertise you will need, such as lawyers and accountants, to establish your organization and file required documents.
- ✓ Marketing budget for your initial phases that includes graphic and web design.
- ✓ Market research budget for doing outreach, conducting interviews and focus groups, and developing relationships with service providers. This may also include consultants for feasibility studies, market research, or needs assessments (if this will be hired).
- ✓ Staffing time/costs during the planning, outreach, and development phases (until you generate revenue).
- ✓ Construction, architecture, and engineering expenses for vetting sites and developing blueprints.
- ✓ Development permits and fees.

Accounting for all these costs is likely to leave you with an estimate in the tens of thousands of dollars. Organizations often spend \$25,000–\$50,000 on feasibility studies

and business plans alone. It may cost you or your organization a couple years' worth of staff time to do the planning work on your own. You may spend thousands of dollars paying design and engineering professionals to evaluate the costs and feasibility of several sites before securing your final location. Developing your organizational entity may cost several thousands of dollars in legal and accounting fees. Designing your brand and gaining an online presence may cost another couple thousand dollars.

Any skills you or your team bring to the project can reduce these out-of-pocket costs, but you should still be realistic about the time you will invest and the opportunity costs of that effort. You might also be able to reduce these costs by soliciting help from partners and others in your network willing to donate services. This can save considerable money but may take longer. Counting on someone to do you a favor is usually less reliable than hiring a professional, since paying customers usually get top priority. You will want to budget extra time for donated services, set clear expectations, and have a backup plan if they do not come through in a timely fashion.

## Clarifying Your Goals

The first step in your planning process is to clarify your vision and your goals for your shared kitchen. Shared kitchens are at the intersection of local economies and food systems and thus can have broad, multifaceted benefits for entrepreneurs and communities. Kitchen founders look to kitchen projects to achieve a wide range of goals as illustrated in the definitions and opportunities discussed earlier. For some, starting a shared kitchen is a way for the founders to earn a livelihood while supporting entrepreneurs. Others are nonprofits focused on providing kitchen access to those that cannot afford market rates or to food programs and health education initiatives. Regardless of the profit motive, most

kitchens share a larger aim of helping their communities and can benefit from crystallizing these goals early in their planning processes.

While it is tempting to jump right in to planning your facility, there are benefits to stepping back to reflect on your driving motivations and hopes for the project. *What does success look like to you and any stakeholders in the project?* Taking time in the beginning to examine what you want your kitchen project to achieve (often referred to as the project's outcomes) will help you focus your planning efforts. Clarity about your mission and goals will animate your pitch and help you engage others in joining your vision. In the planning process, knowing what success looks like will help you determine who your target customers should be, what partners you need, and what business model and facility design will be the right fit. As the project moves into development, a clear consensus on your goals will help prevent the project from getting sidetracked by tempting opportunities that take you in a different direction.

To help you brainstorm your aims, this Toolkit has compiled examples of the positive community impacts that founders often hope to achieve when starting a shared kitchen or kitchen incubator. The list is intended to jumpstart your thinking, not limit your options. The Identifying Opportunities chapter illustrates numerous ways shared kitchens use their space and programming to support local food systems and entrepreneurial ecosystems.

### Local Food Systems

**Goal:** Provide cost-effective access to commercial equipment for producers to make value-added products and cold storage for growers to prep and distribute products.

#### Intended Impacts:

- Expand farmer revenues to improve the viability of small farms.

- Increase the availability of foods made with local ingredients in the community.
- Decrease the environmental impacts of shipping food long distances.
- Preserve farmland.
- Reduce food waste by processing unmarketable farm products and gleaned agricultural products.
- Facilitate the purchase of locally grown foods by institutional buyers.
- Support public health by encouraging food businesses to use good food safety practices in commercial facilities.
- Improve food access and nourishment for food-insecure households.
- Reduce program costs and improve efficiencies for food access programs.

### Community Economic Development

**Goal:** Reduce hurdles and create opportunities for starting new food businesses, expand food industry employment, encourage the growth of local food businesses, and improve inclusion and equity in the food economy.

#### Intended Impacts:

- Keep money circulating locally with more opportunities to “buy local.”
- Grow more jobs in the community.
- Grow the local community tax base.
- Improve the economic opportunities for entrepreneurs with limited resources and barriers.
- Improve workforce training opportunities for underserved communities to enter the food industry.
- Cultivate a community’s food cluster to improve the competitive advantages of food businesses in the area.

## 4 Embarking on the Planning Process

- Expand food tourism and support the tourism and hospitality economy.
- Revitalize neighborhoods.
- Grow new brick-and-mortar food establishments.
- Expand and scale small food businesses.
- Spur growth of the food sector.

### Community Building and Well-being

**Goal:** Provide space for community members to learn, share, and experience food together.

#### Intended Impacts:

- Improve community health by educating the community on cooking and nutrition.
- Share food as a means of building community and cultural understanding.
- Celebrate the cultural diversity of a community through international food events.
- Support culinary appreciation, exploration, and innovation.

### Personal Goals

In addition to these community-focused goals, you may have personal goals you wish to reflect on. These could include having a rewarding career, providing a livelihood for your family and team, or growing an enterprise that can be sold or franchised.

### Tips for Clarifying Goals

If you are part of a team or community effort where there are a variety of interests and ideas, you will want to engage the group in discerning the kitchen goals and mission. Community members and stakeholders often have different hopes for what a shared kitchen or incubator can bring to their community. Building consensus about the goals can help everyone feel more invested in the project.

If you are a solo kitchen entrepreneur, you can do this exercise on your own by sketching your ideas in writing. Try to test them out on others and ask for feedback.

1. Reflect on the question “What does success look like?” In small groups, ask each participant to paint a picture with words and then discuss the ideas that resonate in the larger group.
2. During the brainstorm phase, stay open to a variety of responses and try not to get hung up on wordsmithing or perfecting the ideas.
3. Try to brainstorm the impact you want to have separately from the solutions you think will get you there.
4. Go deeper by asking follow-up questions such as: *What would that mean? Why is that important to you? What impact could that have on our community? What problem are we solving?*

Once you have finished brainstorming, begin refining the ideas. This can be done in the same or a separate session, depending on how long the brainstorm takes.

1. Try to classify your goals into buckets, such as personal, organizational, entrepreneurial, community, economic development, and food system. These broad themes will help everyone see the big picture and will help you identify key partners and potential funders.
2. If you have several goals, reflect on whether you feel you can achieve all of them or if they should be prioritized. While a shared kitchen/incubator can be a tool for achieving a variety of outcomes, attempting to do too much in the beginning can reduce your chance of success. Consider focusing on priority impacts and expanding your vision over time.

As your project evolves, you should return to your goals frequently to reflect on how your plans are aligning with your goals. Place your goals somewhere prominent, so you and your team can see them easily and often. Remember to review your goals periodically and iterate as needed, as you gain new insight.

### Crafting Your Vision and Mission

Once the project goals have been clarified and there is consensus among the project team and stakeholders about the desired impact of the kitchen, it is a good idea to craft preliminary mission and vision statements for your project or new organization. This gives everyone involved a succinct message about the purpose of your project.

Mission statements are common for both nonprofit and for-profit endeavors, and vision statements are used more by nonprofit and social enterprise organizations. The two statements are closely related but distinct. A vision statement is a concise expression of what benefits your project would bring, while a mission statement clarifies the core purpose for the organization.

Numerous nonprofit resources are available online or through regional nonprofit assistance centers to help you write your mission and vision. At the early stages it is best not to spend too much time trying to craft the perfect statement. This painstaking process can dampen enthusiasm and the statements may change as the project evolves. A simple statement that expresses your overarching purpose will suffice in the beginning. Try to avoid using jargon or buzzwords that may confuse or alienate people unfamiliar with the industry.

### Creating a Strategy Screen

As you explore opportunities, a strategy screen can help you discern if a particular option will serve your vision or distract you from it. A strategy screen is a tool that helps make your decision-making criteria explicit. If you are part of a team, network, or community-based project, developing a strategy screen will build consensus about the criteria for action and make it easier to collectively evaluate choices. A strategy screen also helps you articulate the logic of your choices to stakeholders in the future. It is best to develop a strategy screen early in your planning before you are faced with complex or contentious decisions. A strategy screen is usually three to five criteria listed as evaluation questions, such as *“Is it consistent with our mission?”*, *“Will it contribute to our impact goals?”*, or *“Will it be financially sustainable?”* When you are faced with a strategic decision, you use these questions to reflect on how the choice will further your aims either through discussion or a scoring system. See resources from the Nonprofit Strategy Revolution by La Piana Consulting for further guidance on developing your strategy screen.<sup>100,101,102</sup>

### Developing Outcomes

The positive impacts of the project are often referred to as *outcomes* in the nonprofit and public sectors. If you are seeking funding or working with public or institutional partners, you will want to develop outcome statements that you can use to measure your success. Outcomes are similar to goals but are more specific, narrow and measurable. If a goal is what you aim to do, an outcome is the impact you will have if you are successful in your goal.

<sup>100</sup> <http://lapiana.org/insights-for-the-sector/insights/strategic-planning/the-strategy-screen>

<sup>101</sup> The Nonprofit Strategy Revolution book: <http://lapiana.org/insights-for-the-sector/insights/strategic-planning/rtsb-books>

<sup>102</sup> Strategy tools: <http://www.turnerpublishing.com/files/uploads/NPStrategyRev-Tools.pdf>

It is important to align your outcomes with those of the businesses you serve in order to have the greatest impact. The success of a kitchen is dependent on the success of its clients, and reflected by business success metrics, such as increased revenues. Check out resources from Outcomes Toolbox and Urban Institute for more information about outcomes.<sup>103,104</sup>

### Measuring Economic Impact

Economic outcomes are often measured through economic impact (EI) analysis which quantifies the benefits of a project to the local economy. EI measures the increase in economic activity that can be attributed to the project in terms of indicators such as jobs, revenues, and taxes. Economic impacts are critical metrics for the success of incubator and community economic development projects and are often used in funding decisions. Funders who want to invest in projects that will make a catalytic contribution to the economy of an area, improve opportunities for a segment of the population, or expand a market will look to economic metrics to measure this impact. Funders often require projects to report on their direct economic impacts during the funding period and may request projected economic impacts at the outset of a project.

The project's direct impacts are things like the number of businesses started, jobs created, or revenues earned. A kitchen or incubator program can track and report these direct impacts by asking their clients to report on specific business metrics periodically. To accurately report this data, you will want to collect baseline data when the client joins the kitchen so you can measure the

change over time. Therefore, it is best to identify your economic outcomes before you launch your program and integrate these into your client application and data management systems. Also, you will want to set clear expectations with clients about their need to share this information from the beginning. For additional guidance, check out the toolkit, *Measuring Your Business Incubator's Economic Impact* published by InBIA.<sup>105</sup>

If you want to demonstrate the full ripple effect your project has in the local economy, you will need to measure the secondary effects, known as indirect and induced impacts. These reflect the chain reaction that results when the direct impacts, such as increased business and personal spending, spur additional economic activity. Indirect and induced impacts are generally calculated by economists, economic development agencies, academics or consultants using an economic multiplier methodology known as an Input-Output Model. Economic impact software programs can help simplify the analysis for those familiar and trained in the methodology.<sup>106,107</sup>

In general, the cost involved can put a total economic impact analysis out of reach for kitchen projects. However, large-scale projects and those involving public funding may find it worthwhile to invest in a professional economic impact study to demonstrate the benefits of the project. You may also be able to work with local colleges and universities to develop an economic impact study as a research project.

<sup>103</sup> Outcomes Toolbox: <http://outcomestoolbox.com/faqs-about-outcomes/>

<sup>104</sup> Urban Institute Outcomes Indicators Project: <https://www.urban.org/policy-centers/cross-center-initiatives/performance-management-measurement/projects/nonprofit-organizations/projects-focused-nonprofit-organizations/outcome-indicators-project>

<sup>105</sup> <https://inbia.org/product/measuring-business-incubators-economic-impact-toolkit-pdf/>

<sup>106</sup> IMPlan is a commonly used software for measuring economic impact: <http://www.implan.com/>

<sup>107</sup> Authors have no affiliation with resources referenced.

## Engaging Your Community

If your project is community-based, it is wise to begin engaging stakeholders and cultivating community support early in the planning process. Community outreach events can be helpful tools for gathering input, learning about community needs and discerning support for a kitchen project in the community. They help ensure your project reflects the priorities of the local community, make your project vision more inclusive, and create new opportunities for collaboration and partnerships. Outreach events are also a great way to discover potential volunteers, committee members, and champions for the project. Outreach is especially important in the beginning, but it is important to cultivate engagement throughout your project to lay a foundation of support for the kitchen when it opens.

It can be easy to underestimate the time and resources that an effective engagement process requires. Sketching out an engagement plan with a timeline and budget will help you know what to expect and seek the help you may need. See the [funding](#) chapter for information about planning grants that may be available to help fund your outreach activities.

In the beginning, try to resist the urge to promote a specific facility plan until you have gathered feedback and conducted market research. If supporters are sold on a particular model before you have validated that it is what entrepreneurs and businesses need, and determined it will be feasible to develop, it can be difficult to pivot to other options without losing support.

There are a number of different approaches to organizing initial community outreach for a kitchen:



Community visioning workshops and listening sessions are a great way to discover challenges and opportunities in your community.



Inviting academic or research partners to present an overview of your local food system and/or entrepreneurial ecosystem can deepen understanding of the community's potential and spark ideas.



Inviting a kitchen manager from another program to discuss their kitchen can give stakeholders a solid understanding of what a shared kitchen/incubator looks like so they can give feedback.



Hiring a consultant to discuss models and trends in food systems, shared kitchens, incubation and workforce training can help stakeholders see how other communities have benefited from these projects and generate excitement.



Working with an elected official, government office, or university to sponsor a summit or workshop can raise the profile of your effort and demonstrate public sector commitment.



Collaborating with existing food systems or entrepreneurial ecosystem organizations will expand your community reach and encourage a collective impact approach to achieving shared goals.<sup>108</sup>

<sup>108</sup> <http://www.collaborationforimpact.com/collective-impact/>

## 4 Embarking on the Planning Process

When developing your outreach, think about the needs of different entrepreneurs, producers, and workers in your community. Recruit translators for immigrant populations and publicize the availability of these services. Offer childcare for evening and weekend meetings to encourage parent entrepreneurs to attend. Include food to meet the needs of busy business owners. Offer alternate communication channels for people who cannot attend meetings or are not comfortable speaking in groups. Partnering with organizations that serve diverse segments of the local community, and developing diverse leadership within your organization can make your outreach more inclusive. For example, the Food Innovation Network (FIN) engages their diverse immigrant communities with the help of Community Food Advocates. These Advocates are leaders in their communities and within FIN. They provide pivotal support to FIN's incubator planning and programs by encouraging community members to participate in events, recruiting focus group participants, and sharing community insights with FIN leadership.<sup>109</sup>

### Gathering Feedback

Whichever engagement approach(es) you take, be sure to create ample opportunities for the community to give input. You want to give people the chance to share their ideas, challenges, and values so your project is responsive to local needs. Here are some tips for gathering this feedback:

- ✔ **Know what you need to learn.** Brainstorm the input you most want to gather from the community and stay focused in your planning.
- ✔ **Develop open-ended discussion questions.** Help spark meaningful conversations or thoughtful comments with open-ended questions that invite participants to share their knowledge and ideas, such as "What

are the needs of entrepreneurs in our community?" or "What can we do to support the viability of small farms in our area?"

- ✔ **Recruit facilitators for meetings.** Consider using professional facilitators for larger groups to ensure all participants are afforded an opportunity to speak. If the outreach is part of a feasibility study, the consultant may take the lead in designing or facilitating the meeting. If you do not have the funds to hire someone, look for volunteer facilitators among nonprofits in your community. See the facilitation tips in the [focus group](#) section if you are new to facilitation.
- ✔ **Invite groups that share your goals or serve your anticipated client types.** Think broadly about those who have knowledge of your clients' needs or share your goals in the community. Encourage them to share their knowledge and input. Request their help with outreach.
- ✔ **Take notes.** Remember to plan ahead for how you will save the feedback. Use notetakers (written or visual) or written submission forms to create a record of the feedback and ideas. You will want to revisit the feedback and potentially cite it as support for your project in the future.
- ✔ **Get the word out.** Leverage social media, traditional media, and postings to spread the word. Send press releases to local media in advance. Ask to be posted on Upcoming Events lists maintained by local media.

The insights you gain will be integral to focusing your research efforts in the next stage. With clarity on your goals and feedback from your community, you can begin studying the need for shared kitchen space and developing your kitchen business model.

<sup>109</sup> <https://foodinnovationnetwork.org/about/>



## Understanding Your Market

Successful kitchens and incubator programs are grounded in a strong understanding of community and client needs. While it can be tempting to primarily focus on the facility design and funding when planning a kitchen, the most critical element is understanding your market. Surveying client needs and identifying existing kitchen space in your community enables kitchens to validate whether there is a need for the facility and enough demand to support it. This market research will inspire creative, local solutions and guide subsequent planning decisions about the kitchen design and programming.

Robust market research early in your planning process will provide many benefits. It will:

- ✔ Ensure your design is responsive to the needs and wants of clients in your community.
- ✔ Tell you if there is enough demand to warrant moving forward with development before too many resources have been expended, or alternatively, if the scope of the project should be changed.
- ✔ Encourage you to revise ideas or pivot early in the design process before you and stakeholders are invested in a specific solution, leaving room for greater innovation.
- ✔ Provide you with the project parameters needed to advance to further planning.
- ✔ Give you clarity of who you are serving and confidence that the facility will be the right fit, which will help you garner support and funding for the project (if desired).

There is a wide range of practices among shared kitchens and incubators in conducting market

research for a new kitchen. Projects initiated by public agencies and nonprofits often use outside consultants to conduct feasibility studies or market assessments. Entrepreneur-led projects often conduct their own research of the market opportunity through pre-development marketing and interviews. While some founders put a lot of stake in this research, others undertake it primarily to qualify for funding.

Fundamentally, a shared kitchen/incubator is successful only if its clients are successful. This means that kitchen success requires understanding how entrepreneurs and producers define success and what stands in the way of them achieving it. Yet some kitchens fail to invest in understanding their clients, markets, and food systems prior to building a kitchen, and this increases the likelihood of failure.

Founders who do not have experience with business or development may not understand what market research is or how to conduct it. This inexperience can lead them to undervalue it. There are several common misunderstandings that lead founders to underinvest in researching their markets. They include the following:

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- *We do not need to do market research because we are not trying to make a profit. There is no shared kitchen in my area, so I know there must be a need for it.*
- *Market research is too expensive.*
- *I cannot afford a feasibility study or consultant, so I cannot do market research.*
- *The best time to do market research is after we have decided what we are going to build.*
- *The primary goal of market research is to convince other people to give us money.*

This chapter aims to address these misunderstandings by explaining the value of market research and demystifying the process of researching your market and prospective clients. It provides guidance on how to investigate entrepreneur and producer needs, definitions of success, and demand for shared kitchen rentals.

### Feasibility Studies

Formal feasibility studies provide an objective analysis and recommendation about the feasibility of a potential project. They answer critical questions about whether the project is likely to succeed, including whether there is a need and sufficient demand for a facility and/or service; whether it can be financially sustainable or what support is needed; and whether there is sufficient management capacity and stakeholder support. Feasibility studies are an independent assessment of the viability of the project that conclude with a *go/no go* recommendation about whether or not to move forward. This means the authors sometimes conclude that the project should not move forward. While the scope may differ between studies, feasibility studies generally answer the following questions:

- ✓ Should we build it?
- ✓ Is there enough demand for kitchen space to support it?
- ✓ Will it be financially viable?
- ✓ Will it be self-sufficient?
- ✓ Is there political/stakeholder support for the project?
- ✓ How much will it cost to build?
- ✓ Will it achieve the goals of the owner and stakeholders?

The scope of the study may be more extensive if the project is spearheaded by nonprofit, public sector, or institutional entities with the goal of achieving social, economic, or food systems impacts, such as poverty alleviation, job creation, or improved farm viability. For these projects, the study often includes a needs assessment that evaluates the barriers entrepreneurs, small businesses, and producers face, their business support and capital needs, and the resources available in the support ecosystem. The study will also evaluate the project's potential social and economic impacts and may include economic impact projections. Additionally, these studies may look at the project's funding outlook and make recommendations on potential funding sources. Nonprofit and public projects often find that the objective validation provided by the feasibility study is a valuable tool for garnering support and funding for the project.

The best time to complete a feasibility study is during the planning stages after some initial work has been done to develop shared vision and goals for the project. If the project leaders and stakeholders do not have consensus or clarity on the project goals, then it can be difficult to get meaningful feedback from a feasibility study. It may be more effective to engage stakeholders and spend time clarifying the project's objectives before undertaking the study.

If the project team or community members have several ideas but not enough information to focus the project, commissioning a more

general needs assessment first can be an effective approach. This will provide insights into entrepreneur and producer needs, opportunities in your market/community, and recommendations for which direction to go.

Community or public sector projects sometimes use a wider lens, recognizing that kitchens are only one component of developing a thriving entrepreneurial ecosystem and food system in their community. They may commission other related studies that answer valuable questions about broader community needs and investments that could make a positive impact in the community. Projects that have multiple facility or program components, such as retail and food access, may also warrant additional study. These studies can include:

- Entrepreneurial ecosystem study
- Food system assessment
- Food access study
- Food Innovation District (FID) study
- Food cluster study
- Retail market study
- Value chain map
- Asset map
- Network analysis and map
- Economic impact study

### **Determining if You Need a Feasibility Study**

Feasibility studies can be valuable to most any project because they provide analysis of your market and expert feedback about the prospects for success. However, they may not be a practical option for all projects. Feasibility studies are generally most valuable for the following types of projects:

- **Funding.** Projects seeking outside public or philanthropic funding.

- **Public Partnerships.** Projects where a public entity or educational institution is developing the facility or contributing resources, such as land in a public-private partnership.
- **Capital.** Development projects requiring significant capital investment and/or sizeable operating budgets.
- **Capacity.** When the project team does not have the expertise or capacity to assess needs, market demand, and financial viability.
- **Objectivity.** When objectivity is important and a third party is needed to validate the project, weigh in on different visions, or gather candid feedback about stakeholder support for the project.

While feasibility studies are valuable tools of due diligence, they may not be the right option for all projects. A feasibility study may simply be out of reach if there is insufficient funding to pay for one and the prospects for finding funding are poor. Sometimes this is a matter of timing, and more effort needs to be put into gathering support and funding for a study. In other cases, chasing funding can stall the project, and it may make more sense for the team to start their own market research and business/producer engagement.

If the founder is either an entrepreneur or a set of private partners developing a for-profit kitchen enterprise without public or philanthropic funding, a formal feasibility study may not be necessary. While a feasibility study may still be informative, the founders should evaluate whether a formal report is needed. If not, the resources may be better spent directly on market research and hiring industry advisors as budget allows.

It is also important to realize that feasibility studies will provide objective feedback about the prospects for the project, and the founders and key stakeholders must be prepared to hear, “No, the project is not feasible.” If the team is

not open to this feedback, then it may not make sense to undertake a study. In these instances the founders may be looking for a promotional document instead and should clarify their goals. In all instances where a formal feasibility study is not done, it is important to invest time and resources into thorough market research and management planning before moving forward.

### **Tips for Preparing for a Feasibility Study**

**Do Your Homework.** Before investing in a new study, first research all the related studies that may have been completed by local agencies and organizations to make sure you are not duplicating work that's already been done. Sometimes, previous studies will answer critical questions and provide a foundation for the consultant's research.

**Make a Commitment.** Devote both time and financial resources to support the study.

- A study will typically take three to six months, not including the proposal and interview period, and will require time from founders and key stakeholders.
- The cost of the study will vary considerably depending on the experience/expertise of the consultant, the scope of the project, and the travel expenses involved. It will typically range from \$15,000–\$60,000.

**Scope It Out.** Define your objectives and develop a clear scope of work outlining what you expect to be included in the study. Be up front about your budget so consultants' proposals meet your constraints.

**Gather Proposals.** Prepare a Request for Proposal (RFP) and solicit proposals from multiple consultants and organizations. Ask for work samples and references to evaluate the quality of their work.

**Hire an Expert.** Hire a qualified consultant who is knowledgeable about shared kitchens

and incubators. A study completed by an unqualified party can raise doubts and may not be accepted by some funders.

**Support the Consultant.** Create a study advisory board to support the study. Gather a list of stakeholders, entrepreneurs, and community leaders to be interviewed and assist the consultant in gaining access to these individuals. Support the consultant in gathering survey responses, if needed.

### **Conducting Market Research**

Before developing a kitchen space and an incubation program, it is essential to understand the market for the space and services you plan to offer. If you are not hiring a consultant to conduct a feasibility study you will need to undertake three key areas of research:

1. **Food business and/or producer needs and goals.** This is done through a variety of customer engagement methods.
2. **Demand for the space provided and supply of other kitchen spaces.** This is done through real estate market research.
3. **The services needed and the demand for these services in your market.** This is done through ecosystem analysis and client needs assessment/market research.

Even if you are hiring a consultant, it is a good idea to engage in some research to get first-hand knowledge of your prospective clients and market. This will help you develop a profile of your target renters, refine your value proposition, and design your kitchen solution.

**Market research is part art, part science, and part experience.**

There is not a single surefire way to measure demand for a shared kitchen. It requires compiling information from a variety of sources and

interpreting it based on experience and market trends. While this can take some work, it is time well spent to ensure the success of your project. Your market research will inform every aspect of your project plan, from your facility design and equipment, to your services and programs, to your financial forecasts. The most common ways to assess entrepreneur/business needs and their interest in a shared kitchen/incubator is through a combination of surveys, interviews, focus groups, and industry research. Determining the market for shared commercial kitchen space will involve researching the supply of kitchen space, local real estate conditions, and other factors that could affect utilization of the facility.

### Surveys

Surveys are the most commonly used tool for assessing interest in shared kitchens for kitchen projects. They have several important advantages:

- The results can be quantified, making it easier to summarize the responses and illustrate the need to funders and stakeholders. Online survey tools that tally results, such as Qualtrics, SurveyMonkey, Google Forms, and Facebook Surveys, make this task easier.<sup>110,111,112,113,114</sup>
- They are generally inexpensive to develop and disseminate, particularly if networks can be leveraged to reach the target respondents.
- Fairly detailed information can be gathered in a quick and confidential way.
- Surveys can reach entrepreneurs who do not have time or interest in attending community meetings or focus groups. Social media is often a good tool through which to distribute surveys.

Surveys also have limitations and should not be the only market research you do. Surveys provide limited insight into qualitative factors such as the motivations and viewpoints of entrepreneurs and producers. For example, questions might ask if the respondent has used any of the existing business support services, but may not uncover the reasons why they haven't or the perceived value of those services. Therefore, it is best to utilize surveys together with interviews and/or focus groups to add depth to the survey responses.

Survey data will help you understand your core customer needs and the amount of unmet demand for kitchen space in your community. The responses can help you gauge interest, but remember that most survey respondents will not translate directly into kitchen clients. Some people will express interest because they aspire to start a business but are not ready or they may move on to other facilities before your kitchen opens.

### *Tips for Developing Your Survey*

- Use opening questions that help screen target respondents and classify them into meaningful groups, such as caterers, packaged food businesses, food truck operators, etc., to help you understand what different business types are looking for.
- Consider using an online survey tool that has skip and display logic capabilities so questions are customized to earlier responses, and respondents only see questions that are relevant to them. This will help to increase the completion rate.

<sup>110</sup> <https://www.qualtrics.com/lp/survey-platform/>

<sup>111</sup> <https://www.surveymonkey.com>

<sup>112</sup> <https://www.google.com/forms/about/>

<sup>113</sup> <https://www.facebook.com/>

<sup>114</sup> Authors have no affiliation with resources referenced.

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- Ask what stage of business they are in (idea, start-up, number of years, etc.) to help you interpret the results.
- Collect contact information from those who are willing. You can use it to invite them to interviews and focus groups, and it will be the start of your mailing list for events, classes, or other activities.

### *Tips for Reaching Survey Respondents*

- Join social media groups and discussion forums on platforms such as Facebook, LinkedIn, Meetup, and Craigslist to connect with foodies, food businesses, entrepreneurs, and other supporters.
- Make connections with local groups or agencies that come in contact with your target audience. Great places to start are the county Cooperative Extension office, community college business school, downtown business authority, small business development agency, or industry and trade groups. The local health department may also be able to provide you a list of new businesses that have registered in your city or county.
- Cultivate a social media following and newsletter mailing list of food entrepreneurs and businesses and disseminate helpful content to keep them engaged.
- Consider using the targeting capabilities of Google and Facebook ads (and post boosting) to reach entrepreneurs you may not otherwise be able to find.
- Consider purchasing a survey panel from a survey tool provider, and choose the criteria that fit the type of respondents you want to hear from.
- Use social media to search for informal, cottage, and home-based businesses and message them.
- Take out ads in local food-related publications to publicize your survey.
- Attend farmers markets and collect surveys from interested vendors.
- Contact chambers of commerce, neighborhood business associations, economic development offices, small business development centers, business educators, and entrepreneur networking groups.
- Ask businesses where entrepreneurs/producers may shop, such as restaurant supply stores, feed stores, or wholesale grocery outlets, to help you promote or distribute the survey.
- Reach out to service providers in your area who may have relationships with other businesses, such as business advisors, small business centers, accountants, lawyers, designers, etc.
- Translate your survey into different languages to reach diverse populations.
- Build relationships with diverse cultural, religious, and community groups whose leaders can serve as ambassadors to new communities. Leave sufficient time to build relationships, and for these networks to disseminate information through their channels, such as newsletters.

### **Interviews and Focus Groups**

Interviews and focus groups give you the opportunity to understand the business challenges and needs from the target audience's perspective and give you insight into what solution the audience prefers. Interviews are usually done with one person at a time, while a focus group enables you to hear from several people at once. A focus group is more than a group interview, however. It is an interactive listening session that allows participants to respond to your questions and each other's remarks in a setting that feels natural. Some of the best insights often arise in the conversations between participants.

Focus groups and interviews complement surveys. They allow participants to share information and feelings in their own words and enable you to follow up with clarifying questions. The goal of doing interviews and focus groups is to learn not just about needs, but about the motivations and perspectives that inform their decisions. Through interviews and focus groups you can glean information about entrepreneurs/business owners' aspirations, experiences, perceptions, and challenges that will inform the facility and services you develop. The information collected with these methods is generally not meant to be quantified like a survey. It is intended to add additional insight and dimension.

Interviews and focus groups are especially helpful for projects where there has been limited engagement with or limited research on the prospective kitchen clients. Unless your group has extensive contact with the intended target entrepreneurs or already has conducted relevant research, it is important to have conversations with potential clients as part of your planning. If your group is endeavoring into new territory, such as offering business services for the first time, or focusing on a different client type, you will want to take time to understand the needs and perspectives of entrepreneurs and producers early in the process. If you have the resources within your team or network to conduct a focus group, it can be a rich source of insight. If you are planning the project on your own, it may be easier to conduct individual interviews.

### **Getting Help with Focus Groups**

Projects with sufficient funding can benefit from professional help with focus groups. Bringing in a third-party facilitator can ensure the objectivity

needed for a successful discussion. Market research firms, consultants and professional facilitators are generally skillful in the process. Projects with limited planning budgets can conduct their own focus groups with the help of volunteer facilitators or partner organizations. Look for volunteers and partners among organizations that share your project goals, such as economic development agencies, food policy councils, universities, or local business networks. These organizations may also be able to provide helpful referrals to participants looking for resources. You may also have a nonprofit in your community focused on community engagement, facilitation, and/or community leadership development that can provide support. If you are organizing your own focus group, take advantage of online resources to learn more about focus group management, facilitation, and how to form good questions.<sup>115,116</sup>

The heart of any interview or focus group is good questions that elicit the information you are looking for. Use open-ended questions that gather insights on feelings, ideas, beliefs, and perceptions, and are free of judgments. Avoid "yes" or "no" questions, except for clarification. Ask "why" and "tell me more about that," to encourage participants to dig deeper. Refrain from steering participant answers through leading questions or assumptions.

### **Interview Tips**

- You can identify potential clients to invite through many of the outreach methods described previously in [Tips for Reaching Survey Respondents](#).
- Be prepared to do impromptu interviews wherever you may run into entrepreneurs or producers willing to chat.

<sup>115</sup> Office of Quality Improvement, University of Wisconsin–Madison. (2007). *Facilitator Toolkit: Guide for Helping Groups Get Results*, Retrieved from <https://oqi.wisc.edu/resource/library/uploads/resources/Facilitator%20Tool%20Kit.pdf>

<sup>116</sup> Lipmonawicz, Henri, & McCandless, Keith. (2014). *The Surprising Power of Liberating Structures: Simple Rules to Unleash a Culture of Innovation*.

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- Draft open-ended questions in advance (see tips above).
- Prioritize your questions in case there is not time to ask them all.
- Focus on listening objectively and asking follow-up questions that demonstrate interest and empathy.
- Listen to what they are saying, not what you think they are saying.
- Be careful to not spend time pitching your kitchen or telling them what they need. This can discourage them from providing candid feedback.

### **Tips for Successful Focus Groups**

- Offer a small incentive or thank you, such as a gift card, to encourage participants to attend.
- Establish groups of up to 10 participants per facilitator and seat everyone in a circle or table format that allows for interaction.
- Use a recorder (with permission) or have a notetaker for each group.
- Draft open-ended questions in advance (see above).
- Prioritize your questions in case there is not enough time to ask them all.
- Keep responses anonymous when using information gathered.
- Allow the conversation to develop naturally and follow meaningful trains of thought that are “off script.”
- Encourage the conversation to be interactive and free-flowing between participants.
- Make participants feel comfortable by providing beverages and easy-to-eat snacks.

### **Facilitation Tips for Focus Groups and Community Meetings**

- Encourage different perspectives to be expressed and create space for different experiences or opinions, but do not allow participants to slip into debate.
- Avoid the temptation to provide advice or jump into problem-solving.
- Refrain from promoting or “selling” participants on anything, including your project. You are there to learn from them. If you wish to include a resource-sharing component to the event, do that at a separate time after you have gathered input.
- Pay attention to nonverbal responses and clarify these verbally as needed.
- Express interest in a neutral manner and avoid giving the impression there is a “right” answer. Refrain from comments and expressions that show praise or disapproval of participant responses, such as head nodding.
- Limit the use of examples that can make people feel there is a “right answer.”
- Be sensitive to cultural context and careful about cultural assumptions and industry jargon.
- Encourage the conversation to go deeper by asking clarifying and follow-up questions.
- Summarize or paraphrase answers periodically, particularly longer ones, to demonstrate active listening and refocus the conversation.
- Manage the time carefully and redirect diversions with phrases like, “Thank you. Perhaps we can discuss that in another session.”



- Tactfully manage any challenging group dynamics. Here are some suggested approaches for handling specific character types found in a group from the article, *Guidelines for Conducting a Focus Group* by Eliot & Associates:<sup>117</sup>
  - Self-appointed experts: “Thank you. What do other people think?”
  - The dominator: “Let’s have some other comments.”
  - The rambler: Stop eye contact; look at your watch; jump in at their inhale.
  - The shy participant: Make eye contact; call on them; smile at them.
  - The participant who talks very quietly: Ask them to repeat their response more loudly.
- Study additional tips on organizing and conducting focus groups.<sup>118,119</sup>

Entrepreneurs and community members who attend focus groups and community meetings are often in search of resources to support their businesses or entrepreneurial aspirations. Co-hosting with community organizations that provide relevant business or economic opportunity services (business planning, job training, microloans, culinary training, etc.) can be an excellent way to provide valuable resources to event participants in exchange for their insights. In addition, co-hosted and sponsored events are an opportunity for you to strengthen your network with organizations that share your vision and may be a source of referrals after your facility opens. Sometimes these organizations can also help underwrite event costs.

## Local Market Conditions

It is essential that you analyze market factors that influence demand for your kitchen space, even if your kitchen will be run as a nonprofit facility. If you are charging a fee and counting on that fee to pay the bills, you want to be sure there is enough demand for what you are offering. Kitchen utilization is also key to achieving strong outcomes. To assess your market you will want to look at:

- ✓ **Interest.** The level of interest among target client types (entrepreneurs, producers, expanding businesses, etc.) gleaned from your surveys and interviews/focus groups.
- ✓ **Competition.** Other shared, commissary or community kitchens in your area, as well as alternative production options available to your clients.
- ✓ **Real Estate Conditions.** The overall market for commercial space in your area.
- ✓ **Entrepreneurial Activity.** Trends in food business growth in your area.
- ✓ **Headwinds.** Other factors that could impact demand, such as regulatory changes in food safety and licensing requirements, challenges to formalizing home-based businesses, lack of business support services, hurdles to accessing markets/buyers, etc.

Kitchens that fail to understand these market factors are more likely to have insufficient utilization and fall short. Many kitchens underinvest in this research because hiring a consultant can be expensive and founders may lack experience with market data. In this Toolkit, we aim to give you tips to get you started and make the process

<sup>117</sup> [https://datainnovationproject.org/wp-content/uploads/2017/04/4\\_How\\_to\\_Conduct\\_a\\_Focus\\_Group-2-1.pdf](https://datainnovationproject.org/wp-content/uploads/2017/04/4_How_to_Conduct_a_Focus_Group-2-1.pdf)

<sup>118</sup> <https://njaes.rutgers.edu/evaluation/resources/focus-groups.php>

<sup>119</sup> [https://lib.dr.iastate.edu/extension\\_communities\\_pubs/12/](https://lib.dr.iastate.edu/extension_communities_pubs/12/)

less intimidating. However, this is an area where bringing in a consultant or volunteer advisor can be very helpful and save you money in the long term.

### ***Defining Your Market Area***

When researching your real estate market, start by first defining what geographic area you are likely to draw clients from. This market area will be important to analyzing the potential demand. Consider typical driving distances in your area for the kind of clients you hope to attract, which may be different for rural areas or neighborhoods subject to heavy traffic. Your market area could be a few ZIP codes or an entire city, county, or metropolitan region, depending on your facility, geography, and target business types.

### ***Analyzing Your Competition***

Holistically speaking, your competition is other shared or commissary kitchens as well as all the other options clients have for producing their product. These other options are the alternative spaces and methods for meeting their production needs, such as cooking at home, utilizing a friend's restaurant, or hiring a co-packer.

Start assessing your competition by looking for other shared or commissary kitchens in your area and evaluating what they offer. There are a number of different types of kitchens that businesses rent from that could be competition for your space depending on your target business types and their stage of business. You will want to look into:

- For-profit and nonprofit shared kitchens, incubators, and food innovation centers.
- Caterers and packaged food businesses that rent their extra time or space.
- Commissaries designed for food trucks or carts.
- Community kitchens such as community centers, event spaces, and religious centers that can be rented to entrepreneurs.
- Nonprofit meal programs or workforce training facilities that rent their spaces after hours.
- Restaurants and cafés that rent kitchen space when they are closed.

Remember that rental kitchens sometimes do not advertise or market their space, particularly if they are a food business or community facility renting extra space during off hours. Take time to search for them so you understand the landscape of kitchen options in your community. This will help you evaluate the supply of kitchen space and develop plans that position your kitchen as a unique offering in your community.

### **Tips for Researching Existing Shared Kitchens in Your Market:**

- Start by looking at kitchen rental sites like:
  - [cookithere.com](http://cookithere.com)
  - [commercialkitchenforrent.com](http://commercialkitchenforrent.com)
  - [culinaryincubator.com](http://culinaryincubator.com)
  - [thefoodcorridor.com](http://thefoodcorridor.com)

Keep in mind that listings may not be up to date, so you should verify the information.

- General keyword searches for commissary, licensed, shared, or rental commercial kitchens may turn up more spaces.
- Look at classified ads such as [craigslist.org](http://craigslist.org) and [offerup.com](http://offerup.com). They often include restaurants and food businesses that rent their kitchens when not in use.
- Ask entrepreneurs at farmers markets, craft fairs, food trucks, etc., where they produce their food and if they know of any shared kitchens in your area. If they are familiar with any kitchens, ask about their experiences or impressions.

- Contact community kitchens in community centers, senior centers, churches, and event centers and ask if they rent space to entrepreneurs for production (not just for on-site events).
- Inquire with your local licensing agencies such as city/county public health and state agriculture departments for referrals to shared kitchens.
- If you are having trouble finding kitchens and are comfortable with spreadsheets, you can make a public records request to your local licensing agencies for the names and facility addresses of business types you are interested in (caterers, food trucks, packaged foods, etc.). Depending on the size of your market area, the data can be time-consuming to sort through, but can identify clusters of businesses at the same address that may indicate businesses are sharing a kitchen. It can also give you a sense of how many of your target businesses there are. By requesting a few years of records, you can look for trends in the number, types, and locations of businesses.

Once you have identified these kitchens, research the following:

- **Rates and Pricing Structure.** Do they rent hourly or monthly? What are their rates?
- **Characteristics.** What facilities do they offer? What scale of production do they accommodate? What is the desirability of their location in terms of access to suppliers, markets, parking/ transportation hubs, and security? How clean is the facility? Is the space pleasant to work in?
- **Target Businesses.** Who are the primary types of renters in the space? Are they the same business types you anticipate serving at your facility?

- **Demand.** How full are they? Is there a growing or declining number of shared kitchens in your market over the last few years? If kitchens have closed, what are the reasons why?

Keep notes of this research and reflect on how well the current options are meeting the needs of entrepreneurs and producers. Compare these findings to your surveys and interviews. How well is demand meeting supply? Are there gaps in what is available? Are the current offerings unappealing or unworkable in some way (such as high rates, inadequate sanitation, or lack of truck facilities)? How can you improve on what is available and eliminate some of the key pain points for your target businesses?

You want to look for opportunities to differentiate your facility from others in the area. This may be by offering specialized equipment, serving a different type or scale of entrepreneurs/ businesses, or by offering something that is superior to what is available. Some kitchens have found that by differentiating from existing kitchens in the types of businesses they serve, they are able to create collaborative referral relationships with other facilities in their area and better withstand competition from new facilities.

Take notes on your ideas and research findings; you will summarize them in your [business plan](#) and [marketing plan](#).

### ***Investigating Factors That Diminish Demand for Kitchen Space***

There are a number of economic and cultural factors that can reduce the utilization of shared kitchen space that should be evaluated by all projects, but especially by those without direct competition. A common mistake founders make is to assume that if there is not a shared kitchen in their community, there must be demand for one. A market that does not have shared

commercial kitchen space may be an exciting opportunity, or it may be a sign that there is not enough demand for a kitchen. If you discovered there are no direct competitors in your market (such as formal shared kitchens or incubators), or that existing kitchens are not well utilized, you should seek to find out why that is and carefully assess the demand for kitchen space.

Similarly, if you are offering a below-market rate rental, you should not assume that there will be demand simply because entrepreneurs and producers cannot afford other kitchens. Entrepreneurs have formal and informal options and are savvy problem-solvers. Try to look at the choices from the entrepreneurs' perspective so you can discern how they value shared kitchen space and whether they will use it.

Use the following questions to identify factors that could impact utilization of your kitchen. If there is a lack of shared kitchen space in your area, investigating these factors will help you understand why.

- **Entrepreneurial Activity:** Is there a limited number of new food businesses or a lack of entrepreneurial activity in the community? This could indicate that the market for commercial kitchen space is too small to support a shared kitchen in your area. You may need to work with community partners to provide more services and supports to build an entrepreneurial pipeline before opening a kitchen.
- **Informal and Home-Based Businesses:** How easy is it for businesses to make food at home? How permissive are cottage food laws? What is the culture around home food production and licensing compliance in your area? If food made at home can easily be sold to the public, then businesses may find less need for a shared kitchen until they have outgrown their home kitchens or seek

to move into formal markets where buyers will expect the business to be licensed.

- **Commercial Kitchen Costs:** What does it cost for someone to convert a space into a commercial kitchen in your area? Does zoning allow people to build kitchen facilities on their residential property, such as in their basements and garages? Is real estate and construction relatively inexpensive in your market? Are there commercial food service properties available on the market? If converting a space to a kitchen is relatively affordable, it could reduce the need for shared kitchen space. High real estate costs, restrictive zoning, and onerous building and sanitation standards may contribute to demand for a shared kitchen.
- **Consumer Market:** Is there a weak market for local foods or barriers to reaching buyers? Do local codes prohibit food trucks and other street vending? Do residents lack the income to purchase specialty products? Are there farmers markets? Do local retail outlets purchase locally made food? Is there a lack of distributors for reaching markets outside the community? Investigate the outlook for new small food businesses in your community. See if there is enough consumer and buyer demand for locally made foods to support the businesses you want to serve.

### **Entrepreneurial Headwinds**

In general, factors that inhibit the growth of small food businesses could impact demand for kitchen space so it is important to understand the barriers businesses face. These can include lack of access to capital for start-up and expansion expenses, high licensing fees or taxes, unfavorable market trends, restrictive food truck ordinances, lack of skilled workers, etc. Since the kitchen's success is closely tied to its clients' success, it is important to evaluate the potential impact of these factors on the kitchen.

Surveying and interviewing entrepreneurs and researching food industry trends and local policies will help you identify these factors. The Service Planning chapter provides guidance on developing services to address the hurdles businesses face.

You also should stay alert to changes in food safety and licensing requirements that could reduce the need for your space or place limits on who uses it or how it is used. Examples include: expansion of the kinds of products that can be made under cottage food rules, limitations on the number of businesses that can share a kitchen, or requirements for businesses to have designated rather than shared prep areas.

If you discover barriers or conditions in your community that will diminish demand for shared kitchen space, it is a good time to stop and reflect on your options. Check out the Reflecting on Your Findings section for tips.

### **Challenges to Formalizing Home-Based Businesses**

If you are targeting small-scale businesses just starting out, or transitioning from a home-based operation, take time to understand how common informal business activity is in your community. Your goal in this outreach is to determine if there are a lot of informal businesses interested in formalizing, or if there is a culture of informal business activity that may be a barrier to signing up clients.

Informal businesses are those that operate without health or business licenses and generally do not report their earnings on their taxes. There are many reasons why entrepreneurs choose to operate informally, only one of which is a lack of access to affordable commercial space. It is important to try to understand what motivates entrepreneurs to make this choice so you can determine how likely they are to utilize your space. It also will help you clarify what rates, services, or sales opportunities are likely to motivate businesses to formalize.

Formal businesses have access to greater sales opportunities and growth. However, entrepreneurs may face higher costs, more taxes, and less convenience when they formalize. Some businesses may choose to remain informal despite the availability of a facility or other resources you offer. Here are some reasons why businesses operate informally that you will want to consider:

- ✔ **Hobby vs. Business.** Do people consider their food sales more of a side income or a hobby than a business?
- ✔ **Exclusion.** Are informal businesses common due to discrimination and current or historic exclusion from formal markets or banking?
- ✔ **Legal Status.** Do your target entrepreneurs or their families not have legal immigration status and need to operate under the radar? If you are interested in serving immigrant or refugee entrepreneurs, take time to understand how different immigration statuses affect the ability to formalize a business.
- ✔ **Convenience.** Are there reasons (such as childcare, transportation barriers, or geography) why home preparation is preferable to working in a kitchen outside the home?
- ✔ **Culture.** Is there a culture of informal business in the community? Are there ample sales channels for unlicensed food products or a lax enforcement of licensing rules? Are transactions typically done in cash?
- ✔ **Tax Avoidance.** Are entrepreneurs reluctant to report income in order to avoid taxes?
- ✔ **High Fees.** Are licensing fees or business tax requirements onerous for small businesses?
- ✔ **Lack of Support.** Are there barriers to navigating licensing and tax requirements that education or services might help with?

Interviews and focus groups with informal/home-based businesses as well as those who work with them (service providers, sales venues, etc.) will be your best bet for gathering this information. You can often find informal food businesses by looking on social media, Facebook groups, roadside stands, informal markets like craft or holiday fairs, corner stores, and small ethnic food markets.

### ***Local Real Estate Market Conditions and Trends***

Trends in commercial real estate in your market area also play a role in how much demand there will be for your kitchen. If commercial space is in high demand and expensive, then more businesses may be inclined to share space and stay in shared kitchens longer. If commercial space is relatively abundant and inexpensive, or if there are private spaces that can be converted to food facilities fairly cheaply, then businesses may move into their own spaces at an earlier stage and find less value in sharing space.

When looking at real estate trends in your market, look at the following factors:

- What is the availability of commercial real estate? How quickly are places leasing?
- How much does it cost for a food business to rent a space for their production needs?
- What are typical lease terms?
- Are there many spaces available for your target businesses?
- What improvements are required by the licensing agencies (such as venting, wastewater management, plumbing, parking, etc.) to make a space food-ready?
- How many new commercial spaces are being constructed compared to the growth of businesses in your market? Is there a surplus or are you likely to have a shortage?

Commercial real estate market reports from brokers can help orient you to your local market conditions. These will give stats on how long it takes vacant spaces to be leased and what the going rates are for different types of commercial space. Brokers sometimes provide interpretive reports on trends in new construction and leasing in the area. Make sure to consider whether your target location is experiencing the same trends as the larger market area since demand can vary between neighborhoods. You can also reach out to experienced brokerage firms in your area and ask them to share their insights about the options for small food businesses in your area. If you are searching for commercial space for your kitchen then you will also want to do this research to inform your site search and budget projections.

### ***Entrepreneurial Activity***

It is important to consider the level of entrepreneurial activity in your area to see if there will be an ongoing pool of new businesses to utilize your space. A consultant or advisor experienced with entrepreneurial ecosystems can help you analyze economic data and other indicators of entrepreneurial activity. If you are doing a feasibility study, your consultant will analyze this as part of their report.

If you do not have access to these services, you can reach out to your local economic development agencies, chambers of commerce, and Small Business Development Center (SBDC) to gather their insights. They may also be able to help you find and interpret relevant business data.

In addition, you can search for published reports and articles about trends in food entrepreneurship in your area and your community's overall startup culture. If you are comfortable interpreting economic data, download business data from the County Business Patterns and other Census Bureau

reports available on American FactFinder and analyze the trends in food business growth.<sup>120,121</sup>

You will also want to look at the services, supports, and incentives your community offers entrepreneurs to understand the resources in your entrepreneurial ecosystem.

### Industry Research

As part of your market research, you should keep up on changes in the specialty food market and food industry. Is the market growing for the types of products that are likely to be produced in your facility? Is there consolidation or changes in the retail sector that will make it difficult for small businesses to break into markets? You want to consider how larger food industry trends will impact your clients.

Knowledge of the food industry will also help you understand how to serve the needs of food entrepreneurs and producers interested in food processing. The deeper your knowledge, the more likely you will create innovative solutions to help entrepreneurs be more successful.

If the founders or project team members do not have experience with food businesses, you will want to bring this expertise to the project. This can be done by adding team members, advisors, or consultants that have this experience, or by developing your own expertise through research and training. Start by honestly evaluating the knowledge of your team. Few people have knowledge of all aspects of the food industry and the entrepreneurial journey (not to mention how to manage a shared kitchen or incubator). Identify your gaps and think creatively about how to fill them.

If you will be managing the kitchen/incubator and do not have experience in the food industry or with starting a business, make a commitment to deepen your knowledge. It will pay dividends later when working with clients. Here are few ways to do that:

- Attend food business classes sponsored by local organizations or national groups.<sup>122</sup>
- Become a member of national or state industry associations.<sup>123</sup>
- Subscribe to food industry publications and join social media groups and feeds to stay current on trends.
- Volunteer or pick up shifts with a local food business to get a firsthand feel for their work and struggles.

### Reflecting on Your Findings

Once you have completed your research you should step back and reflect on what you have learned. How has your understanding of prospective clients evolved? What is your assessment of the demand for kitchen space? What impact will the local economic and real estate conditions and industry trends have on the success of your kitchen and its clients?

If your research has revealed that there is a strong base of potential business renters, and positive conditions for success, then this is a good time to begin working on building out your business model. Through your research you will have identified your target business types and can now reflect on your understanding of their needs through further research on services and the Value Proposition Canvas exercise.

<sup>120</sup> <https://www.census.gov/programs-surveys/cbp.html>

<sup>121</sup> <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

<sup>122</sup> Specialty Food Association (at the Fancy Food Show), The Food Business School, Small Food Business

<sup>123</sup> Network for Incubator and Commissary Kitchens (NICK), International Business Innovation Association (InBIA), Specialty Food Association, National Food Truck Association, National Good Food Network Food Hub Center

If your research uncovered challenges that change the outlook for your project, then this is a good time to re-evaluate your strategy. Revisit the goals, outcomes, and strategy screen you created when you initiated your project. Are there changes to your facility plans, target business types, revenue streams, or entrepreneurial supports that would overcome the challenges? Are there other ways to achieve your goals and have an impact?

## Kitchen Alternatives

If your research found there simply is not enough demand for a facility, consider pivoting to another approach and leveraging existing assets and partnership opportunities to support entrepreneurs and strengthen your local food system. Here are a few examples of ways to have an impact without opening a new kitchen:

- ✔ **Build your entrepreneurial ecosystem.** Look for other ways to build business support services, improve access to capital, and expand market opportunities for entrepreneurs in the community. Consider creating an entrepreneurial ecosystem development position or organization to improve connectivity and accelerate entrepreneurial growth. Grow North in Minneapolis is an example of a food- and agriculture-focused entrepreneurial ecosystem builder.<sup>124</sup>
- ✔ **Strengthen your food systems network.** Use convening methods and networking mapping tools to cultivate a strong network of food systems partners. Through shared goals and improved coordination, these partners can strengthen activities in the local value chain. For example, the

Appalachian Foodshed Project brings together a network of stakeholders in community development, economic viability, health, nutrition, food access, social justice, and agriculture to cultivate resilient food systems in the Appalachian region.<sup>125</sup>

- ✔ **Leverage existing kitchen assets.** Partner with existing community or shared kitchens to expand access for entrepreneurs and producers. Some incubators act as an intermediary between entrepreneurs and existing commercial kitchens by providing community-based kitchens with logistical support with rentals and entrepreneurs with support services. Eastern Market's Detroit Kitchen Connect program was an early pioneer of this approach.<sup>126</sup>
- ✔ **Improve access to existing facilities.** By facilitating or subsidizing access to private shared kitchens, some incubators are able to target their resources more effectively, focus on providing services, and launch incubation programs with less capital investment. Ventures in Seattle, Washington, helps entrepreneurs with limited resources gain access to existing private shared kitchens by subsidizing part of the rental fee.<sup>127</sup> They also invested in a shared food truck so entrepreneurs could test their food concept and get sales feedback.

<sup>124</sup> <https://www.grownorthmn.com/>

<sup>125</sup> <http://www.appalachianfoodshedproject.org/>

<sup>126</sup> <https://detroitkitchenconnect.com/>

<sup>127</sup> <https://www.venturesnonprofit.org/explore-enroll/advanced-services/financial-services/food-incubator/>



## Service Planning

Kitchens look to value-added services to increase their impact and generate revenue to sustain their operations. There is a tremendous breadth of services that shared kitchens, kitchen incubators, food innovation centers and accelerators offer to food businesses and the larger community. The services vary depending on the community's needs, the kitchen's mission, and the organization's business model. While many focus on early stage business planning, a growing number aim to facilitate sales and accelerate the growth of small food businesses. These services are made possible through strategic partnerships with organizations and market channels in the local entrepreneurial ecosystem.

### Service Opportunities

This chapter explores service opportunities and guides you through the process of evaluating which services are needed in your community and whether they will be self-sustaining or profitable for your kitchen. Kitchens that offer services to food businesses often fall under the incubation category but not all kitchens that offer services consider themselves incubators. Some shared kitchen operators also provide fee-based services on a consulting basis for kitchen clients and non-clients.

Incubators often offer individual advising, coaching, or consulting services as part of their membership or for an additional fee. They may also offer classes and workshops in a group format or cohort format. Many incubators also provide opportunities for businesses to be mentored by experienced entrepreneurs or managers. Food innovation centers generally provide additional technical and product development services. Fee-based and equity-based accelerators usually use an intensive cohort-based service model for a limited period of time to accelerate growth.

### Food Business Services

The level of service that shared kitchens and incubators offer varies from referrals and relationships to directly providing the service. Some of the mission-serving and revenue-producing services kitchens offer to food businesses include:

- Business Planning and Launch Assistance
- Production Services
- Marketing and Design Services
- Sales/Market Opportunity Development
- Product Development and Food Safety Services
- Financial Services
- Graduation Services
- Other Entrepreneurial Ecosystem Services

## 6 Service Planning

### ✔ Business Planning and Launch Assistance

- Ideation/pre-incubation/feasibility phase guidance
- Business planning
- Financial planning
- Incorporation and business license assistance
- Food licensing assistance
- Financial services referrals

### ✔ Production Services

- Co-packing
- Bulk and split ingredient ordering services
- Local food sourcing services
- Vendor discounts
- Sanitation and production supplies – cleaning solvents, paper towels, plastic wrap, etc.
- Temporary staffing
- Package receiving
- Cleaning and dishwashing services
- Towel and apron laundry services

### ✔ Marketing and Design Services

- Marketing strategy and support
- Branding, product positioning and design
- Packaging design and development
- Product photography and video
- Web design and e-commerce assistance
- Social media support
- Marketing through kitchen branding and promotions
- Consumer and market research

### ✔ Sales/Market Opportunity Development

- Sales channel advising
- Catering referral and booking services
- On- and off-site retail and farmers markets
- Distribution and/or distributor referrals and advising
- Buyer events and retailer relationships
- Trade show support and shared exhibit space

- Broker referrals, relationships and advising
- Connections to resources and referrals for growth
- Connections to other food entrepreneurs for collaboration

### ✔ Product Development and Food Safety Services

- Product ideation and strategy
- Product and recipe development
- “Clean label” product development
- Product market testing (focus groups, etc.)
- Shelf life and other quality and safety testing
- Process authority services
- Quality assurance and compliance advising (HACCP, GMP, etc.)
- Food safety training and certifications testing
- Production process optimization
- Nutritional testing and labeling services
- Recall plan development and guidance

### ✔ Financial Services

- Pricing guidance
- Bookkeeping
- Microloans
- Loan application preparation
- Crowdfunding campaign assistance
- Venture capital and investor connections
- Investment pitch events
- Investment advising and preparation
- Tax reporting guidance

### ✔ Graduation Services

- Co-packing referrals and advising
- Site selection and negotiation support
- Facility design and specifications
- Human resource recruitment and training
- Growth funding support
- Graduation marketing support

#### Other Entrepreneurial Ecosystem Services

- Mentoring and entrepreneur-in-residence programs
- Entrepreneur and business networking
- Consulting services for shared kitchens/incubators (feasibility, business/operational planning, staff training, etc)
- Training services for business support service providers
- Food cluster development support for economic development initiatives
- Local food branding program design and support

Depending on the population you serve, you also may find the need to partner with other service providers to address non-business service needs that impact your entrepreneurs' success, such as English language classes, childcare services, banking access, credit building, or immigration advocacy.

There are numerous service delivery models and approaches to generating revenue from services. Reaching out to other kitchens and incubators can be an excellent way to learn more about the considerations in different approaches. Kitchen managers are often generous about sharing their insights and offering tours. The NICK Facebook group can help you connect with kitchens and incubators around the country.<sup>128</sup> InBIA also offers networking opportunities and numerous educational resources for incubators, including an online class on food business incubation.<sup>129</sup>

### Community Programs and Services

Some kitchens also provide a host of other programs and services to support their food system, build economic opportunities, and strengthen community connections. These include:

- Workforce training programs
- Cooking and preserving classes
- Food access and security programs
- Gleaning and food recovery programs
- Health and nutrition classes
- Community dinners and pay-what-you-can-afford community cafés

An overview of these services is provided in the programming and special uses section of the Identifying Opportunities chapter. This chapter is primarily focused on developing services for businesses and producers, but the process outlined can also be used to evaluate other community-focused programs and services.

### Researching Services

If you intend to offer services, and especially if you will be counting on revenue from these services, you should research what is already available in your community and online. The goal is to identify gaps in service and look for opportunities to differentiate your offerings from other service providers. This will help you avoid developing redundant services that are not well-utilized. If you are not planning to provide service, you should still research services to develop your resource network for future referrals.

Focus your service research on assessing:

- What services are most needed.
- What services are offered by other providers and the quality of those services.
- How well existing services are meeting needs.
- How much interest/demand there is for services.
- Cost of services and willingness to pay.
- Opportunities for services partnerships.

<sup>128</sup> Network for Incubator and Commissary Kitchens: <https://www.facebook.com/groups/NICKitchens/>

<sup>129</sup> International Business Innovation Association: <https://inbia.org/training-and-education/specialty-courses/>

This will give you the information you need to design compelling service offerings to advance your goals. Time spent researching services is beneficial even if you decide not to offer the services on-site. Knowing what is available to entrepreneurs and community members will enable you to make valuable referrals. Developing your network will also build awareness of your kitchen and help with future marketing.

### Identifying Service Needs

Service needs are often discovered through your surveys, interviews, and/or focus groups. Interviews with entrepreneurs and producers will reveal common hurdles or pain points that create an opportunity to provide assistance. These discussions also provide insight into their perception of how important a problem is and how valuable they believe a given service would be to them. Entrepreneurs have many competing priorities, and understanding what they value will help you evaluate how likely they are to use different services.

Interviews will also help you understand if there are barriers for certain groups to access services, such as cost, location/transportation, childcare, computer access, or language barriers. It can help to make a list of what you hear and classify the needs into categories so you can more easily compare them to existing services.

Talking to others who work with your target businesses, such as service providers, business banks, licensing departments, and suppliers, can also reveal helpful information about service needs. Make notes of what preferences entrepreneurs have for service delivery, such as one-on-one drop-in versus classroom learning. You can use the Value Proposition Canvas tools to help you focus your inquiry and distill your findings

Remember that entrepreneurs can often benefit from services that they do not yet know they will

need. New entrepreneurs sometimes do not know what is required or what they will need in their next stage of growth. For example, an entrepreneur may need the help of a process authority to be able to sell their product to retailers but not know the term for this or where to find that help. Because startups do not always know what to ask for, you will need to rely on your team/advisors' food industry knowledge to identify additional needs.

### Evaluating Existing Services

Service providers often recognize that businesses just starting out need help navigating licensing requirements, developing a business plan, or managing their finances. There are often a number of organizations providing classes and services focused on the needs of startup businesses in a community. Some of these may focus specifically on food businesses while others cover general business planning. These providers often include:

- Agricultural assistance centers
- Business accelerators or virtual incubators
- Business incubators
- Chambers of commerce
- Community college continuing education departments
- Community Development Financial Institutions (CDFIs)
- Credit unions
- Culinary schools
- University Food Innovation Centers and agricultural services
- Farm incubators
- Food quality and safety services
- Food safety education providers
- Microenterprise organizations
- One-stop shops
- Online courses

## 6 Service Planning

- Other service and community development organizations, such as CDCs and immigrant assistance organizations
- Private business advisors such as accountants, lawyers, banks, and marketing companies
- SCORE Chapters
- Small business development centers
- University-based small business programs and clinics

You should research these organizations to understand what they offer, whether they have food-industry-specific services, and what business stage(s) they focus on. There are often more services for launching a business than there are for scaling a business. In your research, make note of the following:

- ✓ Whether the service is tailored to the food industry or small businesses in general.
- ✓ The formats and delivery methods (one-on-one, online, classroom, etc.).
- ✓ The fee structure and any subsidized rates.
- ✓ Their funding sources and/or business model.

Reflect on how well these offerings match the needs, values, and delivery preferences you gathered in your research. Sometimes there is an abundance of classes but a lack of one-on-one assistance. Sometimes a mentoring program is the missing link in your entrepreneurial ecosystem. Sometimes the classes are too general and do not address food industry concerns, such as food safety, margins, and packaging. Businesses need technical assistance on a wide array of food industry topics from food testing to food photography, and there are often gaps in these services. Consider the lifecycle needs that businesses will have as they grow past the start-up stage. Market- and growth-oriented services are

particularly beneficial if you are aiming to scale businesses to create jobs. Think about how to differentiate and avoid duplication, particularly if you are a nonprofit seeking funding for services.

### Assessing Demand and Willingness to Pay for Services

In your research, try to find out how much the other services are being utilized. Are there several open slots or waiting lists? Entrepreneurs often recognize their need for help more than they act on it because they have many competing priorities. As a result, it is common for businesses to express interest in more services than they will take advantage of. Asking them to rank their interest in different services, either in [surveys](#) or [interviews](#), can help clarify their interest.

Asking survey and interview participants why they do not use existing services can give you an indication of whether it is a matter of awareness, time, location, or interest. As mentioned, discerning how important a problem or goal is to them also will give you insight into how likely they are to seek help with it. And, it will influence how likely they are to pay for help.

While some kitchens provide certain services for free, either to improve access or as part of their marketing, many service providers feel that charging a fee, either nominal or market rate, is necessary for entrepreneurs to recognize the value of the service and invest time in it. Use your fee research, insights from other kitchens/incubators, and your interviews and surveys to develop a proposed fee structure. Then gather additional feedback from businesses about their willingness to pay.

### Cultivating Service Partnerships

Researching service providers in your area will help you start to build a network of referrals and potential service partnerships. If you have identified a strong service or education

organization in your area, you might explore establishing a more formal partnership to provide services. This could be a specific pre-incubation course that prepares entrepreneurs for starting in your kitchen, a workshop on how to apply for a business loan, or a set of specialized coaching services for growing businesses.

It is common for kitchens to offer services through a referral network and/or by inviting outside advisors, such as business coaches, lawyers, accountants, or marketing firms into the facility to hold classes or drop-in hours. Many advisors will provide this service free of charge or for a nominal fee because it falls within their mission or their business development/marketing goals. Working with outside advisors or organizations can be a cost-effective way to expand your services. However, remember that coordinating and hosting classes and other events can take time, so you will still need to budget for this. It is important to screen service providers and partners carefully to ensure their services meet your standards. Check referrals of past clients and peers to find out if they provide quality services in a fair and trustworthy manner. Sit in on a class or ask to see presentations before they teach. You may want to write up an agreement with these providers to make your expectations clear.

## Drafting Your Service Plans

At the conclusion of your research, you may have identified service gaps you want to fill, exciting new programs you want to develop, or innovative and differentiated ways of delivering services. It also is possible that you will have concluded that you do not want to provide services directly but rather through a partnership with an existing service organization or a referral network. Sketch out your conclusions and service goals. In the next stage of planning, you will use these insights to develop your business model.

## Determining Which Services to Offer

The value-added services you provide should align with the needs you discovered in your research phase. To successfully be monetized, there must be a clear need for the services in your market and your clients must value that service. If you are planning a service for which there are already other providers, you will need to have a competitive advantage to succeed. The time you have invested in understanding service needs, existing services, and delivery models will help you craft a distinctive, competitive offering. See the [Researching Services](#) section for further guidance. You may be able to differentiate by serving a different customer segment or delivering the service in a superior or more efficient way. Many kitchens add value through partnerships or a trusted referral network, as discussed earlier.

Think carefully about what assets you can bring that will make your services a compelling option for your target businesses. Consider how the services align with the strengths of your organization and the knowledge of your management team. If your team has experience with scaling a product for national distribution, services that leverage that experience and sales network will be a natural fit. If you are a university or organization with food science expertise, focusing on technical services can be an excellent way to leverage those assets. If your team has food production experience, co-packing might be a viable addition.

Think also about organizations you can partner with to create valuable synergies and bring additional expertise to your project. For example, The Hatchery in Chicago is a partnership between a microlender (ACCION), an incubator/business development program (Industrial Council of Nearwest Chicago), and a community lender/developer (Illinois Facilities Fund).<sup>130</sup> This partnership supports a wide array of food business

<sup>130</sup> <http://thehatcherychicago.org>

growth services as well as access to microloans, in addition to their new 67,000-square-foot production facility.

Think about how the proposed services align with the goals and outcomes you outlined in the beginning of your planning process. Resist the temptation to veer into new activities that do not serve your ultimate aims. Use the [Strategy Screen](#) you created to filter service options. Use the [Business Model Canvas](#) to work through the different service options and revenue and funding approaches. This will help you think about what resources and partnerships they would require, and it will keep you focused on refining your [value proposition](#).

### Monetizing Services

There are a variety of ways to generate revenue from services depending on your market and business model. Often, shared kitchens/incubators will use a variety of fee structures for different services. Some of the variations include:

- **Bundled services.** Examples are a certain number of advising hours included with a membership or a standard storage unit provided with a block of hours rented monthly.
- **Membership-based services.** Charging for the opportunity to belong or participate.
- **Hourly fees.** Common for advising/consulting services.
- **Monthly fees.** Often for optional, ongoing services such as mailboxes or receiving.
- **Flat rate fees.** For specific activities such as product testing services or events.
- **Volume-based pricing.** For co-packing or purchasing discounts.

- **Percentage or margin.** Margin for distribution or a percentage of equity for accelerators, etc.

There also may be opportunities to earn revenue from services provided by others in your space, such as charging a nominal fee for classes that are provided pro bono by lawyers or accountants, or by adding a surcharge to a service fulfilled by an outside party, such as a cleaning company, to account for the costs of arranging that service.

In many cases, kitchens choose not to charge individually for each service they provide. Membership might entitle participants to the kitchen's referral network and free assistance with the licensing process. Or a rental fee might include cleaning supplies and towel service. It is helpful to detail what is included in bundled services, flat rate, or membership-based services so that clients fully understand the value you are offering them. Also include the intangible benefits, such as networking opportunities that are embedded in the experience you provide to clients.

Mission-driven and nonprofit kitchens may prefer to offer a host of services below-cost in order to provide them to clients unable to pay market rates. They often subsidize these through grants or other market-rate revenue sources. A helpful tool for navigating the revenue side of mission-related services is the Sustainability Matrix Map.<sup>131</sup> Using the Sustainability Matrix, you can map the mission value and revenue value of different services. This can help you compare options and think about whether some services are important enough to be offered at a loss and subsidized by other revenues. By using a disciplined approach you can ensure that the items you are giving away below market value are the most impactful to your mission, and that you are compensating for these with other funds or revenues.

<sup>131</sup> <http://www.nonprofitsustainability.org>

## Estimating Whether Services Will Be Profitable

When designing your services and business model, be realistic about what it will cost you to provide the service and whether the service will break even, make money, or need to be subsidized by other revenues. Revenue sources require inputs of time and other resources, and it is easy to overlook or undervalue these costs when planning. Calculate the net income for each service to figure out how a service contributes to your bottom line. Here are a few tips:

- ✓ First, identify what position(s) will coordinate and/or provide the service.
- ✓ Determine how much time these staff will dedicate to the activity and calculate that cost in terms of their expected salary or wages, inclusive of costs such as benefits, taxes and insurance. If the owner is the only one involved, calculate an annual salary for yourself to use in this analysis.
- ✓ Consider any additional time or resources required to support the service (this could be planning, bookkeeping, cleaning, etc.).
- ✓ Compare the total costs you identified in terms of staffing and other resources with the revenue you estimate gaining from the service to determine the net income gained.
- ✓ Think about how this compares to other uses of those resources (staff time, space, etc.) and chart the service on your sustainability matrix to help you reflect on whether the service is worth it given your profitability and/or impact goals.<sup>132</sup>

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<sup>132</sup> <http://www.sustainability.org>

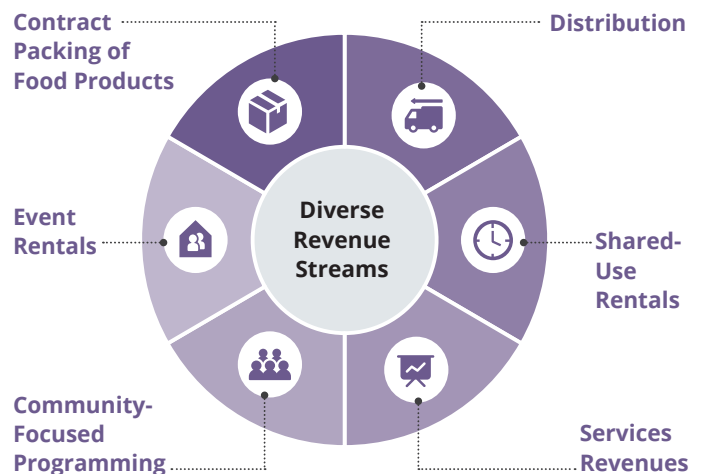


## Developing Your Business Model and Plan

Creating a sound business model and plan based on market research and services research can improve the viability and profitability of a kitchen. In for-profit enterprises, the business model is the way in which the kitchen plans to make money. In a nonprofit, it is essentially how the kitchen will provide services in a sustainable way. Your business model will be unique to your community and will hinge on your understanding of who your customer is, what they value, and how you will deliver that value to them in a profitable or sustainable way.<sup>133</sup>

Whether you are a for-profit or nonprofit, it is important that your business model be able to withstand competition and weather key threats, such as a loss of funding and external market changes. As the popularity of shared kitchens and kitchen incubators has grown, kitchens are facing increased competition from other kitchens, some run by savvy, well-funded, experienced teams. It is important to hone a competitive advantage that will endure in the face of competition. Nonprofit kitchens also face competition both in the real estate market and for funding. Grant funding sources for kitchen projects are uncertain and may not be available in the future. Therefore, it is more important than ever to develop a business model that optimizes diverse revenue streams and delivers outcomes efficiently in order to increase your chances of sustaining funding.

Your business model is essentially a set of assumptions and hypotheses about your value proposition and the key activities and resources needed to deliver that value to clients/customers. At this stage, it helps to explore all your options and define these assumptions so that you can more clearly test them and modify your plans



Diverse revenue streams contribute to a sustainable business model

before you have invested so much that changing course becomes too difficult. You will likely continue to iterate your business model as you move through the planning process.

### Value Proposition Canvas

During the business model development process you can refine who your target clients/customers are and reflect on how well your planned kitchen will meet the needs of clients by utilizing the Value Proposition Canvas tool.<sup>134</sup> For teams and

<sup>133</sup> Business models are similar to business strategy, but there is an important distinction: “Whereas business models refer to the logic of the company—how it operates and creates and captures value for stakeholders in a competitive marketplace—strategy is the plan to create a unique and valuable position involving a distinctive set of activities.” See “How to Design a Winning Business Model” <https://hbr.org/2011/01/how-to-design-a-winning-business-model%20>

<sup>134</sup> <https://strategyzer.com/canvas/value-proposition-canvas>

community-based projects, this tool can help you distill the insights from your interviews, focus groups, and services research in order to build consensus among the team and stakeholders about which needs the project will focus on. The Value Proposition Canvas will prompt you to examine the key jobs, pains, and gains of clients and define how you will provide value. It is helpful to do a separate Canvas for each of your client/customer segments, such as entrepreneurs versus special event renters. You can learn more about the tool and get instructions at the Strategyzer website or through the book *Value Proposition Design*.<sup>135,136</sup>

### Business Model Canvas

With the information from your Value Proposition Canvas and market research, you can begin honing your business model. The Business Model Canvas (BMC) is a quick way to explore different scenarios.<sup>137</sup> Perhaps you are debating using existing community kitchens or building a new facility, or perhaps you are not sure whether you want to provide services yourself or outsource the services to a partner organization. Maybe you are debating the facility type that will work best or the service model you will use. The BMC will help you sketch out each of these options. It is best to work through your Business Model Canvas before creating a formal business plan. Its flexible format encourages you to think through different iterations, and identify potential problems, to help you focus.

Check out the book *Business Model Generation* or the Strategyzer website for more information

on how to make the most of the tool.<sup>138,139</sup> If the traditional business model canvas does not fit your needs, consider the Mission Model Canvas (designed for impact-driven projects) or the Local Food Distribution Business Model Canvas (focused on local food enterprises).<sup>140,141</sup> Rainier Beach Action Coalition used an adapted Social Business Model Canvas to work through the components of their Food Innovation District and it provides an illustration of how to use the tool.<sup>142</sup>

### Developing a Business Plan

A business plan is a helpful tool for synthesizing your project and presenting it to potential funders and stakeholders. It is often necessary if you are seeking business loans or other outside funding for the project. The process of building a business plan imposes a planning discipline that is valuable to all projects, regardless of their profit goals. If you have completed the research suggested in this Toolkit, you will have much of the information you need for your business plan, including your financial forecasts, market and competition assessment, and marketing plan.

It is a good idea to build a business plan after you have understood entrepreneur/producer needs and explored the services and business model you plan to provide. At this stage filling in the business plan will not feel as daunting and it will be a useful exercise to summarize your current best thinking about how you will operate and sustain your kitchen.

<sup>135</sup> <https://strategyzer.com/canvas/value-proposition-canvas>

<sup>136</sup> <https://strategyzer.com/books>

<sup>137</sup> <https://strategyzer.com/canvas/business-model-canvas>

<sup>138</sup> <https://strategyzer.com/books/business-model-generation>

<sup>139</sup> <https://strategyzer.com/canvas/business-model-canvas>

<sup>140</sup> <http://blog.strategyzer.com/posts/2016/7/1/webinar-replay-business-model-design-for-mission-driven-organizations>

<sup>141</sup> <https://localorbit.com/toolkit/tools/>

<sup>142</sup> <http://www.rbcoalition.org/fid-partners-meeting-7-agenda-and-notes-including-business-canvas/>

Popular business guidance has shifted away from looking at the business plan as the first task in planning. *Lean Startup*, *The Startup Owner's Manual*, and other influential books from the technology sector have highlighted the need to spend time understanding your customer needs and honing your business model before investing in a detailed business plan.<sup>143,144</sup> The risk of completing a business plan too early in the process is that the time investment you make in creating it may discourage you from changing your business model in response to new information. It is for this reason that we have recommended you complete other research first.

You will find many resources online for developing a business plan as well as valuable templates and tools. The components of this Toolkit will help you think through key elements of your business plan and the results of these exercises will help feed into your final plan. If you are an entrepreneur developing a plan on your own, take advantage of online resources, such as the Small Business Administration Business Guide, and support services from local Small Business Development Centers, community colleges, and other entrepreneur programs.<sup>145</sup> This will give you valuable feedback about your plan and also give you an inside view of how these potential service partners operate. Remember to update your business plan regularly, particularly your financial forecasts, as you move toward implementation.

## Establishing Your Organizational Structure

During the business plan process, you should clarify the business structure for your

organization. Shared kitchens and incubators can be incorporated as nonprofits, for-profits, and projects or partnerships of public or educational institutions. The differences can be narrowed down to “motivation, market, capital, and control;” and evaluating these four categories will help you better define which structure is right for you.<sup>146</sup> To better explore these concepts, refer to the aforementioned [Business Model Canvas](#) and [Value Proposition Canvas](#).

### Nonprofit Organizations

Nonprofit status provides benefits in terms of tax exemption and eligibility for receiving tax-deductible donations. It positions your organization for receiving grants and sponsorships that for-profit organizations are often not eligible for. However, it can also place limitations on your revenue-generating activities and your ability to obtain loans and lines of credit. In some cases, the organization may need to develop both a for-profit and nonprofit entity to achieve its goals.

You will need to file paperwork with the IRS to become a registered nonprofit. The most common nonprofit tax status is 501(c)(3) but there are also 501(c)(4) and 501(c)(6) that have somewhat different requirements and allowable activities. Gaining IRS approval can be a lengthy process that often takes at least a year to complete. Consult with a qualified accountant and attorney for further guidance about whether nonprofit status is the right structure for your goals.

Nonprofits operate with a Board of Directors that is in charge of governing the organization. The Board will generally determine organizational policy, hire and fire staff, oversee financial decisions, and ensure the integrity of the organization.

<sup>143</sup> <http://theleanstartup.com/>

<sup>144</sup> <https://steveblank.com/startup-owners-manual-1in/>

<sup>145</sup> <https://www.sba.gov/business-guide>

<sup>146</sup> Fruchterman, Jim. (2011, Spring). For love or lucre. *Stanford Social Innovation Review*. [https://ssir.org/articles/entry/for\\_love\\_or\\_lucre](https://ssir.org/articles/entry/for_love_or_lucre)

Compared to a privately owned organization, a nonprofit Board can bring community connections and accountability to the organization that can help lend credibility and social capital to the project. However, compared to a small team of private owners, a Board disperses decision-making power, giving founders less control over the direction of the project over time.

In establishing your nonprofit, you will need to plan the structure and composition of the Board and begin assembling your Board members early in the process to establish organizational stability. Your board should be composed of key stakeholders that bring important perspectives, useful expertise, and/or valuable connections to the project.

It can be helpful to establish an Advisory Board to act as an additional guiding body for your project. While the Advisory Board will not have final say in the decision-making when you work under an umbrella organization, they can serve as an interim board, providing strategic input in your organizational development and laying the foundation for a future Board of Directors.

If the project involves collaborations and partnerships you will want to take time to define the roles, agree to the funding and profit-sharing terms and memorialize these in written form. This may be done in the operating agreement of the corporation or in partnership agreements or memorandums of understanding (MOUs) with other entities.

### ***Nonprofit Umbrella Organizations***

Because of the significant work and time involved in establishing a new nonprofit, new programs often start out as projects of another nonprofit entity known as an umbrella organization. This allows them to benefit from the tax exempt status of the umbrella while they are building their organizational capacity.

To find an appropriate sponsor organization to serve as an umbrella, research nonprofits in your community. When choosing an umbrella organization, consider the following:

- ✓ Are they aligned with your mission?
- ✓ Do they understand and support entrepreneurial endeavors or do they bristle at serving for-profit businesses?
- ✓ Does the organization have stable and professional management?
- ✓ Do they have a track record of responsible and transparent financial management?
- ✓ What fee or percentage will they charge your project for the oversight and accounting involved in serving as your sponsor?
- ✓ Does the organization have a positive reputation and track record that will add credibility to your project?
- ✓ Can they provide additional support services to your organization, such as payroll services or marketing?

Speaking to other affiliated nonprofits, requesting to see financial statements, and researching their IRS 990 tax-exempt filing will give you a picture of how the organization operates and whether they will be a good fit.<sup>147</sup>

### **For-Profit Organizations**

Will you be a for-profit LLC or a corporation or partnership? For liability protection, most owners do not operate as a sole proprietor since this does not protect your personal assets against financial or liability claims against the business. There are several business structure options including LLCs, S Corporations, C Corporations and Partnerships that have different implications for taxes and reporting requirements. Consult with a qualified tax accountant and a business

<sup>147</sup> <http://foundationcenter.org/find-funding/990-finder>

attorney for guidance about which structure will best suit your situation.

If you will own the real estate as well, it is helpful to think ahead about whether the property will be owned by the same entity as the kitchen management. For privately owned projects, some people prefer to separate the real estate ownership into a separate entity from the business for liability protection or tax purposes.

If your kitchen entity is privately owned and you will be leasing, consider whether the owners or the business entity will be responsible for the lease. It may be helpful to plan ahead regarding any personal assets you will need to put up for collateral for business or real estate loans so you have time to understand their requirements.

### **Additional Business Structures**

Once your mission, assets, and revenue streams are more defined and you have developed your business model and plan, you may want to consider an alternative business structure like a cooperative, social enterprise, or B Corporation. Several of these structures are now recognized and defined on a state-by-state or certification basis. It is strongly recommended you seek legal counsel before attempting to incorporate or operate under any of the following models.

#### ***Co-ops***

The cooperative model is well known and has wide applicability in various industries including breweries, tool shares, bike and vehicle shares, housing, health insurance, grocery stores, and more. Often co-ops appear when a community need is not being adequately met by an

existing solution (i.e., limited product variety, high prices, or other barriers to access).

Cooperative members pool resources and share in the ownership in order to more easily access the required asset. "Corporations are owned by shareholders, who may or may not also be customers or 'users' of the goods and services provided by the corporations they own. Cooperatives, on the other hand, are owned by the people (or businesses) who purchase their goods, use their services, or in the case of worker cooperatives, work there."<sup>148</sup> Whether a cooperative is the right model will depend on your stated mission and goals and desires of your community. Some co-ops may run more loosely, however, the fact remains that the success of a co-op kitchen is dependent on the organization and dedication of the owner-members.

Seward Co-op stores and Creamery Café in Minneapolis, Minnesota, are great examples of the co-op model. They clearly state their member dues, responsibilities, and community benefits.<sup>149</sup> Seward Co-op member benefits include:

- 10% off one unlimited quantity shopping trip or café purchase per calendar quarter;
- A vote — to choose the board of directors and impact the future direction of the co-op;
- Owner specials throughout the grocery stores;
- Bulk discounts — 10% discount on pre-ordered bulk or case items at the grocery stores;
- Co-op information — delivery of the co-op's newsletter "Sprout!" to your home;

<sup>148</sup> <https://localfood.ces.ncsu.edu/local-food-distribution-aggregation/local-food-cooperatives/#MemberOwners>

<sup>149</sup> <https://seward.coop/>

## 7 Developing Your Business Model and Plan

- Education discounts — on classes offered in our classrooms;
- Patronage refunds — co-ops can return money back to its owners in profitable years, proportional to the amount spent at the co-op;
- An investment in the community!

### **Social Enterprise Hybrid**

Both for-profits and nonprofits may be classified as a “social enterprise” depending on their mission and outcome reporting. However, some structures straddle the two in practice, legality, return-on-investment, and impact measurement.

By now you know that sustaining your kitchen requires a solid financial plan. As mentioned in the nonprofit section, many kitchens are driven by significant social missions. Can organizations do well by doing good? Increasingly, the answer is yes. New business structures have appeared to increase access to diverse funding (such as social impact investing) and allow organizations to better pursue the goals of addressing a double or triple bottom line.<sup>150,151</sup>

The following structures emerged in an attempt to decrease dependency on grant funding, to increase social impact investing, and to protect directors who desire to pursue goals beyond maximizing shareholder value.<sup>152</sup> The goal of these structures is to create very low return on funds invested, so as to maintain focus on financial sustainability, reinvestment of returns back into the community, and continuous support of a social and/or environmental mission. Because these models are

defined on and recognized at a state-by-state basis, we will not elaborate further. See the [business planning resources section](#) for more information, or research the following concepts on your own:

- Flexible purpose
- Benefit corporation
- Low-profit limited liability corporation (L3C)

### **B Corporation Certification**

Not to be confused with the *benefit corporation* mentioned previously, B Corp is a certification (not a structure) for businesses that choose to measure and report their social and environmental performance. The B Corp label demonstrates that at its core, a company is focused on more than a financial bottom line. This certification may be a good choice for for-profit kitchens wanting to better communicate their social mission (if applicable). To become B Corp certified, a company must complete an intake assessment to achieve a set score, meet certain legal requirements, sign the necessary documents, and pay a program fee to use the label.<sup>153</sup>

Union Kitchen has been a certified B Corp since 2015. Their primary focus for the certification is based on their inclusive and progressive employee hiring and training practices, accelerating local food businesses, and continued education.<sup>154</sup> Union Kitchen operates on a triple bottom line to “make it, move it, sell it.”<sup>155</sup>

### **Public Agencies**

Some kitchen projects emerge from the initiatives of public entities such as cities and counties

<sup>150</sup> <https://thegiin.org/impact-investing/>

<sup>151</sup> <https://www.forbes.com/sites/lorikozlowski/2012/10/02/impact-investing-the-power-of-two-bottom-lines/#1d355e8f1edc>

<sup>152</sup> *Social Enterprise Choice of Entity: Benefit Corporation, Flexible Purpose Corporation, and the L3C*, Mark E. Powell, Esq.,<sup>1</sup> Cecily Jackson-Zapata, Esq.,<sup>2</sup> and Becki Kammerling, Esq.,<sup>3</sup> 2015 <http://maineinnovationchallenge.org/wpa/wp-content/uploads/2015/09/social-enterprise-choice-of-entity-article.pdf>

<sup>153</sup> <https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp>

<sup>154</sup> <https://unionkitchendc.com/2015/02/b-corporation/>

<sup>155</sup> <http://csic.georgetown.edu/magazine/well-good-b-corporations-dc/>

as part of their economic and/or community development mission. Other quasi-governmental agencies, public-private partnerships, and special districts such as Ports, Public Housing Authorities, and Downtown Districts, are also occasional drivers, and depending on their mission or charter, may operate under similar management structures as public entities.

Publicly owned status can bring organizational resources and financial stability to a kitchen project but it can also weigh down the management and decision-making with bureaucratic requirements. This can make it more difficult for the kitchen/incubator to move at the speed of business and adapt to meet its clients' needs. Therefore, it is important to weigh the benefits against other considerations like political environment, decision-making, public meetings, procurement policies, hiring processes, financial management, and fundraising.

Public agency involvement can take many forms. Some municipalities champion new projects by funding feasibility and design studies, but partner with separate 501(c)(3) nonprofit organizations to operate the facility (sometimes with public funding) after it is built. This can be done in a variety of ways including by creating a new 501(c)(3), working in partnership with an existing nonprofit, or issuing a request for proposal (RFP) to competitively select a qualified organization to manage the facility. This public leadership approach can shepherd the project through the critical planning and development processes while positioning it for other funding, such as grants and donations, in the long term. Another role public entities can play in supporting new projects is by selling or leasing publicly owned lands below market value to the project. See the [Site Search](#) chapter for more considerations about selecting a site or building.

## **Educational Institutions**

Universities and community colleges can also be involved in developing incubators as part of their educational missions and community service activities. They often bring unique assets to the project, including faculty expertise and lab resources in food science and agriculture, business expertise, and additional resources such as business clinics and established entrepreneurship programs, student interns, and fundraising capabilities. In addition, these partners can lend credibility and notoriety to a project. Institution-run incubators may be located on the campus or in a satellite facility.

Operating within an institution's organizational structure can have similar drawbacks to operating under a public entity. The kitchen will likely have less flexibility and autonomy in areas such as hiring, purchasing, policies, fundraising and management. Entrepreneurial projects can stretch outside of the mission or comfort zone of some institutions who may see helping private enterprises as outside their role, so it is important to evaluate the project with leadership and ensure alignment before pursuing this structure.

## Financial Planning

Financial forecasts are essential to planning and help inform decisions about the design and uses of a kitchen. Projecting operating costs and revenues enable kitchen founders to compare options and determine which facility plans will meet the founder's financial goals. Estimating capital costs gives a picture of what financial resources will be needed to develop and operate the facility.

When developing a kitchen, it is tempting to focus primarily on capital costs because they loom large over your project in the beginning. Without enough capital you will not be able to open your doors. However, the focus you give to capital costs and funding concerns should not come at the expense of analyzing your operating costs and revenues. It is your net operating income that will have the greatest impact on your sustainability over time. Your income projections also will play a key role in securing loans and/or investors. As you seek to optimize revenues against costs, you may discover that you need to make changes in your facility design and service plans, so it is important to evaluate this early and often in the process.

### Development Pro Forma

Estimating the development costs for building a shared kitchen in a new or existing space is vital for planning your capital budget and seeking funding. First, you will want to do some initial facility design and planning work to set parameters for your facility size, equipment, and building requirements. Review the [Facility Design and Development](#) chapter for more guidance on this process. If you anticipate your project will involve significant renovations or new construction and you do not have construction expertise, you will want to find a consultant or advisor to help you develop your estimates and pro forma. There are a number of templates and online classes

available to help you get started, but being able to properly account for all the development costs may be challenging without construction experience. Bottom line—if you are new to this, seek guidance to save on expenses in the long run.

Your development pro forma will include your estimated cost for building out your facility, including all construction costs, equipment costs, transaction costs and expertise needed to complete the job. The pro forma will vary depending on whether you are renting or buying, renovating or building from scratch. Typically a development pro forma for a shared kitchen will include:

- ✓ Initial consulting fees for expertise
- ✓ Land costs
- ✓ Building costs
- ✓ Architectural and engineering costs
- ✓ Permits and approvals
- ✓ Kitchen equipment costs
- ✓ Pre-launch expenses (salaries, services and overhead during development phase)

Getting an accurate estimate can be very challenging. Costs to build out a kitchen in an existing space can easily run \$100–\$300 per square foot. Kitchen owners report that construction costs are often much higher than the original



ballpark estimates or even the construction bids. This can be due to many things, including the builder's lack of experience with building commercial kitchens, unanticipated upgrades to systems such as plumbing or electrical that were not initially identified, additional licensing or building requirements, and unexpected repairs discovered after construction starts. Most construction companies, architects and kitchen designers have not developed shared kitchens and often assume they are similar to a restaurant kitchen. However, shared kitchens often have more equipment, plumbing, and ventilation and thus are more expensive. Make sure your contractors understand all the components of your facility when developing estimates.

Getting an equipment estimate from a dealer is usually easier as long as you have an accurate picture of what you will need. Many large kitchen supply stores offer commercial kitchen design services for a fee that can help you develop a floor plan and equipment list for your space. Review the [Facility Design and Development](#) section for more information about the design process and factors that can affect your construction budget. Because it is easy to underestimate construction costs you will want room in your budget, or alternate sources of capital, to cover cost overruns during construction.

## Developing Rates and Fees

### Rental/Membership Rates

Many shared kitchens rent their time on an hourly basis. Average national rates for shared kitchens are between \$15 and \$45 per hour. Rates will vary by location (urban versus rural), type of space, type of equipment included, and time of day. Some nonprofit organizations choose to subsidize their hourly rates to support their mission. Additionally, some kitchens provide variable rates for peak and

off-peak hours. Off-peak hours typically run from evening, overnight and into the early morning—for example from 7:00 p.m. to 5:00 a.m. You can see example fee structures on many kitchen websites, such as PREP Atlanta and Chiknegg.<sup>156,157</sup>

Some kitchens will choose to add additional hourly prices for the usage of specialty equipment. While stoves, ovens, and hand mixers may be included in the rental, more specialized equipment like a Hobart mixer or a bottling line may necessitate an additional rental fee to cover depreciation. It is helpful to research what comparable prices may exist in your area and what additional services to include in your pricing.

A common practice to consider is to implement monthly plans or quantity discounts for prepaid commitments for bulk hours rented. This is a great way to secure monthly cash flows up front and provide benefits to food businesses who are willing to commit to a set number of hours each month. Kitchen clients can grow and scale into new plans each month as they find success while having a clear understanding of how their rental costs are impacting their own bottom line. Below is an example of how you may think about designing your monthly plans:

Monthly Plan Name	Cost	# Hours	Average Rate/Hour
Start up	\$400	20	\$18
Scale	\$1,600	80	\$17
Executive	\$3,200	160	\$16

An additional consideration to secure long term financial success is to require long-term leases with contracts. These leases are often made to

<sup>156</sup> <http://www.prepatl.com/shared-kitchen-membership-pricing/>

<sup>157</sup> <http://chiknegg.com/fee-options/>

ensure access to exclusive units, spaces, or pods within a kitchen. Scheduling time in these spaces may not be needed since clients have exclusive access to the space and personal storage.

An additional consideration is how to charge for overnight cooking such as slow cookers, barbecue pits, and food dehydrators. The time and energy needed for these cooking methods must be considered and often a flat daily rate will suffice. Consider the liability carefully before allowing machines to run unattended and check with your insurance provider before creating your own policy on off-hour usage.

### Storage Rates

Dry, cold, freezer, and warehouse storage can be hot commodities in a shared kitchen. Depending on your market, everyone from farmers to bakers to kombucha makers may want in on the storage space rentals. It is important to consider both market demand and the monthly utility cost for climate-controlled storage space. Generally speaking, storage is in high demand in shared kitchens and can be a significant source of revenue. You will want to think about creative ways to rent units of storage to maximize utilization and accessibility.

Many kitchens include a baseline number of units of storage with their monthly rental agreement and charge for additional units as needed. For example a kitchen may include in its hourly or monthly pricing:

- 1 storage locker for smallwares and personal items
- 1 shelf of dry storage
- 1 shelf each of refrigeration
- 1 shelf freezer space

Other kitchens charge separately for each unit of storage. Storage rates vary considerably depending on the market but often fall between

\$25–\$50 per shelf. Not all of your storage areas may be revenue-producing, however. A “day use” area is sometimes reserved to allow for temporary use during production or for special events such as a caterer’s event.

It is helpful to set rates that incentivize clients to be efficient, as storage can constrain your number of clients. Most food entrepreneurs and processors cannot operate without on-site storage, so it is important to gauge a client’s needs during the intake process. Additionally, because storage is a critical component of the client experience, appropriate pricing is essential. Make sure you evaluate your pricing over time and adjust. If you notice increased seasonal demand, you may want to increase prices in order to maximize your revenues.

### Estimating Revenues

The revenues in your budget will vary depending on the revenue channels outlined in your business model and the utilization of your rentable spaces. Revenue from space rental may include:

- **Usage or rental fees:** Typically this includes rental fee structure for the different types of clients/spaces broken out by type and then estimated based on utilization assumptions. This might include business rentals, special event rentals, cooking class/community rentals, etc.
- **Storage fees:** Ancillary income for dry, freezer, and refrigerator storage may be included in a rental package or itemized separately based on utilization assumptions.
- **Add-on fees:** Surcharges (such as utilities), special equipment rental fees, etc.
- **Programming and Service Opportunities**
  - **Service Fees:** Class/workshop revenues, advising or coaching income.
  - Consulting, co-packing, markets, food service, and catering booking fees.

- **Other funding** such as grants, donations, and sponsorships.

### Forecasting Utilization

For many revenue sources, you will need to forecast the amount of usage to determine the estimated rental or fee revenue. This means making assumptions about the level of usage for each rentable area or service. It is important to use realistic utilization estimates. Even though your facility may be open 24 hours per day, it will not be rented every hour of every day.

Kitchen founders often end up making these common errors in projections:

- Overestimating demand (number of clients).
- Overestimating the number of hours each client will use.
- Overestimating the amount of off-peak hours that will be used.
- Failing to account for the time the kitchen will be offline or used for other activities (cleaning, classes, special events, etc.).
- Failing to research licensing regulations that could impact the number or types of businesses that can be accommodated.

Refer back to your market research to reflect on the estimated demand for your space from different types of clients. It may help to create a sample kitchen usage schedule based on your rentable areas and target customers. How long do food trucks typically spend in the kitchen prior to hitting the streets? How long does a caterer need to prep and clean? How long does a farmer need to prep for the farmers market? Create a sample roster of clients and fill them into a sample schedule. Use numbers gathered from your surveys, interviews and other market research to create estimates for a mix of businesses. Be sure to reserve time for any other kitchen uses, such as classes or co-packing. Then add in down time for

cleaning and maintenance. Calculate the revenue from that usage based on your fee schedule (hourly, monthly, membership, etc.). Finally, reduce your estimate to pad for underutilization and evaluate if you will still break even or ideally, profit.

### Operating Pro Forma

A pro forma is a financial feasibility analysis tool, used to more accurately estimate operating expenses. The pro forma calculates the anticipated profit from a given development plan. It integrates the estimated development costs with the projected revenues to determine the return expected, typically over a five-year period.

To develop your operating pro forma you need to project your estimated revenues and costs into an operating budget.

### Operating Costs

Researching operating costs during the planning stages will save you from surprise expenses that undermine your profitability after you open. Be as thorough as possible in accounting for your costs by getting estimates for things like contract services, insurance, employee benefits, cleaning, and security. You also will have to do your own research to estimate salaries, taxes, utilities, maintenance, and back office expenses like accounting and legal services. Below is a list of typical cost items in a shared kitchen budget. Be sure to look at the additional costs specific to your facility and business model.

- ✓ **Rent or mortgage payment**
- ✓ **Taxes (property, sales, business, etc.)**
- ✓ **Utilities**
  - Gas and electricity
  - Water
  - Wastewater/sewer

### ✓ Salaries and benefits

- Salaries/wages
- Payroll taxes
- Benefits
- Workers' compensation

### ✓ Insurance

A Business Owners Policy (BOP)<sup>157</sup> will often bundle the necessary components – General liability, workers' compensation, company automobile insurance, property, product, business liability insurance, errors and omissions, etc)

### ✓ Licenses and permits (health, ag, business, etc.)

### ✓ Legal

### ✓ Accounting and bookkeeping

### ✓ Phone/Internet

### ✓ Software and subscription services

### ✓ Office supplies

### ✓ Marketing, website, etc.

### ✓ Security systems or services (if used)

### ✓ Kitchen supplies

### ✓ Cleaning and laundry services

### ✓ Maintenance services

### ✓ Waste removal (trash, grease trap pumping, wastewater permits, etc.)

### ✓ Pest control

### ✓ Landscaping

### ✓ Service- and program-related costs

Kitchen-related costs are often underestimated by those new to commercial kitchen operations. These include things like grease trap pumping, hood cleaning, equipment deep cleaning, pest

control, laundry services, cleaning supplies and chemicals, equipment maintenance, annual wastewater FOG permits, etc. The first step is to ensure you have identified all the applicable costs for your facility model. If your team does not have commercial food experience, consult with an advisor or experienced food service operator to identify and research recurring kitchen-related costs. Take time to calculate your estimated volume of supplies and cleaning products. If you are offering laundry services to your clients (in-house or contracted out), be sure to include these.

You can develop your budget estimates and pro forma in Excel and other spreadsheet software. If you are not skilled at developing a financial spreadsheet you can make use of online tools or YouTube videos and business assistance programs to learn what to include and how to program it. You might prefer to work with a consultant, accountant, or business advisor who can set one up for you. A well-designed spreadsheet can be a helpful tool for testing different business models and scenarios by allowing you to quickly calculate changes to your utilization, income and costs and see their impact on the bottom line.

### ***Fixed and Variable Costs***

Operating costs are often described as either fixed costs or variable costs. Fixed costs are those that are unchanged by the amount your facility or services are used. Commonly this would be expenses like your rent, phone bill, insurance, etc. Other expenses, like utilities and cleaning supplies, will increase depending on how much they are used. Be careful to account for changes in these variable costs when estimating your net income or breakeven. Keep in mind that some expenses, like staffing costs, may remain fixed until you exceed a certain capacity and then they will increase as you bring on additional help.

<sup>158</sup> <https://www.iii.org/article/what-does-businessowners-policy-bop-cover>

### ***Estimating Utilities***

Utilities can be one of the most challenging costs to estimate since it depends on your facility design and materials, the equipment, utilization, seasonality, and utility rates. A national survey of kitchen incubators found that utilities were roughly 18% of kitchen incubator operating costs on average.<sup>159</sup>

Depending on the size of your facility, you can get a sense of local utility costs by talking to other food operations in your area, such as meal programs, restaurants and small processors, but their operations may be less energy-intensive than a shared kitchen with high utilization. Once you have an equipment list for your operation, you can create an estimate using the utility consumption data from the equipment manufacturers and calculating costs for an estimate amount of usage based on your local utility rates.

The Food Service Technology Center has a modeling tool that enables you to calculate and compare costs for various brands of equipment.<sup>160,161</sup> The calculator will give you an estimate of the annual and lifetime utility costs of each piece of equipment based on the usage estimates and utility rates you input into the calculator. After you have your equipment estimate, you will need to add in additional costs for HVAC, water, heating, office equipment, lights, etc., to get an overall utility estimate.

Once you are operating, you may need to adjust your budget to account for actual utility costs, so it is best to leave some wiggle room in your estimates. You may want to ask your utility provider to do a rate analysis to make sure you are being charged the proper rate for

your facility. Be sure to monitor your utility consumption compared with your utilization on an ongoing basis to determine if your rental rates are adequate or if special fees are needed to cover heavy uses, such as special equipment. Tracking spikes in your utilities can also tip you off to leaks or malfunctions in your machines. You can use a spreadsheet, online tools from your utility provider, or the Energy Star Portfolio Manager<sup>162</sup> to track usage.

### **Understanding Your Breakeven**

As you run financial scenarios you will want to know your breakeven point. Your breakeven point is where all your costs are covered by your revenues (factoring in variable costs that will increase as utilization increases). If breakeven requires an unrealistic utilization, look at your revenue structure and your costs. Do you need to make adjustments or look for additional revenue/funding sources? If your profitability seems sky-high and you wonder why everyone doesn't run a kitchen, you may be underestimating costs or overestimating utilization/revenues. Reach out to advisors or other kitchen operators to get feedback about your numbers.

It is also beneficial to create different scenarios to test how the budget will turn out under low, medium, and high scenarios. You want to have a margin that allows you to break even without 100% utilization so you can make it through the ramp-up period, survive competition, weather tough economic times, and deal with potential major equipment failures.

<sup>159</sup> American Communities Trust. (2016). *U.S. Kitchen Incubators: An Industry Update*. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>

<sup>160</sup> <https://fishnick.com/saveenergy/tools/calculators/>

<sup>161</sup> Authors have no affiliation with resources referenced.

<sup>162</sup> <https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager>

For example, try the following scenario:

1. Determine your full utilization rate.
2. Divide that rate figure in half. Could you sustain the operation at this amount?
3. What does this tell you about the amount of resources in reserve you need to have?

Think ahead about the sources of capital you will cultivate to help manage your cash flow. This may include lines of credit from a commercial bank, investors, donations, or grants. See the [Funding](#) chapter for potential sources of funding.

### Five-Year Projections

It is helpful to create separate projections for the first couple years when you will be ramping up to full utilization so you can estimate what your shortfall will be and plan to raise these funds through other sources ([capital campaign](#), [grants](#), [donations](#), [loans](#)). Think realistically about how long it will take to market the kitchen and onboard new clients. Many kitchens underestimate how long it can take to recruit, [onboard](#), [invoice](#) and [receive payment](#) from a client. Often this process can take several months to a year for each business, depending on whether the business is just forming or moving from another location. This delay can leave the kitchen without funds to pay overhead bills and put the facility at risk of closure. See the [Marketing](#) and [Launch](#) chapters for more information on steps you can take before you open to help you generate revenue more quickly.

When calculating your budget for the first year, remember to factor in all the fixed costs, such as rent or loan payments, staff expenses and contracted services that continue regardless of whether anyone is using the space. Some of these are likely to begin prior to your opening day. Then you will need to estimate the variable costs, such as utilities based on increasing levels of occupancy/ utilization during your first couple years.

Finally, after you consider costs and reasonable revenue projections for the first two years, build out your estimates for the next three years so you have a five-year financial vision. It is important to know that this vision will change. The goal of creating pro formas is to determine whether or not your kitchen may succeed and consider the best way in which to get there. As you learn more about your clients, their preferences and needs, and other potential revenue streams, continue to update new versions of your projections.

## Funding Strategies and Prospects

Increasing support for food system infrastructure and community economic development has expanded the funding options for kitchens. A number of funding sources, from traditional and mission-driven debt, to equity and grant funds, as well as crowdfunding campaigns, donations, and sponsorships are available to kitchens and their programs. These funding sources take time to cultivate, can be competitive, and come with trade-offs that must be carefully considered.

The specific sources you are eligible for will vary depending on the **mission and impact** focus of your project, the community where it will be located, and your personal and business financial circumstances. The Capital Continuum from Vermont Sustainable Jobs Fund is a helpful illustration of the options available in the funding landscape.<sup>163</sup>

If your project is a for-profit aimed at earning a return for the owners, your access to grant funds may be limited since many grants and foundations require that the organization have a not-for-profit status.<sup>164</sup> However, do not be discouraged if you are considering a for-profit model, there are public and private funds that provide grants regardless of incorporation structure. Whether seeking mission-driven investments or grants, funders will care about your social, economic and/or environmental **outcomes**. Impact measurement is something funders will weigh heavily when making a decision about your project.

Mission-related funding for shared kitchens and food incubators comes from many sources, reflecting the wide range of positive **impacts** a kitchen can have on a community. Not every program is likely to achieve all the potential outcomes nor be eligible for all the funding

types, as discussed in the **Service Planning** chapter. The most common sources fall into a few main impact areas:

- **Food Systems and Health** – focused on strengthening the viability and scale of local and sustainable food production and improving access to healthy, local foods, especially in under-resourced communities. Some of these may specifically focus on environmental sustainability in the food system.
  - Examples include the U.S. Department of Agriculture, U.S. Department of Health and Human Services, Healthcare foundations, food-focused CDFIs, sustainable agriculture funders, and Slow Money.
- **Economic and Community Development:**
  - **Economic Development and Job Creation** – aimed at spurring economic growth by expanding entrepreneurial activity and growing jobs through scaling new ventures.
    - Examples include the U.S. Department of Commerce, state departments of commerce, local economic development agencies, ports, and special tax districts.

<sup>163</sup> [http://flexiblecapitalfund.com/wp-content/uploads/2017/07/Flex-Fund\\_Capital-Continuum\\_June-2017.pdf](http://flexiblecapitalfund.com/wp-content/uploads/2017/07/Flex-Fund_Capital-Continuum_June-2017.pdf)

<sup>164</sup> <https://www.irs.gov/charities-non-profits>

- *Economic Opportunity and Poverty Alleviation* – aimed at addressing disparities and removing barriers to skill and business development opportunities for under-resourced and historically disadvantaged groups through entrepreneurship and workforce training.
  - Examples include Community Development Block Grants, microfinance and asset building grants, low-income focused CDFIs, and donations by banks as part of Community Reinvestment activities.
- *Neighborhood Revitalization* – focused on improving economic and physical conditions at the neighborhood level through new development, attracting investment and coordinating synergistic programs.
  - Examples include HUD programs such as Choice Neighborhoods, Community Development Corporations, local development and redevelopment agencies, and New Markets Tax Credits.

When evaluating potential funding programs, be careful not to let the funding dictate your project and programs, and avoid chasing funding that causes you to expand your scope beyond what you can effectively manage. Make sure you understand your funding obligations and think carefully about the trade-offs between potential funding sources. In general, there is no such thing as free money. Whether you are cultivating private donor relationships, fulfilling grant reporting obligations, or paying interest on a loan, be prepared to invest time and/or

money in exchange for capital you receive.

## Foundation Grants

A growing number of private and community foundations are offering grants to support food systems work. Some are national and others operate at the state or community level. Your local community foundation(s) and the family foundations they represent are a good place to start your search since they are focused on serving your community and may be more open to funding emerging nonprofits and new initiatives. Large corporations based in your area can also be a source of grants if they have corporate foundations or corporate giving campaigns focused on your region or impact area. Some foundations are invitation-only, meaning they do not accept grant applications from organizations they have not already reached out to as potential grantees.

Grantmakers funding food systems, community economic development, equitable development, asset building, and entrepreneurial programs are numerous and constantly changing. To find current grants, consult the following lists and directories:

- Search the Foundation Center’s comprehensive database of grants. Optional paid plans include background information about grantmakers and tools for organizing your grant prospects and proposals.<sup>165</sup>
- Search the members of Sustainable Agriculture and Food Systems Funders.<sup>166</sup>
- Review the list of funders on the North American Food Systems Network (NAFSN) website.<sup>167</sup>
- Explore the Food Funder Directory by the Community Food Funders.<sup>168</sup>

<sup>165</sup> <https://foundationcenter.org/find-funding>

<sup>166</sup> <http://www.safsf.org/who/members/>

<sup>167</sup> <http://foodsystmsnetwork.org/index.php/80-toolbox/project-funding-sources/98-foundation-grants>

<sup>168</sup> <http://www.communityfoodfunders.org/directory-focus-area/>



- If your project is focused on building opportunities for people with limited financial resources, research the foundations listed in the Asset Funder Network directory of members.
- If your project aims to contribute to community prosperity and sustainable development, you may find grantmaker prospects among the members of the Funder’s Network for Smart Growth and Livable Communities.<sup>169</sup>

### Federal Grants and Tax Credits

Federal grants that may fund shared kitchen and incubator projects are generally administered by either the U.S. Department of Agriculture (USDA) or the Economic Development Agency (EDA) housed in the Department of Commerce. However, the Housing and Urban Development (HUD) agency and Health and Human Services also have programs that may be potential sources of support for these projects. You can search for federal grants on the grants.gov website based on keywords, eligible entities, agency, and category.<sup>170</sup>

Federal grants are generally awarded on a competitive basis and involve a lengthy application process. They have specific eligibility criteria about who can apply, and for what purpose, that varies from program to program, even within the same agency. Thoroughly research the grant on the grants.gov website and take advantage of webinars, FAQs, or staff contacts to help you understand the application process.

Tips for applying for federal grants:

- ✓ Leave plenty of time to register in the grants.gov system and submit all necessary paperwork.<sup>171</sup>
- ✓ Check to see if they have already funded similar projects in your service area before you submit to avoid duplication.
- ✓ Take time to cultivate strong references and look for partnership and collaboration opportunities that will strengthen your application.
- ✓ Solicit feedback on your proposal from those knowledgeable about the specific grant and grants in general, such as previous grant recipients and local nonprofit support organizations.
- ✓ Take time to understand the reporting requirements and plan ahead for how you will track and report this information to the grant office.

### USDA Grants

The U.S. Department of Agriculture has been the primary source of federal funding for shared kitchen projects. A number of food incubators, shared kitchens, food hubs and other related programs across the country have received funding from the USDA. There are several programs that kitchens may qualify for, however, the programs, available funding, and eligibility requirements can change over time so you will need to verify the information provided. The USDA website has the most up-to-date and comprehensive information but can be difficult to navigate. *The Guide to USDA Funding for Local and Regional Food Systems* and the National Good Food Network’s summary of USDA programs that fund food hubs provides

<sup>169</sup> <https://www.fundersnetwork.org/connect/>

<sup>170</sup> <https://www.grants.gov/web/grants/search-grants.html>

<sup>171</sup> <https://www.grants.gov/>

overviews of USDA programs that are a good starting point.<sup>172,173</sup> However, these resources may not be current, so you will want to check the USDA website for the latest information.

After researching potential grants, look for informational webinars and local information sessions or representatives that you can contact for further information. Be sure you understand any match and reporting requirements to ensure you have the resources needed to fulfill your grant obligations.

### **Most Common USDA Funding for Shared Kitchens and Kitchen Incubators**

There are several USDA grants that kitchens and incubators have received. Each grant program has its own eligibility criteria and accepts applications from different entity types (nonprofit, producer, university, etc.). Some accept applications directly from for-profit businesses, farms and producer cooperatives, in addition to nonprofit and public entities. The programs that most commonly fund commercial kitchens, incubators, food hubs, and related business development projects (as of the date of this publication) are:

#### ***Local Food Promotion Program.***<sup>174</sup>

The program provides funding for the development and expansion of local food enterprises and infrastructure, including shared kitchens and incubators. It offers Planning Grants that are commonly used for feasibility studies, needs assessments, and business

plan development, as well as Implementation Grants for developing facilities. These grants have a matching fund requirement. USDA's list of recently funded LFPP grants gives a picture of the kinds of projects they focus on.<sup>175</sup>

- Example: Commonwealth Kitchen (formerly Crop Circle Kitchen) received an LFPP grant to expand its facilities and operations.<sup>176</sup>

#### ***Farmers Market Promotion Program (FMPP).***<sup>177</sup>

The funding is focused on three areas: Marketing and promotional activities; capacity building; and training, education & technical assistance.

- Example: Adelante Mujeres was able to leverage FMPP funding to build its Sabor Color Commercial Kitchen.<sup>178</sup>

#### ***Rural Development Loan and Grant Assistance.***<sup>179</sup>

The Rural Development Department has numerous grants for economic, community and business development in areas with populations below 50,000 that are not in an area contiguous to an urban area.<sup>180</sup> Some of the most common ones are Rural Business Development (formerly Rural Enterprise Development) grants, Rural Microentrepreneur Assistance Program, Community Facilities, and Value Added Producer programs.

- Example: Harrison City Market and Commercial Kitchen was funded with a \$250,000 Rural Business Development grant and a \$20,000 Community Facilities Grant.<sup>181</sup>

<sup>172</sup> [http://sustainableagriculture.net/wp-content/uploads/2010/05/NSAC\\_FoodSystemsFundingGuide\\_FirstEdition\\_4\\_2010.pdf](http://sustainableagriculture.net/wp-content/uploads/2010/05/NSAC_FoodSystemsFundingGuide_FirstEdition_4_2010.pdf)

<sup>173</sup> <http://www.ngfn.org/resources/ngfn-database/knowledge/Regional%20Food%20Hub%20Resources%20from%20USDA%20v1.pdf>

<sup>174</sup> <https://www.ams.usda.gov/services/grants/lfpp>

<sup>175</sup> <https://www.ams.usda.gov/services/grants/lfpp/awards>

<sup>176</sup> <https://www.linkedin.com/pulse/commonwealth-kitchen-awarded-500000-usda-grant-increase-jen-faigel/>

<sup>177</sup> <https://www.ams.usda.gov/services/grants/fmpp>

<sup>178</sup> <http://www.adelantemujeres.org/sabor-color/>

<sup>179</sup> <https://www.rd.usda.gov/programs-services/all-programs>

<sup>180</sup> <https://www.rd.usda.gov/programs-services/rural-community-development-initiative-grants>

<sup>181</sup> <https://www.harrisoncitymarket.com/>

### ***Specialty Crop Block Grant Program.***<sup>182</sup>

These grants aim to increase the competitiveness of specialty crops and are administered through State Departments of Agriculture. Contact your state Department of Agriculture for further information about eligibility requirements. Their list of funded projects by state will give you examples of eligible projects.<sup>183</sup>

### ***Sustainable Agriculture Research and Education.***<sup>184</sup>

SARE grants are geared to researchers, including agricultural educators, students, farmers and ranchers. The grants are administered regionally and have different focus areas and eligibility requirements. While funds cannot be used directly for kitchen development projects, they have been used for education efforts related to shared kitchens and kitchen incubators. This Toolkit was developed with funding from a North Central Region SARE grant awarded to Purdue University Extension's Local Food Program.<sup>185</sup>

### **Department of Commerce/Economic Development Administration**

The Economic Development Administration is an agency within the Commerce Department that provides funding for projects that stimulate economic growth, improve competitiveness, invest in distressed communities, and create jobs. The EDA has a track record of funding incubators in all different sectors, from technology to biotech to manufacturing. The EDA list of funded projects gives an overview of their interests.<sup>186</sup> EDA accepts applications from several different types of entities but may require projects to be developed

in coordination with public agencies. See the grant requirements for further details. Grants generally require cost sharing or matching funds.

- Example: The Treasure Coast Education and Research Development Authority received an \$895,000 EDA grant to establish its kitchen incubator, Sunshine Kitchen in Fort Pierce, Florida.<sup>187</sup>

EDA grants are awarded throughout the year, but applications generally exceed funding allocations so submitting an application at the beginning of their fiscal year starting October 1 will give you the best chance of being awarded funds. EDA grants have a multi-step application that involves submitting a funding proposal in the form of a pre-application. You will want to make contact with your local EDA representative early in the process to understand their eligibility and application requirements. Check the EDA Programs page and Funding Opportunities page on the EDA website for current offerings.<sup>188,189</sup>

There are three primary EDA programs that may fund incubator projects:

- ***Public Works Program.*** "EDA's Public Works program helps distressed communities revitalize, expand, and upgrade their physical infrastructure. This program enables communities to attract new industry; encourage business expansion; diversify local economies; and generate or retain long-term, private-sector jobs and investment through the acquisition or development of land and

<sup>182</sup> <https://www.ams.usda.gov/services/grants/scbgp>

<sup>183</sup> <https://www.ams.usda.gov/services/grants/scbgp/awards>

<sup>184</sup> <https://www.sare.org/Grants/Apply-for-a-Grant>

<sup>185</sup> <https://www.purdue.edu/dffs/localfood/sharedkitchen/>

<sup>186</sup> <https://www.eda.gov/grants/>

<sup>187</sup> <http://www.treasurecoastresearchpark.com/sunshine-kitchen-2/> ; <http://floridafoodandfarm.com/featured/new-treasure-coast-kitchen-incubator-promises-to-help-food-entrepreneurs>

<sup>188</sup> <https://www.eda.gov/programs/eda-programs/>

<sup>189</sup> <https://www.eda.gov/funding-opportunities/>

infrastructure improvements needed for the successful establishment or expansion of industrial or commercial enterprises.”<sup>190</sup>

- **Local Technical Assistance Program.** “Helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in distressed areas from making optimal decisions on local economic development issues.”<sup>191</sup>
- **Economic Adjustment Program.** “Assists state and local interests in designing and implementing strategies to adjust or bring about change to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base.”<sup>192</sup>

### Additional Federal Funding

Projects may be eligible for funding from other federal agencies, depending on the target population, the partnerships involved, the project and anticipated outcomes. The project may also qualify for funding from other agencies if the kitchen is a component of a larger project, such as a neighborhood redevelopment project, a multi-use building, or a healthy food access effort. Some of the agencies involved in these projects include the Department of Housing and Urban Development (HUD), Department of Health and Human Services, and the Federal Reserve.

### Housing and Urban Development

While HUD does not have any programs tailored specifically to shared kitchens and food incubators, kitchen projects have received support from HUD as part of larger revitalization and affordable

housing efforts. Examples of Housing and Urban Development (HUD) funding that has been leveraged for kitchen projects include:

- Shared kitchens included in affordable housing mixed-use projects that receive funding from HUD:
  - Example: Flatbush Caton Market redevelopment.<sup>193</sup>
- Kitchens planned as part of Choice Neighborhoods projects:
  - Example: Shreveport Culinary Hub.<sup>194</sup>
- Kitchens planned as a component of a Sustainable Communities project:
  - Example: City Kitchen West Denver.<sup>195</sup>

A collaboration that allows your kitchen to be embedded in a larger project can create synergies that reduce costs and make both efforts more competitive for these grants. You will want to build relationships with organizations and agencies involved in redevelopment or development projects in your area to cultivate these opportunities. Building these relationships and aligning your project goals can take time. The first step is to get to know existing and planned revitalization projects in your area. Research any special designations that your community or preferred neighborhood has, such as Promise Zones and Choice Neighborhoods and get to know the organizations involved. Read economic development, community development, and comprehensive plans for your community to see if they include incubators or local food in their visions and goals. Reach out to organizations and agencies that share your goals and become involved in

<sup>190</sup> <https://www.eda.gov/pdf/about/Public-Works-Program-1-Pager.pdf>

<sup>191</sup> <https://www.eda.gov/pdf/about/Local-TA-and-UC-Program-1-Pager.pdf>

<sup>192</sup> <https://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Pager.pdf>

<sup>193</sup> <https://www.nycdc.com/press-release/new-york-city-council-approves-plan-new-flatbush-caton-market-and-100-affordable>

<sup>194</sup> <https://www.usnews.com/news/best-states/louisiana/articles/2017-10-15/shreveport-to-get-culinary-hub-for-budding-chefs>

<sup>195</sup> <https://www.radianinc.org/project/city-kitchen/>

revitalization efforts that align with your kitchen's vision. This engagement will lay the foundation for collaboration and open doors for public-private partnerships that can leverage funding.

### **Health and Human Services**

Kitchens are sometimes eligible for health-related funding when they are included in larger healthy community initiatives and healthy food access efforts. Projects aimed at increasing jobs for low-income people may be eligible for Department of Health and Human Services Office of Community Services Community Economic Development grants.<sup>196</sup> The CED office also collaborates with the Department of Treasury and USDA to administer the Healthy Food Financing Initiative (HFFI), which has funded a number of investments in local food retail in underserved areas across the country.<sup>197</sup> Examples include a hybrid retail, accelerator, and revolving loan project by Mandela Marketplace in West Oakland and Eastern Market Corporation's Farm to Freezer project and food incubator program.<sup>198,199</sup>

### **Tax Credits**

Tax credits are incentives designed to promote community investments by providing credits on federal and state taxes. The programs likely to be the most accessible to food-related projects are New Markets Tax Credits, Low-Income Housing Tax Credits, and Enterprise Zones. Like all federal and state programs,

these programs and their available funding are subject to change over time. Consult the program websites for the most up-to-date information.

### **New Market Tax Credits**

New Market Tax Credits aim to stimulate investment in areas with high poverty.<sup>200</sup> "The NMTC program attracts capital to low income communities by providing private investors with a federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation—census tracts where the individual poverty rate is at least 20% or where median family income does not exceed 80% of the area median."<sup>201</sup> To access New Market Tax Credits, first identify your local CDFI that is a New Markets Tax Credit Program allocatee using the map on their website.<sup>202</sup> Use their search feature to find CDFIs in your community.<sup>203</sup>

- Example: L.A. Prep leveraged \$16 million in NMTC allocations to build its 56,000-square-foot facility housing a shared kitchen and L.A. Kitchen, a workforce training program providing healthy meals to food-insecure households.<sup>204,205</sup>

### **Low-Income Housing Tax Credits**

Low-Income Housing Tax Credits are competitive funds used to develop affordable housing projects. Some of these projects have included food-related facilities, such as

<sup>196</sup> <https://www.acf.hhs.gov/ocs/resource/ced-fact-sheet-1>

<sup>197</sup> <https://www.acf.hhs.gov/ocs/programs/community-economic-development/healthy-food-financing>

<sup>198</sup> <https://www.acf.hhs.gov/ocs/resource/ced-hffi-grant-awards-fy-2016-0>

<sup>199</sup> <https://www.acf.hhs.gov/ocs/resource/ced-hffi-grant-awards-fy-2016-0>

<sup>200</sup> <https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx>

<sup>201</sup> <http://nmtccoalition.org/fact-sheet/>

<sup>202</sup> <https://www.cdfifund.gov/awards/nmtc/Pages/default.asp>

<sup>203</sup> <https://www.cdfifund.gov/Pages/FAQ.aspx>

<sup>204</sup> <http://nmtccoalition.org/wp-content/uploads/NMTC-at-Work-2016.pdf>

<sup>205</sup> <http://www.laprep.la/>

St. Louis Stamping Lofts.<sup>206</sup> Partnering with a planned affordable housing development may be necessary to leverage these funds.

### **Enterprise Zones**

Generally, Enterprise Zones offer tax incentives and credits to businesses that locate in an impoverished, distressed or blighted area designated as an Enterprise Zone by the state.<sup>207</sup> These may also be a source of tax credits but the programs vary by state and not all states offer them. Enterprise Zones can come with a variety of credits and exemptions from state tax business, sales and utility taxes and may offer other incentives. For example, Colorado offers a 25% state income tax credit for private contributions to an approved Contribution Project that furthers the economic development goals of the Enterprise Zone.<sup>208</sup>

### **Loans and Debt Capital**

There are a number of different sources of debt financing that you can consider for funding your capital and start-up expenses. Traditional banks and credit unions may be an option depending on your organization type, your business's financial circumstances, and the personal collateral you are able to provide. In addition to conventional business loans, there are other less commonly known lenders that are mission-driven that may offer competitive loans for projects, especially those that fall outside traditional lending standards. These include CDFIs, revolving loan funds, community-based lenders and microfinance lenders.

### **Mission-Driven Lenders: CDFIs, Revolving Loan Funds and Community-Based Lenders**

Growing awareness of the importance of local food systems and healthy food access has spurred the development of food-focused financing funds at the state and regional level. These are administered by a number of different types of financing institutions from foundations with revolving loan funds, to community-based lending funds, to CDFIs focused on underserved markets. Community Development Financial Institutions (CDFIs) are “mission-driven financial institutions that have been certified by the U.S. Department of the Treasury’s CDFI Fund. CDFIs include credit unions, banks, loan funds, and venture capital funds that operate with a primary mission of serving low-income communities.”<sup>209</sup> CDFIs take many forms and are sometimes embedded in another organization. You likely have a business or commercial lender in your area that you did not realize was a CDFI.

The number of CDFIs, their lending focus, and their requirements vary from state to state. Around the country, CDFIs have funded projects from expanding retail in food deserts to scaling local food production distribution. The Treasury Department has funded some of these through the CDFI Fund Healthy Food Financing Initiative, which provides funding to CDFIs that invest in businesses that provide healthy food options.<sup>210,211</sup> To find your local CDFIs, search online for opportunities in your state or region.<sup>212</sup>

An example of a CDFI program with a food focus is the Colorado Fresh Food Financing Fund (CO4F),

<sup>206</sup> [http://services.housingonline.com/nhra\\_images/TCA%20July%202013%20-%20st.%20louis%20historic%20affordable%20project.pdf](http://services.housingonline.com/nhra_images/TCA%20July%202013%20-%20st.%20louis%20historic%20affordable%20project.pdf)

<sup>207</sup> [https://en.wikipedia.org/wiki/Urban\\_enterprise\\_zone](https://en.wikipedia.org/wiki/Urban_enterprise_zone)

<sup>208</sup> <https://choosecolorado.com/doing-business/incentives-financing/ez/>

<sup>209</sup> <https://www.cdfifund.gov/Pages/FAQ.aspx>

<sup>210</sup> <https://www.acf.hhs.gov/ocs/programs/community-economic-development/healthy-food-financing>

<sup>211</sup> [https://www.cdfifund.gov/Documents/CDFI7205\\_FS\\_HFFI\\_updatedJan2016.pdf](https://www.cdfifund.gov/Documents/CDFI7205_FS_HFFI_updatedJan2016.pdf)

<sup>212</sup> <https://www.cdfifund.gov/Pages/FAQ.aspx>

run by the Colorado Housing Finance Authority.<sup>213</sup> It focuses on financing grocery and other retail channels, and funds may be used for: business start-up and expansion costs; opening a new store; keeping a store open under new ownership; new or upgraded equipment and displays; land assembly; and developing an innovative business concept.

RSF Social Finance is a social enterprise and nonprofit lender that offers a variety of different loan types to meet the needs of established mission-driven organizations that are profitable or can demonstrate a path to profitability within 12 months. Food and agriculture is an area of focus for RSF Social Finance.<sup>214</sup>

Community-based lenders sometimes have revolving loan funds that seek to support local enterprises, and some may be geared toward food systems projects. For example, the Carrot Project offers loan and business assistance programs that help individual farmers and food businesses in New England and the Hudson Valley develop financial management skills.<sup>215</sup> Other funds, such as New Hampshire Community Loan Fund, are focused on lending to a wide range of local mission-driven organizations which may include food projects.<sup>216</sup>

Some foundations and mission-driven funds offer a mix of grant, equity, and financing opportunities in order to meet the needs of nonprofit and for-profit entities at different stages of development. High Meadows Fund in Vermont is an example of this approach.<sup>217</sup>

Crowdfunded loans, such as those through Community Sourced Capital, are a potential source

of community-based, no-interest loans.<sup>218</sup> They are discussed further in the [Crowdfunding section](#).

### ***Microfinance/Microenterprise Lenders***

Microfinance lenders, who specialize in small loans for startup and growing businesses, may be an additional source of funding if your capital needs are limited. Eligibility requirements vary but they generally focus on low-income, minority, and underserved businesses. They may be listed as a microfinance organization or the funding may be a service offered by a microenterprise organization (which are groups that provide assistance and education to small, underserved businesses). Accion is an established microenterprise lender with offices around the country that provide loans for food industry projects.<sup>219</sup>

### **Private Lenders**

Family and friends are often an initial source of funding for businesses of all kinds, including for-profit shared kitchen projects. Mission-driven private investors, such as Slow Money members, may offer loans in addition to equity investments in enterprises involved in sustainable food systems. Sellers and landlords in real estate transactions may also be willing to finance some of your real estate and capital costs.

There are a number of ways to structure these arrangements so it is best to seek advice from a lawyer, accountant, and/or business advisor to understand your options. Be sure to record the terms of funding in writing and consider getting a lawyer to review your documents. These recommendations apply even when receiving

<sup>213</sup> <https://www.chfainfo.com/CO4F/>

<sup>214</sup> <http://rsfsocialfinance.org/get-funding/loans/>

<sup>215</sup> <http://www.thecarrotproject.org/home>

<sup>216</sup> <https://www.communityloanfund.org/>

<sup>217</sup> <http://www.highmeadowsfund.org/investments/>

<sup>218</sup> <https://www.communitysourcedcapital.com/>

<sup>219</sup> <https://us.accion.org/loan/restaurant-and-food-industry-loans/>

funds from your closest supporters, family, or friends. Formalizing your agreement terms provides clarity for all parties, and serves as a point of reference if questions or problems arise.

## Commercial Lenders

Private kitchen projects may wish to seek financing from traditional business lenders, such as commercial banks, in the form of business loans, mortgages, construction loans, lines of credit, and equipment financing. The Small Business Administration has several different loan programs including microloans, loans for new and expanding businesses, disaster loans, and real estate and equipment loans. These loans are issued by participating lenders, such as banks, and guaranteed by the SBA. Check out the SBA website or an approved lender for further information about the types and eligibility requirements.<sup>220</sup> A variety of online resources and business advisors, such as SBDCs, can assist you in understanding the terms of these loans, how to apply, and whether collateral is likely to be required.<sup>221</sup> If you are starting a new business, your personal credit rating and personal assets may be factored into the lender's underwriting decision. If you only need a small loan or have circumstances that make it hard to obtain a traditional loan, look into local microfinance agencies as well.

## Venture Capital, Investment Circles, and Angel Investors

A growing industry of mission-driven investors is opening up opportunities for for-profit kitchens and related food companies. Investors and investment funds generally provide capital to a company in exchange for a stake in the company, however, some mission-driven funds (such as High

Meadows Fund) offer debt, equity, flexible capital, and grant funding.<sup>222</sup> Mission-driven investors are distinguished from conventional investors by their interest in getting an impact return as well as a financial return on their investment. This is sometimes called a double (social and financial) or triple (social, financial and environmental) bottom line investing approach. Some mission-driven investors are also more "patient" in their investing approach, meaning they are willing to wait longer to see their financial return on projects. Regardless of their impact goals, investors are looking for a return on their investment so your project must generate sufficient profits to provide a return (or make debt payments in the case of loans) to be attractive to investors.

Investor networks and angel groups are making it easier for food and community development projects to gain exposure to potential investors. Many of these groups are networks of individual investors who make independent investments in companies based on pitches. Accredited investors that provide capital to startups are often referred to as "angel investors." There are also venture capital funds that make equity investments in companies. For example, the Austin Foodshed Investors has an explicit mission to "increase the supply of good, clean, fair food and the supply of individual impact investor opportunities by sourcing, creating, and investing in local sustainable food companies."<sup>223</sup>

Investor networks that are the most likely to provide capital for local food projects include:

- Slow Money – a national organization with regional chapters of individual accredited investors focused on sustainable agriculture. Numerous other investor

<sup>220</sup> <https://www.sba.gov/loanprograms>

<sup>221</sup> <https://americassbdc.org/>

<sup>222</sup> <http://www.highmeadowsfund.org/investments/>

<sup>223</sup> <https://www.austinfoodshedinvestors.com/about.html>



groups focused on food and agriculture have also been formed in recent years.<sup>224</sup>

- Local Investing Opportunities Network (LION) groups – local investment networks focused on providing accredited investors with opportunities for investments in their local community.<sup>225</sup>
- Community Development Venture Capital Alliance – a network of Community Development Venture Capital Funds.<sup>226</sup>
- Community-based angel networks focused on providing early stage capital to local businesses.

Your community also may have social impact accelerators and local investment pitch events that put you in front of potential investors. Consider attending a pitch class or using online resources for honing your pitch and preparing for questions. Then practice, practice, practice before pitching to a real potential funder. These people have limited time and resources, so make every second of your story count. The Nasdaq Entrepreneurial Center has a free downloadable toolkit for entrepreneurs pitching their business, with tips on content and delivery.<sup>227</sup>

If your kitchen has strong profitability or expansion potential, then it may be able to attract more conventional investors focused exclusively on the bottom line. Real estate developers and investors interested in building real estate portfolios in your market may also be potential partners in your facility.

Getting an investment can be an exciting vote of confidence in your project. However, accepting investor money can also put additional pressure

on your business to reach profitability milestones, which can influence how you do business. Giving up equity can also shift the balance of decision-making power within your company. Before accepting an investment from an individual or fund, do your homework and understand the trade-offs compared to other types of funding. Be sure to seek counsel from an experienced lawyer and/or business advisor who can help you understand and negotiate the terms of investment.

## Crowdfunding

Crowdfunding is an increasingly popular way of leveraging community support for launching and expanding food and entrepreneurial projects. Crowdfunding can be a substantial source of capital. Shared kitchens and incubators have successfully raised tens of thousands of dollars (even \$100,000+) on crowdfunding platforms. However, the timing, design, and marketing of the campaign can be critical to its success. Crowdfunding campaigns rely on the social capital of the organization or person leading the effort, so they are best launched once a network of supporters has been established and progress has been made on the project.

There is a plethora of platforms available with different capital types and fee structures. Some of the most common for food projects include rewards-based, cause-oriented, and food-focused platforms.

- Rewards-based contribution platforms are the most well-known crowdfunding sites. Offering rewards, often called perks, is a popular way to incentivize contributions and garner more support, especially for for-profit

<sup>224</sup> <https://slowmoney.org/>

<sup>225</sup> [https://en.wikipedia.org/wiki/Local\\_Investing\\_Opportunity\\_Network](https://en.wikipedia.org/wiki/Local_Investing_Opportunity_Network)

<sup>226</sup> <http://cdvca.org/>

<sup>227</sup> <http://thecenter.nasdaq.org//entrepreneur-pitch-toolkit/#download>

projects. There are a number of different platforms but the most common are Kickstarter, which uses goals and deadlines to motivate giving, and Indigogo, which allows you to keep whatever amount you raise.<sup>228,229</sup>

- Nonprofit and cause-oriented platforms are geared to the messaging and processing needs of nonprofits and social causes. They offer design tools for sharing the impact of contributions and tax receipt tools. They also offer lower fee options and some enable you to ask donors to contribute to transaction fees. These platforms enable fundraising without goals and deadlines and have options for ongoing and multiple campaigns. Popular sites include CrowdRise (run by GoFundMe), Causevox, and Razoo.<sup>230,231,232,233</sup>
- Food-focused platforms are newer options that are geared to the good food movement. They aim to leverage a community of like-minded consumers passionate about food to support new food projects.
  - Barnraiser – Good food and healthy living e-commerce and information site that includes an all-or-nothing rewards-based crowdfunding platform.<sup>234</sup>
  - PieShell – A rewards-based platform that uses a stepping stones model for campaigns.<sup>235</sup>

- Credibles – A Slow Money project focused on the needs of growing food enterprises. Their platform enables food businesses to raise funds for expansion by selling prepaid, edible credits that customers redeem later.<sup>236</sup>

- Loan platforms are less common but are an additional option to consider, especially for for-profit projects. Community Sourced Capital is one platform that enables established entities to raise interest-free loans by aggregating small increment loans from community members.<sup>237</sup>

Tips for choosing a platform:

- Consider the funding type (perks, loans, credits, etc.) that will best suit your project and interest your supporters.
- Compare the funding restrictions and fees charged for each platform.
- Evaluate the services, ease of use, communication, analytics, and record-keeping tools offered by the platforms.
- Weigh the brand name recognition, marketing reach, and mission focus of the platforms to determine which will give your campaign credibility and exposure.
- Consider whether you plan to launch a single crowdfunding campaign or want a site that supports additional fundraising activities in the future.

<sup>228</sup> <https://www.kickstarter.com/>

<sup>229</sup> <https://www.indiegogo.com/>

<sup>230</sup> <https://www.crowdrise.com/>

<sup>231</sup> <https://www.causevox.com/>

<sup>232</sup> <https://www.razoo.com/>

<sup>233</sup> Authors have no affiliation with resources referenced.

<sup>234</sup> <https://www.barnraiser.us/>

<sup>235</sup> <https://www.pieshell.com/>

<sup>236</sup> <https://credibles.co/>

<sup>237</sup> <https://www.communitysourcedcapital.com/>

## Crowdfunding Considerations

Crowdfunding campaigns take time to plan, develop and maintain. Give yourself ample time to develop a successful campaign.

Crowdfunding can be a powerful tool for marketing as well as fundraising. Invest in marketing materials to support your message, such as videos, photos, and printed materials. Plan your marketing activities for each day of your campaign ahead of time to ensure you maximize awareness of your campaign through all your different communication and media channels. Remember that your campaign may be archived by the platform and show up in searches for your organization long after your campaign has ended.

Successful campaigns rely on an existing base of supporters, not on being discovered by strangers on a crowdfunding website. Be sure to cultivate a mailing list, social media followers, and community awareness of your project before launching your campaign. Reach out to supportive partner companies and organizations who can help spread the word about your campaign.

Develop your perks with care and be sure not to over promise what you can deliver. Calculate the total costs of all your perks (and fees) to ensure you will net a sufficient amount. Consider the total number of each perk you can comfortably fulfill in case one is wildly popular. Place a cap on perks if necessary. Be conservative in estimating how long it will take you to deliver your perks and set aside staff time for this task. Make sure you have sufficient cash flow from other sources to deliver on your promises if unexpected expenses arise. Failing to deliver on perks could leave you in legal trouble.

Understand the legal and financial obligations and risks involved in crowdfunding. This can include tax liabilities, contract law, nonprofit Charitable Solicitation Registration requirements, trademark and intellectual property protections, personal and business liability, and securities laws. If you are a nonprofit, be sure you follow IRS charitable giving requirements (written acknowledgement, quid pro quo fair market value, and value of goods info for perks, etc.) for donations.<sup>238</sup> Consult with your accountant and lawyer for more information.

Avoid accepting prepayment of shared kitchen rent, membership, or other kitchen-reliant perks before your doors are open. Construction delays are common and cost overruns can put projects in jeopardy. If customers cannot redeem their rental credits when expected this may negatively impact their businesses, which could hurt your kitchen's reputation, pressure you to return the funds, or even get you in legal trouble.

For further information and tips:

- ✔ Read the campaign resources available on the different platform websites.
- ✔ Read blogs, forums, and books on the type of crowdfunding you choose and your organization type.
- ✔ Search for previous shared and incubator kitchen projects on crowdfunding sites to see example campaigns.
- ✔ Read discussions of shared kitchen crowdfunding on the Network for Incubator and Commissary Kitchens (NICK).<sup>239</sup>

<sup>238</sup> <http://grantspace.org/blog/risks-and-rewards-of-crowdfunding-for-nonprofits>

<sup>239</sup> <https://www.facebook.com/groups/NICKitchens>

## Fundraising, Sponsorships, and Capital Campaigns

Fundraising can be an important part of launching a nonprofit or impact-focused kitchen project. There are a variety of avenues for raising these funds from community members and supporters. For-profit projects can raise funds from the community through crowdfunding, however, to receive tax-deductible donations, your organization will need to be registered as a nonprofit organization with the IRS or be sponsored by another nonprofit, often called an umbrella organization.

### Community Fundraising and Capital Campaigns

Established organizations may wish to launch fundraising or capital campaigns dedicated to their kitchen projects. Because of the marketing demands of these efforts, it can be challenging for new organizations without established reputations and donor lists to raise substantial funds. However, with time and considerable effort in relationship-building and outreach, new organizations can build successful donor bases.

New organizations launching kitchen projects often find it challenging to raise money before they have a kitchen that becomes the tangible symbol of their vision. This is especially true in communities unfamiliar with the concept of shared kitchens and incubators. These communities may need more explanation of the hurdles food entrepreneurs face and examples of similar kitchens. In addition to strong messaging, look for opportunities to engage with the community in ways that demonstrate the value of your project. If you do not have funds to open a kitchen yet, consider organizing events and offering services that support clients and show progress to potential donors. Once construction has started, use social media to document the process and keep supporters engaged.

Before creating a capital campaign, be sure you understand the full cost of constructing your kitchen and have sufficient contingency funds for cost overruns and unexpected expenses so you can complete your project. Line up commitments from several big donors in advance to give your capital campaign a strong start and build momentum.

### Sponsorships

Offering sponsorships and naming rights are another tool for raising larger pledges for the project. Sponsorships can attract sizeable gifts from entities who are seeking to build goodwill in the community through association with your project.

Sponsorship Tips:

- ✔ Create renewable sponsorships of three to five years and avoid giving permanent naming rights as this can reduce future revenues.
- ✔ Create a variety of sponsorship opportunities at different price points to attract more sponsors.
- ✔ Brainstorm all the potential areas for sponsorships, including different physical spaces in the incubator (conference room, kitchen, etc.) and intangibles such as programs, events, and publications.
- ✔ Craft a sponsorship program that offers multiple acknowledgement opportunities throughout the year and gives your sponsors ways to deepen their relationship with your project.
- ✔ Look for sponsors beyond the big name corporations in your community. Brainstorm businesses that are interested in supporting or garnering business from your clients, such as banks, lawyers, accountants, and kitchen supply stores. Consider corporations and agencies that are mission-aligned with

your project or are looking to demonstrate their commitment to the local community or your client population in a public way.

### **In-Kind Donations of Goods and Services**

When looking for contributions it is good to think ahead about opportunities for in-kind donations. In-kind donations can be gifts of goods (such as equipment, furniture, electronics, food, etc.) or services such as marketing, legal, or accounting. Creating a list of potential in-kind contributions ahead of time will help your team cultivate these opportunities and avoid donations that are not useful to you.

Equipment is often a top focus of donation efforts but services can also be valuable. Kitchen projects sometimes solicit equipment donations from equipment vendors and manufacturers. Some kitchen projects gladly accept used equipment donations from institutional kitchens that may be closing or upgrading, while others opt only for new equipment to avoid potential repair hassles.

Services such as design, marketing, and legal assistance are also valuable. Look for companies that are mission-aligned and/or interested in building brand awareness or goodwill in the community and offer them opportunities for public acknowledgement of their in-kind contributions. Do not overlook your personal network of friends and family who are invested in your vision and want to see you succeed.

## Facility Design and Development

There is tremendous variation in the size, layout, and equipment of shared commercial kitchens. Every shared kitchen is unique because it is tailored to the local community, the business model of that kitchen, and the constraints of the site and local regulations. Because of this variation, there is no simple description of what a shared kitchen looks like or should include. Kitchens must develop their plans by engaging designers, stakeholders, and regulators throughout the development process.

This chapter will provide an overview of design considerations to help you develop your unique plans. If you are new to commercial kitchen design, it may be helpful to look at a variety of shared kitchen designs first and tour other kitchens that have a similar business model. Online video tours of kitchens are also great tools for early design inspiration.<sup>240</sup> Joining discussion forums, such as the NICK, and reaching out to kitchen managers will give you practical insights into the pros and cons of different layouts.<sup>241</sup> As you move toward developing plans for your facility you will want to recruit a skilled design team to help you create an efficient and compliant facility plan that meets your goals.

### Design and Development Process

Generally, the design process will start with a kitchen concept that reflects your understanding of your target businesses goals for the facility, and your budget constraints. The kitchen concept will evolve into preliminary drawings as you learn more about the factors that affect your project, such as the local market, regulatory requirements and costs. The final design plans will be developed as you prepare to

embark on the construction process. The steps involved will depend on a number of factors, such as whether you have a building secured or will be doing a site search, whether you will be renovating or constructing a new facility, and whether you own or rent the space. We'll discuss each of these factors in this chapter.



**Kitchen founders often find the development process for shared commercial kitchens is more complex and costly than they anticipated.**

Additionally, it often takes considerably longer than expected. This chapter will explore some of the factors that contribute to the complexity of kitchen projects and help you in navigating the development process. As you draft your design and construction timelines, be sure to give yourself plenty of time to tackle unanticipated hurdles. Overpromising your opening day to prospective clients and stakeholders will add extra stress and frustration to the process. You also want to make sure you have contingency funds set aside to cover any unexpected costs and overruns along the way.

<sup>240</sup> For example, PREP Atlanta has a video tour of its facility on its website: <https://www.prepatl.com/about/tour-of-prep/>. FEED Kitchens also has a virtual tour: <http://feedkitchens.org/videos/>

<sup>241</sup> Network for Incubator and Commissary Kitchens: <https://www.facebook.com/groups/NICKitchens/>

## Design and Construction Team

Due to the complexity of building codes and commercial food production regulations, most projects require an experienced team of designers and contractors to develop the facility. Depending on the scope of your project, your team may include:

- Architect
- Commercial kitchen designer
- General contractor
- Engineers (mechanical, electrical, etc.)
- Commercial kitchen equipment supplier
- Plumber
- Electrician
- Interior designer
- Landscape designer

Some businesses, such as design-build companies, provide a combination of design and construction services or have established relationships with subcontractors to carry out the work. Commercial kitchen equipment suppliers often have design departments that can be hired to develop floor plans.

When hiring designers and contractors, look for firms with experience in shared and commissary kitchens, if possible. Hiring inexperienced firms may lead to higher costs since they will have to learn the unique requirements of shared kitchens and may initially overlook important details. Ask for references, check their license and insurance, and view previous work before hiring contractors.

## Design Considerations

The design of the kitchen will vary considerably depending on your business model, what kind of businesses you plan to accommodate and how many will use the space simultaneously.

Some of the key design considerations include:

- **Business/Product Types.** The primary business types and the products they are producing.
- **Scale.** The scale of production the kitchen aims to accommodate.
- **Special Uses.** Other uses for events, classes, demos, retailing/food service.
- **Regulatory Requirements.** The host of regulatory requirements that govern the space, its uses, and the products produced.
- **Budget.** The project's capital budget for construction, renovations/tenant improvements, and equipment.
- **Building and/or site constraints.** The size, layout, condition, and infrastructure of existing buildings and the site factors for new construction.

We will explore each of these below.

### Business Types and Needs

While it is possible to accommodate a variety of small-scale businesses in a basic commercial kitchen, these kitchens may not serve all business types, so it is best to know who you will be serving before designing your facility. You want to be sure you are designing the space to efficiently accommodate the breadth of businesses you hope to attract. Some food businesses will have special needs, for example:

- Businesses looking for specialized equipment, such as fryers, blast chillers, smokers and dehydrators.
- Canned or bottled food and beverage producers that need bottling equipment.
- Confectionery businesses looking for climate-controlled spaces with air conditioning.

- Food truck/cart operators with licensing requirements that require special cleaning and prep areas or features such as grey water pumping, fresh water filling stations, or hookups.
- Allergen-free product makers who may need segregated production areas to meet labeling requirements.
- Kosher or Halal food makers who may have special equipment sharing, cleaning and storage considerations.
- Businesses with products that are cooked or processed overnight, such as slow-cooked meats and broths, dehydrated foods, smoked foods, and bean-to-bar chocolate.<sup>242</sup>
- Delivery and on-demand operations (either delivery-only restaurants or brick-and-mortar restaurants that want to expand delivery services off-site) looking for efficient order prep, tracking, pick-up, and parking facilities.<sup>243</sup>

If you haven't identified your primary business types or business model, you will want to review the [Market Research](#) chapter and clarify your [kitchen model](#) before you start designing your kitchen. Research the special needs of your target business types and if you are not familiar with their production processes, study their workflow to understand how you can provide efficiencies that improve their productivity and kitchen experience.

### Scale of Production

It is also important to think about the scale of business you aim to serve and what capacity of

equipment they will be seeking. You want to right-size the facility and the equipment to the businesses. If your primary clients will be entrepreneurs just starting out and serving a local area, then smaller capacity equipment is often adequate. However, growing businesses beginning to scale up will be looking for equipment that improves their production efficiencies so they can meet growing demand and improve profitability. For an example of a larger-capacity shared facility, look at the floor plan and equipment lists for the 23,000-square-foot Rutgers Food Innovation Center.<sup>244</sup>

You need to understand your scale of production early in the process because it will determine your equipment requirements and your plumbing, electrical, and ventilation needs. This will inform your site criteria, your budget and your floor plan. While it is common for designers to start at a macro scale and leave equipment considerations to later stages, some kitchens have found it is better to start with the [equipment requirements](#) and build facility plans from there since the type and scale of equipment will drive many of the design decisions.

### Special Uses

If your kitchen will include retail, teaching, or office areas you will need to consider the unique design needs of these spaces. These uses may also come with different land use, building, and licensing requirements. Take care to consider your scope of activities and related risk as this may affect your insurance plan(s) and premiums. Special uses that could have a significant impact on your design, layout and location include:

<sup>242</sup> Not all kitchens permit equipment to be left unattended overnight due to fire and liability concerns. Consult with your insurance, licensing, and landlord (if applicable) if you expect to have these uses and are considering allowing clients to leave equipment unattended. Review discussions on the NICK (<https://www.facebook.com/groups/NICKitchens/>) and consider reaching out to other shared kitchens about their experiences and their fee structure for these uses.

<sup>243</sup> For an example of how these operations can differ, check out Kitchen United in Pasadena, California: <https://www.kitchenunited.com/>. Article describing the facility and delivery industry growth: <https://www.pymnts.com/news/retail/2018/shared-kitchens-food-delivery-apps/>

<sup>244</sup> <http://foodinnovation.rutgers.edu/F-South.html>



- ✓ Café, restaurant, and other food services spaces
- ✓ Markets and retail areas
- ✓ Food hub aggregation and distribution facilities
- ✓ Private kitchens
- ✓ Workforce training kitchens
- ✓ Teaching, demo, and filming kitchens
- ✓ Event/flexible spaces
- ✓ Meeting or conference rooms
- ✓ Offices and/or co-working spaces
- ✓ Outdoor areas for farmers markets, event rentals, farms, etc.

### Regulatory Requirements

Your licensing and local codes will set the parameters for what is required so you will want to invest time into consulting with the pertinent regulatory agencies. In the end, it will save you time, money, and heartache to know their requirements before you settle on a site or draw up any plans. Most likely you will discover requirements that alter your vision considerably so it is good to understand the rules early on. For example, limits on the number of businesses allowed to share a single kitchen area (simultaneously or consecutively) can radically change your revenue projections. Requirements to have dedicated single-user base of operations stations for food trucks can have a big impact on your space and layout requirements. Requirements to install large grease traps and special wastewater monitoring equipment may require expensive site renovations. Any number of building code requirements for ventilation, fire safety, or earthquakes can also greatly impact your construction budget.

### Identifying Regulatory Agencies Involved

Typically there are a host of regulatory agencies you will need approvals from before you can develop and operate your kitchen. These often include but are not limited to:

- **Food licensing and regulatory agencies:**
  - Local city or county public health department that oversees food service businesses such as caterers and any on-site food sales.
  - State department of agriculture that licenses packaged or processed foods.
  - U.S. Department of Agriculture (USDA) for meat processing and organic certified processing.
  - FDA for Food Safety Modernization Act (FSMA), Acidified and Low Acid Foods (LACF), labeling and allergen-free label requirements, as well interstate commerce requirements.
- **Local building departments and fire inspectors.** They will oversee construction permits to ensure everything is up to code and enforce requirements on fire safety.
- **Land use/zoning department.** This generally applies to new construction as well as new uses of existing buildings. It governs which areas of the city you can locate your use(s) in, what the building limits and design requirements are, as well as minimum parking, open space, and landscaping standards. There may also be special ordinances that restrict noise, protect the environment, or preserve the historical character of an area.
- **Wastewater treatment agency (if applicable).** Some areas have special requirements for how wastewater is monitored and handled at the facility.

- **USDA requirements.** USDA rules may apply if you plan to include meat processing or certified allergen-free or organic processing space.
- **Business Licensing Department.** This is the local municipal department that issues business licenses.

Online research is a good way to familiarize yourself with the agencies involved, their rules and key terminology. Some larger cities have developed licensing guidance for commissary, shared kitchens, and incubator kitchens, but most do not have specific guidance. If you have trouble interpreting how the rules apply to a shared kitchen, you will want to contact the agencies directly.

### **Food Licensing Requirements**

Generally speaking, each food business will need to have its own food license to operate in a shared commercial kitchen. Usually the requirements of these licenses are specific to the food products/processes of each business. This means your facility has to meet a variety of different requirements for the types of businesses it hosts. Most likely your kitchen will also need its own commissary type license. Food truck commissaries often have special requirements that can have a considerable impact on your facility design.

Often there is more than one licensing agency you will need to work with since food service businesses are usually licensed at the local/county level (often the Department of Health) and packaged foods businesses are licensed at the state level (generally through the Department of Agriculture). There is considerable variation in the requirements from agency to agency at the state and local level, so there is no simple way to summarize the rules here.

If your site search includes more than one jurisdiction be sure to check if the requirements differ. Also keep in mind that these requirements can change over time. As shared kitchens have become more common, licensing agencies are developing more specific rules to govern them. You will want to monitor the agencies for proposed rule changes during your planning and keep in touch with them during your build-out phase.

If you hope to accommodate the production of packaged products that include meat, you may also need to meet USDA standards and obtain a Grant of Inspection.<sup>245</sup> If you expect to accommodate allergen-free foods you should become familiar with the FDA requirements for gluten-free and other allergen labeling. These rules have been changing in recent years, so keep monitoring them for changes during your planning. The federal Food Safety Modernization Act (FSMA) recently created additional requirements that may also impact your facility design and operations.

### **Working with Regulatory Agencies**

Many jurisdictions have not spelled out the specific requirements for shared kitchens since this is an uncommon use in most areas. As a result, agencies may have to adapt rules intended for other uses, such as restaurants or manufacturing businesses. This can impact the zoning, building and site requirements for your project so try to engage in this interpretation process with the agency and help them understand the unique aspects of your use. If the agencies have not seen a shared kitchen, it can help to bring floor plans and pictures/videos to help them visualize the facility. Provide examples of the types of businesses and what they will be making. Be prepared to answer questions about the type and scale of equipment you intend to have. If you will have retail or food service areas, be sure to ask about any special requirements that apply.

<sup>245</sup> <https://www.fsis.usda.gov/wps/portal/fsis/topics/inspection/apply-for-a-federal-grant-of-inspection>

Meeting directly with the applicable agencies throughout your planning process will give you the most accurate information. You can expect agencies that are unfamiliar with your use to be learning alongside you. You may find the representatives need to do research before answering your questions or that the advice you receive changes before your approvals are finalized. Budgeting extra time and capital can make this less stressful. It can also help to re-confirm the information several times along the way and to speak with more experienced or senior staff if there is uncertainty. Always take notes of who you spoke with and the advice given, or request information in writing to help address any conflicting information in the future. Unlike private companies that might waive a requirement if they initially failed to communicate it correctly, these agencies rarely have the authority to make exceptions, so it is in your best interest to work hard to get the correct information.

A patient, collaborative, yet diligent approach will help you work successfully with the various agencies. Share how your project aligns with their goals and will benefit the community so they understand the value of your kitchen. Remember that you will have a long-term relationship with local licensing agencies and it helps to maintain a good rapport with them. Licensing agencies can also be a good source of referrals for your kitchen since they work with unlicensed and searching food businesses.

### **Budget**

The project's capital budget for construction, renovations, tenant improvements, and equipment will shape the possibilities. If you have not developed a capital budget, see the [Financial Planning](#) chapter for guidance. You may also want to review the [Funding](#) chapter to explore potential sources of capital funding.

### **Working with an Existing Building**

Some projects already have a space in mind because it is an existing asset of the organization or a partner entity such as a government agency or university that is offering it to the project at a rate below market value. These are sometimes referred to as building-driven projects. It is important to vet the space carefully to make sure it is well suited to the use and will help you achieve your goals before moving forward.

The size, layout, condition, and infrastructure of an existing building will have a significant impact on what you can accommodate in the space. If there is already a kitchen in the space, the existing layout may not accommodate as many concurrent users as you need to meet demand or generate sufficient revenue. Examine the floorplan and storage areas and get estimates for the necessary upgrades. If the building needs to be converted from another use, be sure to get estimates on the renovation costs since this can sometimes exceed the cost of constructing a new building. Keep in mind that renovations can trigger the requirement to upgrade to current code standards. Seek the help of an experienced developer or contractor to help you evaluate whether the building will be a good investment for your program.

If you are evaluating an existing building, including a free or reduced-cost building, here are some of the things you will want to investigate:

- ✔ ***Suitability for the intended uses.***  
Will it accommodate all the priority activities and vital revenue streams?
- ✔ ***Size.*** Is the building right-sized to your expected number of clients so you can meet demand without struggling with underutilization?

- ✔ **Location.** Is the building's location appropriate in relation to the target businesses and their market opportunities? What about general factors such as transportation, traffic and neighborhood safety?
- ✔ **Condition of the property.** What is the condition of the property and energy efficiency of the building?
- ✔ **Cost of renovations.** What will it cost to complete renovations, including building out the kitchen and upgrading systems such as electrical, plumbing, and wastewater, if needed?

Check out the [Vetting Sites](#) section for more information on evaluating sites.

## Temporary Locations and Pilot Projects

Some kitchens start with a temporary space, such as a closed restaurant or café that can be outfitted for shared use with a more modest capital investment. This gives the project team the opportunity to test the market and learn more about the demand and utilization patterns of clients. Insights from temporary spaces can also help inform the design criteria and equipment selection for your permanent location. A smaller temporary space may help you develop a pipeline of clients for a larger facility, particularly if the prospective businesses are in need of business training or need a longer runway to launch and become steady renters. A pilot project may also help prove the concept to funders, investors and other stakeholders.

Temporary locations and pilot projects have some special considerations you will want to explore before moving forward with a location. You want to be sure your team has the capacity and resources to effectively manage the facility and meet your project goals.

- ✔ **Team Capacity.** Consider the amount of time and bandwidth your team has to devote to establishing the temporary location and the long-term facility. A temporary space can be time-consuming to secure, outfit, market, and manage, which can detract time and energy from long term plans. Depending on the size of your team it can be difficult to focus on planning, fundraising, and development when you are busy managing day-to-day operations.
- ✔ **Ramp-Up Time.** Be realistic about the length of time it will take you to get the space up and running and to recruit clients. Remember to budget time for negotiations, cleaning, repairs, inspections, and marketing. You want to make sure your lease period is sufficiently long to make use of the space and achieve your goals for it.
- ✔ **Suitability of the Space and Revenue Potential.** The temporary space may not have all the features that your permanent space will. This can limit the number or types of businesses that rent space, making it difficult to accurately measure demand, especially in the face of competition from better-equipped facilities. It can also limit the revenues you can earn in the temporary space. Carefully analyze how many and what types of businesses will be able to utilize the facility and calculate your cash flow and costs to determine if there will be sufficient revenue to break even in the temporary location.
- ✔ **Condition of Existing Equipment.** If the space is outfitted with kitchen equipment, be sure to inspect the equipment and get estimates for needed repairs, servicing and cleaning. Be clear with the landlord about who is responsible for maintaining and/or replacing the equipment and include this

in your lease agreement. Be sure to budget reserves for repairs and replacements of equipment during the lease period.

- ✔ **Management Commitment.** Plan the management of the temporary space with the same care you would the permanent space so you can operate in an organized and professional manner. Plan to have adequate staffing to develop kitchen policies and procedures, manage billings in a timely fashion, and enforce sanitation standards. This will help build your reputation among prospective clients and will give you an opportunity to refine your management systems before you expand.
- ✔ **Branding.** Consider how the temporary space reflects your brand and the impression it will give potential renters. Its contribution to your reputation and brand image may outlast your lease of the space. If you have been touting a vision of a new state-of-the-art facility, a temporary space that is in marginal condition or poorly equipped may send the wrong message.
- ✔ **Messaging.** If you are hoping to use the temporary space as a proof of concept, be mindful of the messages the temporary location could send to your stakeholders or funders. While success can attract support, it can also give the impression that you are already meeting the needs and diminish interest in a new facility. To help build a sense of investment in the long term vision, have a clear and consistent message about your goals and cultivate funder relationships and stakeholder buy-in each step of the way.

## Site Search

Projects that do not have an existing building or site identified will need to undertake a search process, which can take a number of months.

It is not uncommon for the process of finding an appropriate location and negotiating a lease or purchase to take more than a year. Often several sites need to be vetted and negotiated before one is secured. The first steps in your search will be to decide if you will be renting or buying and then to develop site criteria to guide your search.

## Deciding Whether to Buy or Lease

One of the first questions you will face is whether to buy or lease the property. Often this decision is based on the funding you have available for the project, your local market, and your long-term vision. Whether you are privately funding the project or using grants and donations, you will have many of the same considerations.

### Benefits of Owning

If you have access to enough capital, it can be preferable to purchase a property due to the sizeable investment involved in renovating a space. Ownership avoids the chance that you will be forced out of the space before you are ready, and potentially before you are able to pay off your investment in renovations. Much of the investment in a shared kitchen is in the infrastructure of the building, such as plumbing and ventilation, which you cannot take with you when you leave. Ownership allows you to retain the value of these improvements and benefit from the appreciation of the property value over time. Ownership also allows you more control over the changes you intend to make and reduces restrictions landlords may place on your use of the property.

In addition to the capital you will need, purchasing can also require more time than leasing. Depending on your real estate market and the availability of suitable properties, you may have fewer options and have to wait for the right property to come up for sale. Development costs may also be more expensive and you will not have the opportunity for cost-sharing that comes with a tenant improvement allowance.

In addition, you will need to consider what you would do with the property if your kitchen project is unsustainable. What would the other potential uses be? What would the resale value be and would it cover any remaining debt?

### ***Benefits of Leasing***

The primary benefit of leasing is that it can allow you access to properties or neighborhoods that are out of reach for you to buy. If you live in an expensive real estate market or are seeking a desirable neighborhood, it may simply not be feasible to purchase a property of the size you need. Leasing allows you to get started without as much up-front capital investment. A good lease may also include some tenant improvement allowance from the landlord that can help cover some of your renovation costs. The cost sharing for upgrades and improvements will depend largely on your real estate market.

While leasing can feel lower risk, commercial leases are generally more onerous than residential leases and can be costly to break. The lease may require you to put up personal guarantees, get cosigners and/or commit to paying the lease even if you go out of business. The requirements depend on your real estate market and the demands of individual property owners. Property owners that support your mission may be more reasonable in their terms. You will want to have a good commercial real estate broker and lawyer assist you with the negotiations to help ensure the lease terms are fair and favorable. If this is your first commercial property transaction, you will want to become familiar with the terms of commercial leases and how they differ from residential leases.

While leasing may take less time than purchasing property, you should still be prepared for the search and negotiation process to take many months. You may have to negotiate and lose more than one property before finding the

right arrangement, and lease negotiations for each one can take a number of months.

### **Determining Your Site Criteria**

At this point in the process you should have a sense of the location, size, features, and budget for the facility to guide your search. There are a number of considerations you will need to balance and prioritize in your search that will depend on your target business types. Your site building criteria should be informed by your local licensing, zoning and building requirements so make sure you research your regulatory requirements first. As you dive deeper you will want to consider additional key site factors:

Neighborhood factors:

- Location considerations (such as crime and neighborhood perception, proximity to target businesses, customers, markets, suppliers, and services).
- Zoning and other land use restrictions.
- Transportation access via car, truck, and transit.
- Compatibility with surrounding uses.

Site factors:

- Building size, quality, and characteristics.
- Layout (space efficiency, ground floor access, efficiency of ventilation options, etc.).
- Electrical capacity and upgrades.
- Plumbing capacity and upgrades.
- Water quality (if on a well and not served by a municipal system).
- Wastewater systems.
- Parking and loading areas, especially if you need food truck parking.
- Disaster considerations specific to your region (earthquake retrofitting requirements, flood risk, hurricane resilience, etc.).

## Vetting Sites

After you have toured a promising site, you will want to bring in your design and construction team to vet the site before you negotiate final terms with the owner. Because costs can vary greatly depending on the site and building conditions, it is important to get estimates on development/renovation costs prior to settling on a site or price. Arrange for your construction and design team to walk through the property with you to discuss potential floor plans, review major cost items, and identify any concerns. You may also want to consult with an electrical engineer/electrician about your electrical requirements and the costs of improvements. The team can develop estimates of what the construction/renovations will cost, which will encourage you to be realistic in your budget help and inform your lease negotiations. Be prepared to pay for professional services, such as inspections and architects, involved in vetting the sites. While this increases your pre-development budget, it will help you avoid problems and select a feasible site that will meet your project goals within your budget.

It is easy to underestimate the construction budget and time involved in developing a commercial kitchen facility. If you are working with an older building, your contractor may discover degraded materials that need replacement during construction. You will want to be sure to have surplus in your capital/construction budget for these contingencies.

## Designing and Equipping Your Kitchen

You should recruit the help of a professional commercial kitchen designer and equipment supplier to assist in determining the layout and equipment needed for your kitchen. As mentioned earlier, your specific needs will vary depending on your business

types, scale of production, business model, and the building/site constraints.

You want to establish your design criteria, mechanical requirements, and equipment lists to inform your design plans. It may be necessary to work with an electrical engineer to design or upgrade the system to handle the considerable power loads of commercial kitchen equipment. Consultation with ventilation/mechanical system specialists may also be necessary depending on the expertise of your design team.

## Layout

Well-designed food prep and manufacturing floor plans balance the sanitation, workflow, and efficiency needs of the operation. A shared kitchen must do this for multiple clients involved in different processes simultaneously. As you design your floor plan, you need to weigh a range of factors, such as:

- ✔ The workflow for clients working concurrently in the same areas.
- ✔ Efficient utilization of each area to optimize the number of clients and revenue generation.
- ✔ The balance of floor area devoted to production, storage, retail, or other uses.
- ✔ The need for private or separate work areas.
- ✔ Sanitation and the potential for cross-contamination.
- ✔ The ease of effective cleaning and sanitation processes.
- ✔ Cost of ventilation and systems upgrades for different layouts.
- ✔ Client access to specialized equipment.
- ✔ Flexibility to change the layout and use areas for different purposes.
- ✔ Mechanical requirements and space devoted to these uses.

Here are some of the typical questions you should review with your designer as you think through your floor plan:

- ✔ Will you have one large open area with work zones or will you separate the production space into different work areas? Will separate work areas have a similar layout or will they be designed for specific processing needs (wet processing, baking, produce preparation, etc.)? Will these areas be separate rooms, separate alcoves, or partitioned areas? How will that impact the ventilation requirements and costs?
- ✔ Will all the prep and packing areas be located in a central area alongside the cook lines, or will some be in a separate area?
- ✔ Will you be renting individual exclusive-use kitchens? What equipment will you provide and what equipment will the renter be expected to furnish?

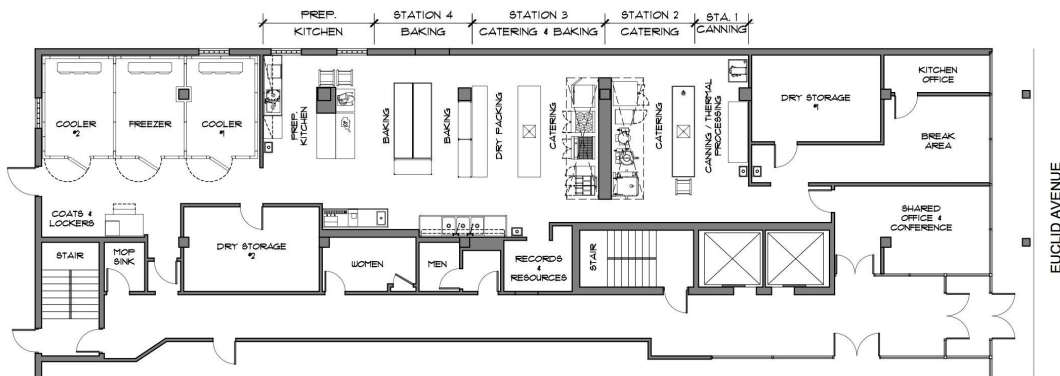
- ✔ Will some areas require different climate control conditions?
- ✔ Will there be special facilities to accommodate food trucks or carts?
- ✔ Will there be a teaching or demo filming kitchen? How many people should this kitchen accommodate?
- ✔ What capacity and types of storage will be needed?

**Sample Floor Plans**

It is helpful to look at floor plans for similarly sized kitchens to see how facilities accommodate different needs in open kitchen or separate room formats. For example, the Cleveland Culinary Launch and Kitchen floor plan illustrates four stations and one prep kitchen, a shared office and conference room, and five walk-in storage areas accommodated in their 3,600-square-foot kitchen.<sup>246</sup> Their website provides additional information about the equipment provided in their work stations.<sup>247</sup>

**CLEVELAND CULINARY LAUNCH & KITCHEN**

**2800 EUCLID AVENUE  
CLEVELAND, OHIO**  
J&M REAL ESTATE ADVISORS, INC.



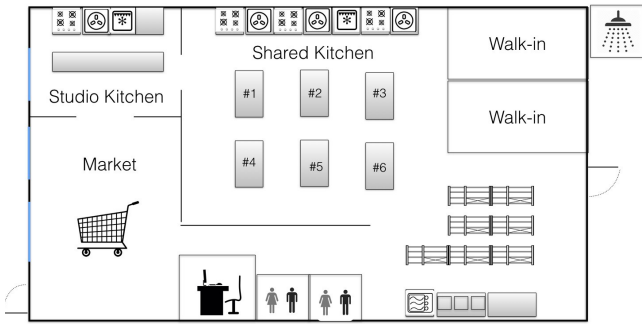
Cleveland Culinary Launch & Kitchen floor plan<sup>248</sup>

<sup>246</sup> <http://www.cleculinarylaunch.com/tour-the-kitchen-floor-plan/>

<sup>247</sup> <http://www.cleculinarylaunch.com/tour-the-kitchen-floor-plan/kitchen-stations-and-equipment/>

<sup>248</sup> <http://www.cleculinarylaunch.com/tour-the-kitchen-floor-plan/>





Cook Tucson floor plan<sup>249</sup>

Similarly sized, Cook Tucson takes a different approach by allocating part of its 3,600-square-foot floor plan to a studio kitchen and flex space that can be used for events and retail activities. The facility includes a 900-square-foot shared kitchen with a single cook line and six prep stations. Their website provides video tours of the studio and shared kitchens.



Kickapoo Culinary Center<sup>250</sup>

The 2,400-square-foot Kickapoo Culinary Center utilizes an alcove design to accommodate a baking/canning kitchen, a catering kitchen, and separate bottling/packaging and produce prep areas. They provide walk-in cold and dry storage rooms. Adjoining the kitchen is a 3,000-square-foot event center named Village Hall.

On a smaller scale, Chicknegg Incubator Kitchen’s 900-square-foot kitchen provides all the essential equipment in an open floor plan with dry storage carts and reach-in cold storage units. You can see pictures of their equipment and their equipment list on their website.<sup>251</sup>

Your kitchen equipment will have a considerable impact on floor plan. In addition, some areas such as storage facilities and waste management areas will need special focus in your planning and are addressed below. Further, you will want to think about how to integrate security and tracking features into your facility.

### Equipment

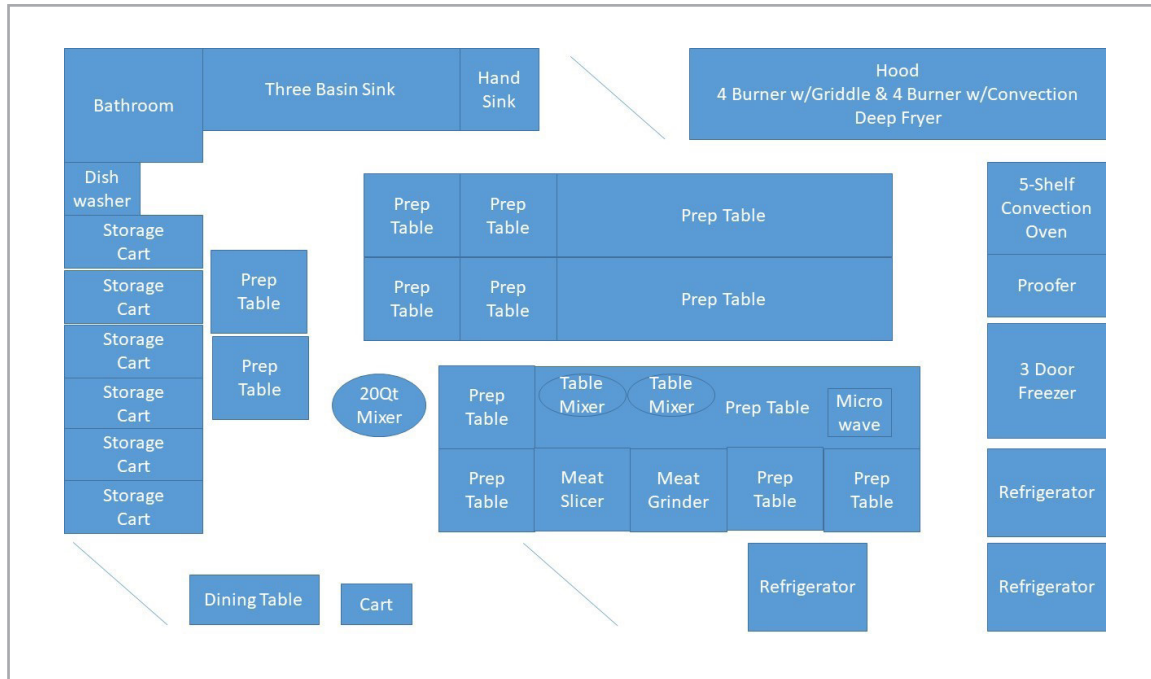
The equipment you will need in your kitchen depends on the business types the kitchen will accommodate, the products they are making and their scale of production. Researching equipment lists from other kitchens will give you a sense of what is often included in facilities of different types and sizes. You can find numerous equipment list examples (many with photos) in the listings posted on The Food Corridor.<sup>252</sup>

<sup>249</sup> <https://www.cooktucson.com/2017/02/cook-tucson-floor-plan/>

<sup>250</sup> <http://www.kickapoo culinary.org/layout1.html>

<sup>251</sup> <https://chiknegg.com/equipment-list/>

<sup>252</sup> <https://app.thefoodcorridor.com/?locale=en>



Chiknegg Incubator Kitchen floor plan<sup>253</sup>

Here are a few examples, in order of facility size, that have equipment lists on their websites:

- Chiknegg in Goochland, Virginia (900 square feet)<sup>254</sup>
- Cleveland Culinary Launch & Kitchen in Cleveland, Ohio (3,600 square feet)<sup>255</sup>
- KitchenCru in Portland, Oregon (4,800 square feet)<sup>256</sup>
- FEED Kitchens in Madison, Wisconsin (5,400 square feet)<sup>257</sup>
- PREP in Atlanta, Georgia (15,000 square feet)<sup>258</sup>
- Rutgers University Food Innovation Center in Bridgeton, New Jersey (23,000 square feet)

Make sure you provide your equipment requirements to your design team and engineers

early in the design process so they can factor the space, electrical and mechanical requirements into the plans and budget. Your equipment is likely to require special electrical upgrades and ventilation systems. You may also wish to explore the potential modular or portable set-ups for some equipment so that specialized equipment can be moved from one area to another to accommodate specific needs in a flexible way. Some kitchens utilize a booking or check out system for portable equipment to enable clients to reserve it and the kitchen to track it, and charge extra for it, if desired.

**Purchasing Used Equipment**

Some kitchens look to save money by purchasing used equipment while others prefer new equipment that is more reliable. New equipment

<sup>253</sup> Image courtesy of Chiknegg Incubator Kitchen, 2018

<sup>254</sup> <https://chiknegg.com/equipment-list/>

<sup>255</sup> <http://www.cleculinarylaunch.com/tour-the-kitchen-floor-plan/>

<sup>256</sup> <http://www.kitchencru.biz/equipment/>

<sup>257</sup> Illustrated equipment list: <http://feedkitchens.org/feed-kitchens-equipment-list-2/> Floor plan: <http://feedkitchens.org/wp-content/uploads/2013/10/FEED-layout-042413-1-2-12-Model.pdf>

<sup>258</sup> <https://www.prepatl.com/about/prep-equipment/>

General Equipment	Specialized Equipment	Packaging Equipment	Utility Equipment
<ul style="list-style-type: none"> <li>➔ Refrigerators</li> <li>➔ Freezers</li> <li>➔ Gas stoves/griddles</li> <li>➔ Convection ovens</li> <li>➔ Tilt skillets</li> <li>➔ Kettles</li> <li>➔ Proofers</li> <li>➔ Mixers</li> <li>➔ Food processors</li> </ul>	<ul style="list-style-type: none"> <li>➔ Fryers</li> <li>➔ Broilers</li> <li>➔ Smokers</li> <li>➔ Dehydrators</li> <li>➔ Food slicers</li> <li>➔ Meat grinder</li> <li>➔ Dough kneader</li> <li>➔ Water hook-ups for trucks</li> </ul>	<ul style="list-style-type: none"> <li>➔ Scales</li> <li>➔ Bottlers and cappers</li> <li>➔ Vacuum pack machine</li> <li>➔ Labelers</li> <li>➔ Heat sealers</li> </ul>	<ul style="list-style-type: none"> <li>➔ Dishwasher</li> <li>➔ Sinks</li> <li>➔ Prep tables</li> <li>➔ Shelves</li> <li>➔ Lockers</li> <li>➔ Utility carts</li> <li>➔ Ice machines</li> </ul>

often comes with warranties that can be valuable. When deciding between new and used equipment you will want to consider the up-front costs as well as the impacts that equipment breakdowns could have on your operations and revenue. If you are purchasing used equipment, try to have someone knowledgeable about the equipment evaluate it first to make sure it is working properly.

**Energy Efficiency and Green Kitchen Design**

When purchasing equipment for your kitchen, consider the energy efficiency of the equipment and work with your design team to optimize energy saving features in your kitchen. Energy costs are a significant share of operating costs for a shared kitchen, so it makes sense to design your kitchen with efficiency in mind. You will want to look for ways to optimize the efficiency of your cooking equipment, ventilation, heating and air conditioning systems, refrigeration, lighting and dishwashing. You should also consider water conservation measures and fixtures during the design phase. Designing a more “green” kitchen will

help you save money and achieve environmental sustainability goals you may have for your kitchen.

The EPA estimates that 35% of energy use in restaurant operations comes from food preparation, 28% is attributed to HVAC systems, 18% from sanitation, 13% lighting and 6% from refrigeration.<sup>259</sup> Specifying energy efficient equipment, such as Energy Star qualified appliances, for your facility can have the biggest impact on your energy use. While some efficient models cost more to purchase, many do not and can save you more over the life of the equipment through lower utility costs.

The Food Service Technology Center (FSTC) has a Lifecycle Cost Calculator you can use to compare the costs and efficiency of different commercial equipment models.<sup>260</sup> FSTC also has design guides for ventilation/hood systems and water heating.<sup>261,262</sup> And a helpful overview of water saving best practices.<sup>263</sup> Additional tips can also be found in the EPA’s *Energy Star Guide for Restaurants: Putting Energy into Profit*

<sup>259</sup> [https://www.energystar.gov/ia/business/small\\_business/restaurants\\_guide.pdf](https://www.energystar.gov/ia/business/small_business/restaurants_guide.pdf)

<sup>260</sup> <https://fishnick.com/saveenergy/tools/calculators/>

<sup>261</sup> <https://fishnick.com/ventilation/designguides/>

<sup>262</sup> <https://fishnick.com/design/waterheating/>

<sup>263</sup> <https://fishnick.com/savewater/bestpractices/>

and their Commercial Food Service Equipment information page.<sup>264,265</sup> Be sure to also inquire with your local utility about any rebates available for energy efficient appliances and upgrades.

In addition to purchasing efficient equipment, there are a number of simple measures you can take to green your operations:

- ✔ Installing LED light bulbs.
- ✔ Choosing Energy Star rated lamps.
- ✔ Installing automated lighting controls in areas with periodic use such as walk-ins, coolers, freezers, closets, offices, and restrooms.
- ✔ Selecting supplies like paper towels, toilet paper and office paper from recycled or renewable sources.
- ✔ Utilizing commercial-grade “green” alternatives to traditional cleaning solutions.
- ✔ Ensuring that all equipment is installed and adjusted properly to optimize performance.

If you are building a new facility you will have the opportunity to design a more efficient building shell with high performing insulation, windows, and HVAC systems to reduce energy use in the facility. You may also wish to evaluate alternative energy sources, such as solar energy. Consider using the LEED Green Building Standards from the U.S. Green Building Council (USGBC) as guidance or certification as a goal for your facility.<sup>266</sup>

Green Seal’s Environmental Standards for Restaurants and Food Services also offers practical guidance on opportunities to green your operation.<sup>267</sup> If you will be operating

an on-site restaurant, you also can consider seeking certification from Green Seal or the Green Restaurant Association.<sup>268,269</sup>

### Storage Areas

Shared kitchen storage areas are generally separated from the work areas and segregated into dry, cold, and freezer storage. Planning enough storage can be challenging and kitchens often find that they wish they had more. Not having enough storage can limit the number of clients you can accommodate since most food businesses need storage for their ingredients and products. Licensing agencies generally do not allow businesses to store opened supplies and unpackaged product at home. So make sure you map out enough storage for the number of businesses you plan to accommodate plus additional space for heavy users and day use. While it can feel like you can never have enough storage, remember that cold and freezer storage will contribute to your utility costs.

If you have the space and construction budget, it can be valuable to install roll-up delivery doors near the storage areas to facilitate deliveries, food truck loading, and distribution activities. This is especially important if you are planning to operate as a Food Hub or distributor. If your facility will also serve as a **Food Hub** you will have additional storage considerations. If you have enough room for extra storage, consider designing it to be added in phases with modular units to control utility costs. Leaving some of the floor area open can give you room to adjust based on demand. Open areas can also be rented for the storage of client-owned equipment, supplies, or finished product.

<sup>264</sup> [https://www.energystar.gov/ia/business/small\\_business/restaurants\\_guide.pdf](https://www.energystar.gov/ia/business/small_business/restaurants_guide.pdf)

<sup>265</sup> [https://www.energystar.gov/products/commercial\\_food\\_service\\_equipment](https://www.energystar.gov/products/commercial_food_service_equipment)

<sup>266</sup> <https://www.usgbc.org/articles/getting-know-leed-building-design-and-construction-bdc>

<sup>267</sup> <http://www.green seal.org/Portals/0/Documents/Standards/GS-55/GS-55%20Guidebook%202015.pdf>

<sup>268</sup> <http://www.green seal.org/GreenBusiness/Standards.aspx?vid=ViewStandardDetail&cid=10&sid=45>

<sup>269</sup> <http://www.dinegreen.com/>

## Storage Systems

In order to ensure safety and security, kitchens will assign specific units/shelves or provide locking cages. Locking cages can be more expensive to purchase but can reduce theft and/or unsolicited usage of ingredients or products. You can see examples of locked shelves in PREP Atlanta's video tour.<sup>270</sup> Consider the need for locking shelves together with your staffing and security planning, since on-site management, cameras, and other monitoring systems can mitigate the risk of theft.

Kitchen administrators sometimes apply alphanumeric labeling systems to assign units of storage and provide rolling carts to assist with transporting supplies from storage to the work areas.

Cold storage is often provided as a walk-in refrigerator because it accommodates a large number of clients in an efficient way. The walk-in is usually divided into assigned shelves or cages. A set of reach-in refrigerators is sometimes preferred over a walk-in because they are easier to keep clean and can cut down on the cross contamination of aromas, which can be a concern for some clients, such as pastry and confectionery. It can be helpful to reserve some cold storage space for day use during production or for classes and special events. Be sure to check your local licensing requirements regarding cold and dry storage.

These shared storage spaces need to be monitored often for food safety and sanitation practices. Violation from the health department is often the responsibility of the kitchen. Food storage and sanitation policies should be included in your [Policies and Procedures Manual](#) and discussed during the [onboarding](#) process.

See the [storage rates](#) section for tips on setting rates for your storage.

## Waste Disposal

Be sure to check your local codes for waste disposal requirements to make sure your waste management plans will meet the regulations. Requirements often include grease traps, inside collection areas and outside dumpsters for garbage, recycling, and food scraps composting. Your waste areas should be separated in a manner that protects food storage, prep areas, and water supplies from contamination. You will need to actively manage them to minimize the potential for waste to become an attractant and harborage or breeding places for pests. Establish your waste bin size and pick-up frequency to avoid overflow and extra trips to the dump.

Check your local municipalities to see what items are recycled, composted (if available), or considered hazardous waste so you can educate your clients on proper segregation of materials. Inquire with your water/wastewater management agency about grease trap, grey water dumping, and waste water monitoring requirements. Be sure to investigate the condition and capacity of the plumbing and sewer at your site in light of these requirements to make sure your construction budget can accommodate any upgrades. Be mindful of your sewer and plumbing cross-connections to ensure they do not get clogged with food waste.

Waste management policies should be included in your sanitation policies in your [Policies and Procedures Manual](#) and discussed during the [onboarding](#) process.

## Security

Shared kitchens are ideal environments for collaboration and creativity, but their shared nature creates unique client, facility, and equipment security concerns. Facility security is especially important to consider if your

<sup>270</sup> <https://www.prepatl.com/about/tour-of-prep/>

kitchen will grant client access 24 hours a day, 7 days a week. Make sure you clearly define security policies in your [Policies and Procedures Manual](#) to ensure safety for your renters and their property. Consider security in your site selection and incorporate security features into the indoor and outdoor facility plans.

#### *Indoor Security*

- ✔ Assess the need for indoor cameras and monitoring systems.
- ✔ Evaluate the costs/benefits of locked storage cages.
- ✔ Consider developing tracking or check-out systems for shared supplies and portable equipment.
- ✔ Label kitchen-owned equipment and small wares.
- ✔ Make sure you clearly define security policies in your [Policies and Procedures Manual](#).
- ✔ Develop management practices that reinforce expectations and a kitchen culture of shared accountability.

#### *Outdoor Security*

Ensuring a well-lit pathway to the kitchen and easy entry (with key) can help clients feel safe at all hours. Bakers arriving in the early morning hours and food trucks coming in after a long street food festival will feel reassured. Considerations include:

- ✔ Well-lit entrances and disposal areas
- ✔ Exterior lighting with motion sensors
- ✔ Alarms systems with monitoring
- ✔ Reinforced points of entry (windows and doors)
- ✔ Peep holes or cameras to view entrances
- ✔ Security cameras on the exterior
- ✔ Secured parking, if needed

#### ***Kitchen Entry and Client Activity Tracking***

You will want to research entry and tracking systems when designing your space because they can add both security and efficiency to your operations. Some entry methods provide both entry and tracking features. However, some kitchens prefer to have separate entry and tracking solutions. A low-tech setup might include assigned keys and a paper sign in/out sheet while an automated system might include digital access through cards, fobs, or pins paired with tracking reports.

Client activity tracking matters for two reasons. First, these are billable hours your clients are spending in your kitchen, so an inefficient tracking system may result in over- or under-charging your clients. Clients may stay beyond their booked time, or a cancelled booking may not have been removed from the calendar, in which case a tracking system can serve as a backup and accountability check. Second, if anything ever happened in your kitchen (accident, equipment failure, fire, flooding, etc.), a tracking system will allow you to know who accessed the kitchen at which times of day and night.

There are several secure entry/exit solutions for your kitchen, such as providing clients with a physical key, key fob, swipe card, or having a keypad, CyberLock system, or lockbox on your door. Here are some considerations when choosing a kitchen entry method:

- ✔ Ease of entry code/key change
- ✔ Ability to terminate access
- ✔ Initial expense
- ✔ Maintenance expense
- ✔ Lifetime of entry system
- ✔ A backup option for lost keys/codes
- ✔ Ease/expense of reset

Members of the Network for Incubator & Commissary Kitchens (NICK) weighed in on various types of kitchen entry methods:<sup>271</sup>

- Analog keypad (press button) options create a barrier at each door, which can be tricky and complicated if clients need to access multiple storage and prep areas. However if you only have one door, this may be a great solution with an easy-to-change code.
- A lockbox with a code to access physical keys is an affordable option and the code is typically easy to change. However, think through what you will do if a key goes missing and the consequence if someone makes an unapproved copy.
- CyberLocks are a good option but may require a more significant financial investment than the previous options, as CyberLocks require kitchens to invest the time and money upfront for a robust and integrated system.<sup>272,273</sup>

You will want to clearly define kitchen access and tracking policies in your [Policies and Procedures Manual](#).

### **Kitchen Supplies**

Many stores that sell to individual consumers in bulk (Costco and Sam's Club) are also convenient places to buy supplies for your kitchen. Consider buying at locally owned stores so your investment benefits small businesses. NICK community members also suggest online retailers such as Webstaurant, Uline, Global Industrial Supply, Amazon and Restaurant Depot.<sup>274</sup> These items can add up, so shop around and look for free shipping options when shopping online.

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<sup>271</sup> <https://www.facebook.com/groups/NICKitchens/>

<sup>272</sup> <https://cyberlock.com/>

<sup>273</sup> Authors have no affiliation with resources referenced.

<sup>274</sup> <https://www.facebook.com/groups/NICKitchens/>

## **Managing Construction**

As you move out of the design phase and into construction, your team will finalize your preliminary designs into final drawings and specs and pull permits to begin work. The contract and construction phase is about managing risk in terms of budget, performance, and time. Strong contracts, warranties, insurance and continual monitoring are all crucial to managing the uncertainties and risks of the construction period. Since there is considerable financial commitment at this stage, it is important that you complete all your research and planning before starting construction to avoid as many unforeseen hurdles as possible. Once construction begins you will likely be faced with unanticipated changes that require you to make decisions that balance immediate budget and time constraints with your long-term operating and leasing goals.

### **Final Contracts**

During this process you will be negotiating final contracts and agreements with contractors, designers, investors, lenders, and municipal agencies. You will want to be sure your contracts delineate roles and responsibilities for each party and provide recourse in case a party does not perform their duties. They also should detail what is included and what will incur additional fees. In your contracts you will be balancing the need for firm, clear terms and the flexibility needed to respond to unexpected changes due to construction or market factors.

Some contracts and agreements may be contingent on other contracts and/or be required to receive the funding you need to begin. You will want to understand these

interrelationships and shepherd final signatures through simultaneously if necessary. If your management team is inexperienced with construction projects, make sure you have advisors and lawyers with experience in development to help you negotiate, enforce, and time the contracts to protect your interests.

### **Project Management**

The more complex your project, the more factors you will need to keep an eye on during construction. You will likely be managing the performance of numerous parties in your construction team as well as responding to the demands of permitting departments, inspectors, and funders. During construction effective project management is crucial for coordinating the working relationship between all the parties involved. There are many moving parts during construction and it is critical to maintain a collaborative relationship between your designers, contractors, funders, and inspectors. Depending on the scope of the project and any construction loan draw-down requirements, teams may designate in-house or outside parties to inspect the work and ensure the project is completed to the owner's satisfaction. Founders may assign a project manager from their organization to oversee construction, task the architect with certifying the work, or hire an outside construction manager to inspect the work.

### **Timeline**

Kitchen founders often find that the construction and final approval process takes longer than anticipated and there are many hurdles to jump through before the facility opens. Once the construction work is complete, you will have a series of inspections before receiving your certificate of occupancy from the local building department and your licenses from the local health department and/or department of agriculture. This can take time and sometimes results in additional work or changes. As you approach your opening

day you will also need time to install signs, set up internet services, and establish contracts for pest management, cleaning, and landscaping, if necessary. Because there is so much uncertainty in these final stages, it is best to build in some "float" in your construction timeline and not to over-promise your opening date to renters.



## Brand and Marketing Strategy

Effective marketing is key to operating a successful kitchen. A kitchen's marketing strategy is the magical mix of product-market fit, appropriate pricing, location, partnership, and promotion. Regardless of whether kitchens are nonprofit, for-profit, or institution-sponsored, it is important for them to develop a brand and marketing strategy that reflects their mission and attracts the right clients to the facility.

Crafting a consistent voice and brand are essential to continually communicating your value to current and potential clients. Establishing your brand is an exercise in determining what makes your kitchen unique and communicating that value through a consistent identity and message. Branding is often thought of as simply the logo and marketing materials, but in reality, your brand encompasses how you operate internally and how you communicate to the outside world.

### Communicating Your Value Proposition

At the center of your marketing is how you will communicate your core value proposition. Communicating the primary value of a shared kitchen is an art form, and messaging depends on your potential clients' perceived needs and values. For instance, providing a clean, licensed facility to clients lowers their barrier to entry into the marketplace. Your kitchen also takes on the responsibility of providing services such as equipment maintenance, dry and cold storage, sewage, utilities like gas, electric, and hot water, pest control, security, and daily supplies that clients would be responsible for managing and paying for themselves if they had a space of their own. The value of these services should be communicated clearly as part of your marketing. You also want to communicate the intangible

benefits of being a member of your kitchen, such as licensing guidance, networking, resource referrals, camaraderie, and other community linkages. While your kitchen provides numerous benefits and values, it is important to identify your one unique value proposition that clearly summarizes why potential clients should become your customers. Your value proposition should be written out in a single statement and then integrated throughout your marketing strategy.

### Developing Your Marketing Plan

A marketing plan is your roadmap to communicating your value proposition and getting clients into your space. Ideally, your marketing plan is a piece of your larger business plan. Creating this resource in advance helps to set goals for the year and measure your success to see if you have achieved those goals. The detail of your marketing plan varies greatly depending on your kitchen's size and goals.

The overall job of a marketing plan is to clearly answer: Who is our market? How do we reach them? How much will it cost?

### Marketing Plan Example Outline

1. *Executive summary* – This summarizes everything in the report so the reader knows what is coming. Write this last as it is informed by the following sections.

2. **Target market(s)** – Who are your target clients? Define each distinct group you identified in your market research and create an example profile or client story for each one. Reasonably size the total addressable market to estimate potential revenue and/or market share from that target group. How many potential clients in this group exist? It may be difficult to find exact numbers but the market research chapter provides tips on researching business data. Estimate the best you can, using data collected for other purposes. This can include asking farmers market managers, Small Business Development Center advisors, health department, and other food business support professionals.

*Example:*

- **Client group:** Risers – scaling bakers who are leaving their home kitchens.
- **Client story:** Edwin has been selling sourdough rolls and loaves of bread at his local farmers market under the cottage food law. He wants to increase production (and revenue) and sign a few wholesale accounts.
- **Market size:** There are 120 licensed bakers in our county and about 30 cottage foods producers categorized as bakers. We want to acquire 20% of these producers.

3. **Kitchen's unique value proposition** – What value do you offer potential clients? Be clear by focusing on what you do, who you serve, and how you deliver value.

- **Value proposition:** Kitchen X helps early stage food businesses access a commercially licensed kitchen space to help them grow and scale their businesses through leveraging incubation services.

4. **Pricing** – Be specific. List all pricing options and plans for clients and the target number of clients. Include any special pricing deals as well, such as a free first month or programming and referral discounts. What additional services will you offer and what will they cost?
5. **Distribution** – How will clients access and pay for your kitchen and services? If your kitchen has several locations, include your geographic reach here.
6. **Positioning** – How do you fit into the marketplace, relative to competition? Align this section with #4 (pricing) to ensure your prices reflect your position in the market. What makes you different or unique?



7. **Promotion** – Include all your communication channels and materials. Where will your potential clients see your advertisements and messaging? Hint: Go to where clients already are. For example, if many of your potential clients are on Facebook, promotion on that social media platform may be effective. Explore what industry meetup groups and events may be happening in your community to connect with potential clients face to face. Always measure your

return on investment for promotions. Did the promotion lead to conversion? If not, you may want to try other outlets.

8. **Client conversion** – Once a potential client expresses interest, how will you get them over the finish line?

*Example:*

- Client expresses interest.
- Follow up by email asking more about their business and kitchen readiness and asking them to follow your kitchen on social media and sign up for your newsletter.
- If no response, follow up with a second email.
- If the response is appropriate for your kitchen, offer a tour.
- If the tour is positive, ask if they would like to join as a client. Do not be shy—it is better to understand someone’s potential reservations about joining your kitchen than simply hoping they get back to you.
- If they do not want to join, ask them why not? Thank them for the feedback!
- If they do want to join, continue with the client **onboarding** process.

9. **Marketing partnerships** – Are you co-branding events or space with another entity? Who else is representing or sharing your brand? Do you have any supply or distribution partnerships that directly benefit your clients?

10. **Client retention strategy** – Once a client joins your kitchen, how do you continue communication and engagement to ensure they stay?

11. **Marketing budget** – How much money do you have to spend and where do you intend to spend it? How will you measure the return on investment for your marketing efforts?

You can reach out to your local Small Business Development Center or other small business support organization for help with developing your marketing plan.<sup>275</sup> Often there are entrepreneurs or professionals-in-residence whose job it is to help kitchens like yours launch their dream and find success. If you have the budget for someone to develop a marketing plan, ensure there are clear expectations and defined terms of engagement.

If you are on a tight budget and are DIY-ing your marketing strategy, here are a few tools to help:

- **Example marketing plan.** The Small Business Administration offers an abbreviated marketing plan example.<sup>276</sup>
- **Marketing plan template.** Business Development Bank of Canada has a downloadable PDF marketing plan.<sup>277</sup>
- **Resource list.** Condiment Marketing Co. specializes in food-specific marketing and provides a list of free resources that includes image editing and email marketing tools.<sup>278</sup>

## Crafting Your Brand

Crafting your brand means articulating your special sauce or your “unique value proposition” (UVP). How will you look and act differently than your

<sup>275</sup> <https://www.sba.gov/tools/local-assistance/sbdc>

<sup>276</sup> [https://www.sba.gov/sites/default/files/2017-07/Sample%20Marketing%20Plan%20\(for%20508%20remediation\).pdf](https://www.sba.gov/sites/default/files/2017-07/Sample%20Marketing%20Plan%20(for%20508%20remediation).pdf)

<sup>277</sup> <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/pages/marketing-plan-template.aspx>

<sup>278</sup> <http://condimentmarketing.com/resources/>

competition? How will your clients and community perceive your kitchen? Key brand elements to consider:

- ✔ **Name.** What do you want to communicate? Your kitchen name should be easy to spell, read, pronounce, memorable, and yours (no copyright infringement).
  - Consider a utilitarian approach. Do you immediately want clients to identify that you are a kitchen? Then you should include “kitchen” in your name. The same applies for any additional services like “incubator” or “consulting.” If your operation encompasses a larger mission, you may wish to take a more creative approach. Review the [Definitions](#) chapter if you want clarification on the terms for different facility types.
- ✔ **Imagery.** This includes color scheme, tone, font, logo or brand symbol, and anything else visual. How easy will it be to print your logo on apparel or on a flyer? Will it work in just black and white, if necessary? If you are selling products with the logo, how well can it be recognized on a store shelf?
- ✔ **Personality.** Is your kitchen welcoming? Efficient? Exclusive? State-of-the-art? Like a family? How would you want someone to describe your kitchen if it were a person?
- ✔ **Positioning.** Make sure you understand what you do (and do not do) in your community relative to competitors. This will help you decide how to differentiate your brand accordingly. Try creating a positioning map to see where you fit in the market, based on various kitchen attributes or offerings. The axes can be anything that you may compete on. Visualizing this will help you to develop your messaging and add to your marketing plan.

## Developing Your Branding and Marketing Materials

While you may not have a large budget for marketing, be aware that your brand is the first impression future clients will have of your kitchen. Invest the time and money into doing it right. There are many resources to help you develop the materials that will represent your kitchen and company. You can hire a local graphic designer or branding professional, utilize online platforms to hire freelancers, or develop the designs yourself using online tools (see below).

If you have the budget to hire a local professional, you will have the benefit of working face-to-face with someone who knows your local community and can explore your kitchen more intimately. They may also leverage their established local network of printers, marketing outlets, and other professionals to streamline your work and ensure high quality results.

Alternatively, the gig economy is thriving and freelance platforms offer a cost-effective option over using a local designer. These marketplaces allow you to post your project proposal, evaluate interested freelancers, communicate throughout your project, send payments efficiently, and evaluate services. Like local designers, some freelancers will walk you through a branding exercise to better hone your brand personality, image, and messaging. This may or may not be at additional cost. Regardless of whether you hire a local designer or a freelancer from one of these sites, you should always ask to see examples of a contractor’s work before you sign a contract or send deposit payments.

Find a freelance designer or branding specialist on any of the following websites:<sup>279</sup>

- UpWork<sup>280</sup>
- Fiverr<sup>281</sup>
- Dribbble<sup>282</sup>
- Freelancer<sup>283</sup>

If you are crafty, a number of online design tools will help you create materials yourself. They often simplify the technical aspects of developing your logo and design elements. Primarily, it becomes a question of time versus money. How much time versus money do you have to invest in brand development? How savvy are you with technology and design? Using online tools may be easier if you have a clear vision of what you would like your brand or logo to be. Here are a few online tools to help you explore creating your own designs:<sup>284</sup>

- Canva<sup>285</sup>
- Free Logo Design<sup>286</sup>
- Venngage<sup>287</sup>

When deciding which materials to purchase for your kitchen, consider the marketing channels outlined in your marketing plan. Where will potential clients see and hear your message? Pamphlets? Flyers? Banners? Billboards? Radio? Do not try to do it all; simply find where businesses already are (health department, farmers markets, Facebook, industry events, etc.) and start sharing your message there.

Ensure you are getting the best bang for your buck and that it is easy for potential kitchen clients to stumble across your kitchen. Consistent exposure will trigger their memory of hearing your name the next time they need access to kitchen space. Can any of your marketing materials serve double duty? Functional materials such as pens, magnets, stickers, and even branded wooden spoons encourage your potential clients to see your name every time they use that item. This list (in footnote) of 120+ marketing channels is neatly organized so you can evaluate your endless options for client communication.<sup>288</sup>

### Websites

It does not take much to launch a website these days, but it does take effort and intention to have a professional web presence. Your website is an extension of your brand, your kitchen, and yourself. Here are some questions you will want to explore:

- ✓ What do you want people to be able to do on your website?
- ✓ Will your website be informational or interactive?
- ✓ Will clients need to reserve space or make payments on it?
- ✓ Will you have an event calendar?
- ✓ Will you be doing any e-commerce (sales via the web)?
- ✓ Will your website link to or integrate your social media activity?

<sup>279</sup> Authors have no affiliation with resources referenced.

<sup>280</sup> <https://www.upwork.com/>

<sup>281</sup> <https://www.fiverr.com/>

<sup>282</sup> <https://dribbble.com/>

<sup>283</sup> <https://www.freelancer.com/hire/graphic-design/>

<sup>284</sup> Authors have no affiliation with resources referenced.

<sup>285</sup> <https://www.canva.com/create/logos/>

<sup>286</sup> <https://www.freelogodesign.org/>

<sup>287</sup> <https://venngage.com/>

<sup>288</sup> <https://docs.google.com/spreadsheets/d/1z6gOxoDdjesZX0KURKizuVNZGSGDQaqHTZYPFOyo104/edit#gid=0>

Below are some common kitchen website pages to consider:

Page	Purpose
Home	Name and value
About	Kitchen mission, origin story and a little about the management team. Clients will want to see who they will be working with.
Kitchen Rentals	Spaces and equipment
Pricing or Packages	Detail your rates and make note of any pricing flexibility. Example: "Contact us for monthly rates." Some kitchens opt not to post rates and will provide a contact link for more information.
Services or Classes	Business support services or classes
Resources	Local resources for licensing, certifications, food safety, food prep, business planning, etc.
News and Events	Kitchen events, press, blog, and partners
Contact	How do they reach you? Name, email, phone, newsletter, etc.  We strongly suggest creating a separate email and phone number for the kitchen, rather than using your personal contact information. You can create an email and phone number for free through Google. <sup>289, 290</sup>

Depending on the complexity of your website, you can use online platforms to design your own

or work with a designer and/or programmer to create a custom website. See our tips above for working with designers and freelancers. Below are a few website platforms with a freemium model. Freemium means, basic access and function are free, but it will cost you to upgrade to certain templates, features, and functionality.<sup>291</sup>

- Wordpress<sup>292</sup>
- Squarespace<sup>293</sup>
- Wix<sup>294</sup>

### Social Media

Social media is everywhere and often seen as a silver bullet for marketing plans. Overall, using even one platform can increase search engine optimization (SEO) for a kitchen and increases digital presence. However, if a message is on the internet, it is very hard to make it disappear, making the real-time, two-way nature of social media potentially risky.

Often social media management is delegated to interns or even the "millennial-in-residence." Ensure you have a clear purpose and voice with each post. Please be advised that social media is a dynamic, two-way communication channel that allows kitchens to promote themselves and their clients to voice their opinion (both good and bad).

Navigating social media (Facebook, Twitter, Instagram) and creating a strategy can be daunting, especially if you are not a regular user. Rest assured that your clients are not on every platform, all the time either. By understanding where your potential clients already are (through surveys and online research), you can pick which platform

<sup>289</sup> <https://voice.google.com/u/0/about>

<sup>290</sup> Authors have no affiliation with resources referenced.

<sup>291</sup> Authors have no affiliation with resources referenced.

<sup>292</sup> <https://wordpress.com/>

<sup>293</sup> <https://www.squarespace.com/>

<sup>294</sup> <https://www.wix.com/>

will provide the most exposure and interaction with your client base. To learn more about the most popular social media platforms for kitchens and food companies with examples, refer to this supplemental [Social Media Platform Chart](#).<sup>295</sup>

Social media aggregators, such as Hootsuite, are useful tools to help manage multiple social media platforms.<sup>296</sup> A social media manager can post and schedule posts to several platforms from one web application, making the job more efficient and the message more consistent. Because a kitchen manager and social media manager can be the same person, it is important to capitalize on automation tools where possible. If you need an introduction to social media, Hootsuite offers free courses (although there is a fee to receive a certificate).<sup>297</sup>

Hashtags (#), which utilize the “pound” sign symbol, are a way to organize and search topics within the vast reaches of social media platforms. Consider creating one or two hashtags that are unique to your own kitchen. For example, The Food Corridor uses #NICKitchens to organize posts on Facebook, Twitter, and Instagram for news about the Network for Incubator & Commissary Kitchens (NICK). This helps connect the community and helps easily filter the posts coming from shared kitchens across the country.

### **Social Media Guidelines**

It is important not to overwhelm your audience. You will want to be very strategic both in message and timing of your message. With social media, less is more, especially when too many posts per day means losing followers and engagement. Sound bites that encourage engagement work best. Here are a few guidelines to think about:

- ✔ Post at least once daily. Consistency helps keep you top of mind and builds a relationship with your audience. Facebook and other aggregator sites allow you to schedule posts in advance, so take 30 minutes to do it all in one batch for the week. Remember, not all posts need to be kitchen ads. Social media is your chance to engage with potential users, current users, other stakeholders, and potential funders.
- ✔ To help you know what to post, Hootsuite recommends the rule of thirds regarding messaging mix.<sup>298</sup>
  - “ 1/3 of your social content promotes your business, converts readers, and generates profit.
  - 1/3 of your social content should surface and share ideas and stories from thought leaders in your industry or like-minded businesses.
  - 1/3 of your social content should be based on personal interactions and build your personal brand.”<sup>299</sup>
- ✔ Make social media management someone’s specific task or job. If it is everyone’s task, it is no one’s first priority.
- ✔ Create a calendar and schedule posts ahead of time.
- ✔ Be mindful of posts in relation to current community atmosphere. For example, do not forget to cancel a post about having a carefree weekend if there has just been a natural disaster in the area.

<sup>295</sup> [https://docs.google.com/spreadsheets/d/11rwJOLwWpV\\_4HhZ5bwwCTeMGxICmWKBEnLZxxc0Or\\_g/edit#gid=0](https://docs.google.com/spreadsheets/d/11rwJOLwWpV_4HhZ5bwwCTeMGxICmWKBEnLZxxc0Or_g/edit#gid=0)

<sup>296</sup> <https://hootsuite.com/>; No affiliation or endorsement from the authors.

<sup>297</sup> <https://hootsuite.com/education>

<sup>298</sup> <https://blog.hootsuite.com/social-media-rule-of-thirds/>

<sup>299</sup> <https://blog.hootsuite.com/social-media-rule-of-thirds/>

## Return on Investment for Marketing

Creating a marketing plan means estimating a budget for content creation and promotion. If you allocate resources to marketing, you should be earning some level of return on investment (ROI) for your time, money, and effort. This is the “Is it worth it?” test for kitchen administrators. ROI on your marketing may be measured by any number of metrics. Choose what is important to your team, kitchen, and investor(s), if applicable. Marketing ROI analytics may include:

- ✔ **Brand awareness.** Are new clients learning about you through word of mouth and brand recognition from targeted messaging on social media and other communication channels?
- ✔ **Change in kitchen space booked.** Did rental hours increase after you paid to promote a pricing deal?
- ✔ **Change in usership.** Did an event or non-traditional rental bookings increase after you promoted a blog about how best to use your space?

Hootsuite offers a free social media-specific ROI guide and Buffer Social provides a short, easy-to-read guide on calculating social media ROI.<sup>300,301</sup>

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<sup>300</sup> <https://blog.hootsuite.com/measure-social-media-roi-business/>

<sup>301</sup> <https://blog.bufferapp.com/guide-calculate-social-media-roi>



## Launching Your Kitchen

The launch phase is a critical time when the facility vision comes to life and the kitchen prepares to welcome its first clients. While balancing all the demands of the construction and inspection phase, a kitchen must ramp-up its marketing and develop its operations plans before opening its doors.

During the launch phase you will encounter a myriad of tasks on the way to booking your first clients. Among these will be hiring staff, obtaining insurance, finalizing your rental documents, recruiting clients, and implementing an onboarding process. This chapter will walk you through these essential tasks. You want to be sure you have your **marketing** efforts underway prior to launch in order to build brand awareness and support your recruitment efforts.

In preparation for launch, you should establish policies and procedures and clear management systems to ensure operations start off on the right foot. The following **Management** chapter will provide guidance on establishing management systems for successful day-to-day operations. Here we will focus on the activities involved in recruiting and welcoming your first clients.

### Planning Your Launch

It is best to establish a schedule for the pre-leasing work involved in launching the facility and establishing your operational systems. Working backwards from your launch date will encourage you to be realistic about your timeframe and keep you on track. You do not want to wait until opening day to realize you do not have your **user agreements** ready or adequate staff in place. During the design and construction phase it is

easy to feel like everything is on hold until the permits come through. In reality, there is a lot that you will need to do in addition to monitoring construction to prepare for opening the kitchen.

There are numerous project management tools that can help with managing complex projects such as a kitchen launch. These range from critical path method tools, to work breakdown structure spreadsheets, to simple Gantt charts. Explore digital project management tools that fit the complexity of your project and your skill level. Tools that help you identify the dependency between tasks are especially useful because they help you prioritize tasks by showing which ones must be completed before others can begin. Taking the time to itemize all the tasks this way may seem tedious at first, but it will help you avoid delays so you can start earning revenue faster.

As a project manager you will need accounting, client relations, business analysis, problem solving, marketing, technical skills, and more. This is the ultimate Jack- or Jill-of-all-trades job. Here are a few tools to make your job easier, many of which are free or have a free pricing tier.<sup>302</sup>

- *Gantt Chart Excel template (free version)* – Outline project schedule by tasks<sup>303</sup>
- *Zoho Gantt Chart* – Outline project schedule by tasks<sup>304</sup>

<sup>302</sup> Authors have no affiliation with resources referenced.

<sup>303</sup> <https://ganttxl.com>

<sup>304</sup> <https://www.zoho.com/projects/lp/gantt-charts.html>

- *Microsoft Project* – Project planning templates and reports<sup>305</sup>
- *SmartSheet* –Project planning, scheduling and tracking tools<sup>306</sup>
- *Asana* – Assign and organize tasks for project completion.<sup>307</sup>
- *Trello* – Assign and organize tasks for project completion<sup>308</sup>
- *Basecamp* – Assign and organize tasks for project completion<sup>309</sup>
- *Google Drive* – Document storage and tools comparable to Microsoft Office<sup>310</sup>
- *Slack* – Communications tool for categorizing team conversations by topic<sup>311</sup>

## Staffing

For kitchens that are not owner-operated, hiring staff will be one of the most critical initial tasks.

Ideally, you want to hire a kitchen manager or incubation coordinator well before your opening day. Waiting until the last minute can slow your marketing and leasing activities, making it difficult to reach your occupancy and revenue goals on time. Some organizations hire many months, or even years, in advance so the manager can develop services before the kitchen opens and oversee the facility and funding development. It is smart to hire at least a couple months before opening so

the manager can develop management systems, engage in marketing, and begin recruitment efforts. If you will be launching incubation services, hiring prior to opening will enable you to offer pre-incubation services to assist entrepreneurs in moving from idea to start-up phases in time for the physical space to open. If staff need time to complete industry training programs (food safety, incubation management, etc.) or establish strong connections with the local community, they may need more time to get up to speed.

## Roles and Positions

Staffing levels vary considerably depending on the kitchen size and business model. According to a 2016 survey by American Communities Trust, the most common arrangements are one full-time staff or two to five full-time and part-time staff.<sup>312</sup> The survey found that 20% of incubator kitchens had just one full-time employee.<sup>313</sup> This vast difference in staffing structure demonstrates there is no singular “right” way to staff your kitchen. The diversity of your kitchen services will dictate how many people you hire and how much they work.

Founders often underestimate the amount of staffing they need for operations and implementation of programs. Kitchens may opt to hire contractors or part-time employees for specific duties, such as marketing, bookkeeping, cleaning, or fundraising in order to reduce the workload on the kitchen manager or the owner-operator.

<sup>305</sup> <https://products.office.com/en-us/project/project-management>

<sup>306</sup> <https://www.smartsheet.com/solutions/project-management>

<sup>307</sup> <https://asana.com>

<sup>308</sup> <https://trello.com>

<sup>309</sup> <https://basecamp.com/how-it-works>

<sup>310</sup> <https://drive.google.com>

<sup>311</sup> <https://slack.com>

<sup>312</sup> American Communities Trust. (2016). U.S. Kitchen Incubators: An Industry Update. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>

<sup>313</sup> American Communities Trust. (2016). U.S. Kitchen Incubators: An Industry Update. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>

In general, the kitchen will have an administrator or manager that is either hired or part of the ownership team. The size of your kitchen and the number of programs or services you offer will often dictate how much personnel is needed. Nonprofit kitchens may require additional staff for mission-related activities such as services, outreach, stakeholder engagement, and fundraising.

Below is a list of potential kitchen roles:

- Executive Director
- Kitchen Administrator/Manager
- Administrative Assistant
- Incubation Services Manager
- Program Director/Manager
- Human Resources Manager
- Development/Fundraising Director
- Maintenance Manager
- Facility Manager/Coordinator
- Marketing/Communications Director/Coordinator
- Accounting Specialist
- Procurement Manager
- Operations/Event Manager
- Retail Manager

### ***Kitchen Manager/Administrator Duties***

A kitchen administrator is often the very vital, catch-all position for the person who manages day-to-day tasks including:

- Marketing and recruitment
- Onboarding
- Scheduling
- Billing/financial management
- Special event management

- Technical assistance to members or clients (regulatory compliance, business development, etc.)
- Tracking performance and outcomes

In addition, their facility management duties often include monitoring the following:<sup>314</sup>

- Standard operating procedures compliance
- Safe food handling procedures
- Cleanliness and sanitation
- Safety and security monitoring
- Cleaning and shared-ware supplies
- Refrigeration temperatures
- Storage management
- Waste management
- Routine maintenance and equipment inspection
- Deep cleaning

### **Application and Interview Questions**

When screening applicants, you will want to focus on questions that give you insight into their experience and capabilities. You might also wish to include icebreaker questions that help build rapport and convey your workplace culture, such as “If you can only have one pizza topping for the rest of your life, what would it be? (cheese is included).”

Here are some example job application questions and interview prompts:

- Have you worked in a shared kitchen before? If so, what was your experience like?
- What is your culinary background?
- Do you have any relevant certifications or training? (such as ServSafe)

<sup>314</sup> Adapted from the 2017 Report: [Shared-use Kitchens: A Policy Landscape Report](#)

## 12 Launching Your Kitchen

- Please elaborate on your skill sets related to this position. (Ask specifics related to job description such as, “Have you ever owned or managed a business before?”)
- Tell us about a time you managed conflict in the workplace.
- Why do you want to work here?

### Job Descriptions

Because shared kitchens require a wide array of skill sets to keep the lights on and the doors open, you may find yourself crafting some complex job descriptions. If you need staff to manage multiple duties or programs you will want to seek candidates with a specific set of skills and experiences. Overall, kitchen management requires facility management, food service knowledge, and administrative oversight, not to mention a high level of emotional intelligence to communicate with all types of people from diverse backgrounds and cultures. Strong ability to communicate effectively is vital for kitchen managers.

In addition to these core management skills, incubation programs generally require candidates with business training and a coaching mindset. Programs focused on serving immigrants and refugees often seek bilingual or multilingual candidates with cultural competency. Passion for your kitchen’s mission should be a consideration, as it helps to build strong team cohesion and create a rewarding workplace culture.

Example job description template:

✓ <b>About your kitchen</b>
✓ <b>Broad job description</b>
<ul style="list-style-type: none"><li>▪ What does this position oversee?</li><li>▪ Does this position manage any employees?</li><li>▪ To whom does this position report?</li></ul>
✓ <b>Position responsibilities (specific)</b>

✓ <b>Experience and skills required</b>
<ul style="list-style-type: none"><li>▪ Work eligibility or visa requirements</li><li>▪ Education</li><li>▪ Language(s)</li><li>▪ Certifications, if any</li><li>▪ Technical expertise</li><li>▪ Demonstrated previous experience in role for which they are applying</li></ul>
✓ <b>Experience and skills preferred</b>
<ul style="list-style-type: none"><li>▪ Anything that is a “nice to have” or would make a candidate more effective in the role, but is not essential to satisfactorily performing job duties</li></ul>
✓ <b>Expected workload and schedule</b>
<ul style="list-style-type: none"><li>▪ Is this position full-time? Part-time?</li><li>▪ Will it require working hours outside of a traditional 8:00 a.m.– 5:00 p.m., Monday through Friday work day?</li><li>▪ Physical requirements</li></ul>
✓ <b>Compensation</b>
<ul style="list-style-type: none"><li>▪ Salary</li><li>▪ Benefits</li><li>▪ Additional perks if appropriate to include, such as admission to kitchen events, flexible remote work time, fitness memberships, transportation passes, etc.</li></ul>
✓ <b>How to apply</b>
<ul style="list-style-type: none"><li>▪ Best channel to send application (email, website form, etc.)</li><li>▪ Should they include a specific email subject line? “Kitchen Manager Position”</li></ul>
✓ <b>Deadline</b>
<ul style="list-style-type: none"><li>▪ Be clear about the date and time you will no longer accept applications.</li></ul>

## Temporary Staff and Consultants

Temporary staffing may be a good solution if there is budget uncertainty, such as if funding is secured only for a limited amount of time. Sometimes it is in everyone's best interest to hire under temporary conditions. In these circumstances, it is good to discuss the length of contract explicitly at the time of hire and include terms in the contract. Too much reliance on temporary staff can hinder your ability to build institutional knowledge, strong client relationships, and consistent management practices in your kitchen. Aim to balance the need for temporary staff with strong leadership and management systems so you can keep the kitchen running smoothly when there is turnover.

Another option is to hire consultants to act as temporary program managers during the launch phase. This gives the program a strong start from an experienced leader who can manage start-up duties, design effective management systems, and train permanent staff. Facilities that hire permanent staff at the outset sometimes hire consultants to draft operational plans, policies, and procedures. This can help reduce the workload on managers (or owner-managers) allowing them to focus on recruitment and day-to-day management. Hiring a professional to develop policies can be especially beneficial if staff lack experience writing these documents.

## Kitchen Insurance

Before opening your facility, you will need to research and purchase all the necessary insurance coverage for your operations. The more diverse your kitchen clients and activities, the more diverse your insurance coverage needs. Some kitchens may require multiple policies,

depending on types of equipment and how you intend to use your space. For any decision that involves use of your space, we strongly suggest consulting your insurance provider to ensure you are adequately covered. Also inquire about Business Owner's Policy (BOP), which bundles liability, property insurance, and more.<sup>315</sup>

It may be best to require clients to list your kitchen as "additional insured" on their liability coverage, in addition to providing proof of insurance.<sup>316</sup> In your contract with any outside contractor operating on your property, it may be prudent to require them to add your business as a certificate holder on an Acor 25 Certificate of Liability Insurance with your business named as additional insured by endorsement, with the endorsement included. You should also be added on their workers' compensation policy if they have employees coming on site, and on their auto policy if they are driving on site.<sup>317</sup>

This may seem overwhelming, but the goal of insurance is to protect your business assets, your employees, and those working on your property. Remember, no one wants to have to use their insurance, but it can be life-saving when you need it. As always, consult your insurance provider to determine what is best for your kitchen. Learn more about insurance providers in our [resources](#).

A few things to pay close attention to:

- **Event space rental** – Require proof of insurance from the party that is renting your space. Depending on the type of event, you may want to be named as "additional insured" on their policy.<sup>318</sup> Consider liquor liability if they are serving or selling from those renting the space.

<sup>315</sup> <https://www.sba.gov/blogs/general-business-liability-insurance-how-it-works-and-what-coverage-right-you>

<sup>316</sup> [https://en.wikipedia.org/wiki/Additional\\_insured](https://en.wikipedia.org/wiki/Additional_insured)

<sup>317</sup> Food Liability Insurance Program.

<sup>318</sup> [https://en.wikipedia.org/wiki/Additional\\_insured](https://en.wikipedia.org/wiki/Additional_insured)

- **Food production** – If your kitchen is co-packing or producing your own kitchen-branded food goods, this will require a separate policy to cover product liability. The Food Liability Insurance Program provides coverage for this type of activity.<sup>319</sup>
- **General liability** – Protects your business assets and covers many of the legal fees incurred in the event you are sued. It also prepares you for many unforeseen expenses like property damages or a visitor to your kitchen slipping and injuring themselves.
- **Workers' compensation** – Insures employees who suffer a work-related injury or illness that renders them unable to work. This is a state regulated program that may be mandatory in your area so consult your state agency or local SBDC about your business requirements.<sup>320</sup>

## Rental Documents

Before you can begin signing up kitchen clients you will need to develop your rental documents, including your rental agreement, service agreements (if applicable), special event rental agreements, fee schedules, and acceptance criteria. These agreements will lay the foundation for your operation.

### User Agreement

The agreement you sign with your kitchen clients can have different names depending on your rental terms, services, and applicable laws. It may be called a rental agreement, operating agreement, services agreement, or membership agreement. In some cases, you may have more than one agreement, such as if you have separate rental terms for incubator participants, general

business clients, and hobby users. At a basic level, this agreement generally covers the rental terms such as the rental period, rates and additional fees, what is included in the rental, payment terms, the security deposit, cancellation, and termination policies. If you are operating an incubator kitchen you will likely have additional terms regarding participating in services, disclosure of information, or graduation. It may also include nondisclosure agreements, confidentiality and data collection policies, or other attachments.

Sample documents are available online in The Food Corridor's sample policies folder.<sup>321</sup> However, we suggest that you consult with a business attorney to develop your own agreements to ensure the legal documents are tailored to your business model and comply with state and local laws.

The agreement may also include policies regarding equipment use and sanitation, if these are not addressed in separate signed policies and procedures manuals. It is a good idea to develop a comprehensive set of rental policies and procedures in preparation for renting, so you can set expectations during the onboarding process and have documentation to support enforcement of your rules. You will find guidance on developing your Policies and Procedures Manual in the Management chapter.

### Fee Schedule

All your client and market research, business model development, and financial planning efforts during your planning phase provide the foundation for creating your final fee schedule for launch. It is a good idea to have plan options for different client types, as referenced above in the developing rates and fees section.

<sup>319</sup> [https://www.flipprogram.com/who-qualifies?utm\\_source=ptnr-link&utm\\_medium=link-in-doc&utm\\_campaign=sharedkitchentool-kit](https://www.flipprogram.com/who-qualifies?utm_source=ptnr-link&utm_medium=link-in-doc&utm_campaign=sharedkitchentool-kit)

<sup>320</sup> <https://americassbdc.org/home/find-your-sbdc/>

<sup>321</sup> <https://drive.google.com/drive/u/1/folders/0Bwt1RSKcnLc1cEw3Q0JvbmFGYmM>

Developing a written fee schedule will provide clarity to prospective clients and reduce billing errors. A schedule of fees should cover standard, monthly fees; one-time fees for additional services, violations, and cancellations; and basic hourly or plan rates for kitchen time. For each, you will want to include the cost, what it does and does not cover, and when payment is due.

Be sure to include any of the following that apply:

*Rental Rates:*

- Hourly rate by space and what that includes
- Off-peak hourly rate (if you want to offer a lower rate from 10:00 p.m. – 5:00 a.m., for example)
- Custom rates
- Monthly plan rates and what they include
- Activity-specific rates (packaging, preparation, dishwashing, bottling)
- Dry storage rate per unit
- Cold storage rate per unit
- Freezer storage rate per unit

*Fees:*

- Standard fees (cleaning, parking, utility surcharges, key fees, etc.)
- One-time infractions (breach of policy, cancellation, no show)
- Health department violation fees (1st, 2nd, 3rd offense)
- Failure to secure or lock the facility
- Failure to clock in/out
- Cleaning violation
- Storage violation

Be sure to note if taxes or other fees will be tacked on and what percentage this is. If you are charging a deposit, that should be listed along with your

policy for returning it when they leave the kitchen.

You will want to include your fee schedule in your policies and procedures manual along with your billing policies. It is good practice to date these documents because they will need to be updated periodically.

### **Acceptance Criteria and Requirements**

Before signing up clients you will need to finalize your criteria for what types of entrepreneurs/businesses you will serve. Your acceptance criteria may include general requirements on the types of businesses you accept, as well as mission-related criteria, such as entrepreneur socioeconomic factors. The criteria will be unique to your business model and depend on your goals, target business types, and the demand for your kitchen space.

Setting your acceptance criteria from the outset will make your acceptance decisions more intentional and efficient. It will also inform your marketing and recruitment strategies. Transparent criteria will help prospective clients recognize if your kitchen will be the right fit for them, saving you time. Writing it down will help you apply it consistently and discourage you from straying from your mission or lowering your standards too much when you are under pressure to fill up the kitchen.

### **Business Criteria**

- ✓ **Stage of Business.** Will you only accept businesses who have secured their legal documents and have sales, or will you accept clients who are in earlier stages?
- ✓ **Products.** Will you accept clients who make only certain types of products? Are there products that are excluded?
- ✓ **Food Trucks.** Can food trucks be accommodated at your site and are there special rules for parking and plug-ins? Are they able to provide proof of both business and automobile insurance?

- ✔ **Insurance Requirements.** How much liability coverage will the client be required to have? It is a good practice for shared kitchens to require clients to carry a minimum amount of liability insurance for their business and to name the kitchen as an additional insured. Make sure you purchase coverage at the appropriate level. Example: Damage to Premises Rented limits are at least \$300,000. For more coverage limits and categories, visit the Food Liability Insurance Program or speak to your local broker.<sup>322</sup>
- ✔ **Credit and/or References.** Will you require clients to meet certain credit standards or have positive previous rental references?

### **Mission-Related Criteria**

You can also make your criteria mission-oriented, to meet the desired impact of your kitchen. This criteria may be influenced by the requirements of your funders. For example:

- ✔ Does your kitchen have a mission to foster local food systems? You may want to prioritize clients who source ingredients locally.
- ✔ Is your mission to increase entrepreneurship and/or training opportunities for underserved communities in the food industry? You may consider only accepting clients who earn under a certain income threshold or offering an income-based rental fee structure.
- ✔ Is your program funding focused on a specific geographic area? You may want to verify residence as part of your acceptance process.

If you are running an incubation program with business support services, you should develop

acceptance criteria related to your incubation program model. Typically this will include things like readiness, entrepreneurial drive, product quality, commitment to participate in services, and demographic criteria related to the program's goals or funding, such as income, background, and location.

When developing your criteria, make sure it aligns with your **business model**, **mission**, and **funding** requirements (if applicable). For an example of requirements that reflect kitchen mission, check out La Cocina's kitchen incubator qualification criteria on their website.<sup>323</sup>

Weigh the restrictions you develop with the impact on your utilization and revenue goals. Think about who you will be excluding and whether it is necessary to make the criteria a requirement or whether a targeted recruitment effort might achieve your goals. Sometimes focused outreach is an effective way to reach participants you aim to serve without excluding other potential clients. Also, you will want to be careful that your policies are not discriminatory in intent or effect.

Remember to think through how you will verify the criteria and the paperwork involved so you do not create unnecessary hurdles for staff or clients. You want to aim to create criteria that is clear, fair, and easy to verify. But you also want to preserve some flexibility to adapt to special circumstances.

### **Recruitment and Leasing**

Getting to full lease up often takes many months, and sometimes years, depending on your market, recruitment efforts, and when you get started. It is important to be realistic and have sufficient working capital for the first couple years to cover expenses until you reach full utilization. You can reduce the time it takes to reach break-even through the activities you do before your

<sup>322</sup> [https://www.flipprogram.com/coverage\\_details](https://www.flipprogram.com/coverage_details)

<sup>323</sup> <https://www.lacocinasf.org/incubator>



launch. You will want to develop your marketing strategy, begin recruitment, build a strong network, and cultivate a pipeline of clients well before your grand opening. Kitchen founders, especially incubators, are increasingly offering business support services, such as classes and workshops, prior to opening their facilities to build a reputation and prepare a cohort of entrepreneurs to be kitchen-ready on opening day.

### **Mailing and Prospect Lists**

You should develop a mailing list and prospect list during your planning outreach and begin communicating with potential clients and others who will become referral sources. Periodic newsletter-style updates and social media posts about your progress and partnerships will help retain their interest and build anticipation. If you are planning to do a capital or crowdfunding campaign, you will want to put extra effort into cultivating your base of supporters long before you start asking for money. By the time your project is in construction, activating these lists will become more important. Adding an email signup form on your website can help build your list.

### **Referral Partners**

Cultivating relationships and recruitment channels before opening day is key to getting leased up quickly. The network and partnerships you fostered during your planning stage will play an integral role in raising awareness of your kitchen among potential clients. These relationships will also be critical resources to your clients once your facility is open. Working closely with small business programs in your community can help you build a pipeline of referrals of entrepreneurs that have completed business training classes and are ready to rent a kitchen. As you approach your launch date, you will want to reach out to partners to strategize ways you can leverage their communication channels to spread the word about your kitchen. Co-hosting events, writing articles

for their newsletters, leaving printed materials at partner offices, or tabling at events and resource fairs are some of the many ways you can showcase your kitchen to their networks. Refer to the Marketing chapter for more information about developing your marketing strategy and materials.

Taking time to educate staff at partner organizations about your kitchen and what it offers is a worthwhile investment for cultivating referrals. You might hold a special partner open house or conduct presentations for key staff. This can be especially valuable if you are the first shared kitchen in your community or if referral partners are unfamiliar with the concept. The local health and agriculture departments can be referrals partners as well, so make sure their staff are aware of all the resources your kitchen offers. Creating referral incentives and discount programs with businesses that serve your target clients, such as kitchen supply stores, can be another way to reach new audiences.

### **Attracting Prospects**

Reaching out to prospective clients discovered through your outreach, market research, and networking activities is especially important at this stage. Utilize your Marketing Plan to guide your marketing activities and messaging. While many entrepreneurs you interviewed during your initial planning will likely have moved on, they may be able help spread the word among peers. Word-of-mouth between entrepreneurs will become a powerful recruitment source over time. Once you have signed up clients, collaborate with them to craft joint press and social media messages that promote both the business and the kitchen to build more buzz.

If you have quality prospects and strong demand you may be able to establish a waiting list and collect deposits in advance of opening. Remember to be conservative about your timeframe for opening and allow time for construction and

permitting delays. Write up your deposit agreement and make sure both parties agree to clear terms about refunds in case of delays or cancellations.

You can utilize the [kitchen listing services](#) you found during your market research phase to promote your kitchen to prospective clients. Depending on your market and the stage of businesses you attract, a small fraction of prospective clients are likely to sign up to rent the kitchen. You will want to budget adequate time and staff resources to fielding inquiries, [giving tours, and onboarding clients](#) to account for this. Some kitchens find they can sign up more clients by providing one-on-one support for the business formation and licensing processes. This can lead them to develop more support [services](#) than they originally planned, which can require more staff time.

If leasing is slow, you may be eager to sign up anyone willing to pay in order to cover expenses. It is important to balance the need for revenue with your [acceptance criteria](#) to ensure you are signing up quality clients who will contribute to building your kitchen culture and reputation. Your kitchen's image will become closely tied to its client businesses and affiliated programs, so you want to be sure you are selecting clients that are a good match.

### **Launching Services First**

Offering services and educational workshops prior to opening is one of the best ways to cultivate a strong client base in your first year. Business incubators in particular find that addressing service needs during the planning and construction phases has many benefits. First, it helps to fill service gaps that create hurdles for entrepreneurs to become kitchen-ready. Kitchen founders often discover that entrepreneurs need more support than they expect. If your community is lacking in pre-incubation or other business services, you may need to address this need for months or

even years before there is an adequate number of entrepreneurs that have the tools to succeed in a shared kitchen. Second, these services provide a valuable opportunity to learn about your prospective clients, which can inform your facility and programming plans in valuable ways. Finally, services can serve as a recruiting tool by demonstrating your value and increasing brand awareness among clients. It can also build a reputation that supports your fundraising, if needed. It is more cost effective to build a reputation when you have low overhead costs, rather than when you are shouldering facility costs and feeling pressured to meet revenue targets.

You can provide services yourself or partner with other experts in your community or online resources, depending on the expertise of your team. Founders can offer pre-incubation, food business workshops, networking events, or provide one-on-one food business consulting or coaching services. By partnering and leveraging existing tools you can avoid reinventing the wheel. Draw upon your [services research](#) to focus on key gaps so you serve critical [entrepreneur needs](#) and differentiate your service offerings. Review the [Services Planning](#) chapter for more guidance on developing your service model.

Both the Rutgers Food Innovation Center and The Hatchery in Chicago offered a comprehensive set of incubation services for several years during their planning and construction phases. The Hatchery has built its community through two paid memberships—an entrepreneur membership and a network membership for service providers, investors, bloggers, and aspiring entrepreneurs who are not ready to become entrepreneur members. Members receive discounted registration on workshops, free networking events, one-on-one consultations, and access to resources and mentors. Membership fees help cover the costs of providing these services. You can learn more

about their program structure on their website.<sup>324</sup>

## Grand Openings

Kitchens often launch with a grand opening event that involves a ribbon cutting with key stakeholders or a party for supporters and prospective clients. Ceremony matters and this is a great opportunity to celebrate your journey and thank your supporters and partners. You have worked hard for this day and it is exciting to open your doors and let the community in! Grand openings also attract publicity for your kitchen so you will want to give yourself plenty of time to plan the event so it goes smoothly. You may elect to do a “soft opening” a few weeks or months in advance of the public opening date. This allows you time to work out the kinks in your operations and equipment. When planning your opening, consider:

- ✓ Invite key officials and stakeholders who helped you get to opening day.
- ✓ Will you have invitations and RSVPs or is this an open house?
- ✓ Take more photos than you think you will need.
- ✓ Hire a photographer, budget permitting.
- ✓ Feed people (it is a kitchen after all!). Use an affiliated caterer or food truck, if possible.
- ✓ Do you need an alcohol license or permit for events? Is it BYOB?
- ✓ How will clean up be handled?
- ✓ Have rental information ready and collect contact information from prospects that attend.

## Press Releases and Publicity

You may wish to announce your opening or other key events or milestones through press releases to local media channels to increase publicity. Press releases are a good way to share a consistent message across many channels. They are short (about one page in length) and get right to the point. Distributing your press release may be done by sending it to local news outlets and/or by paying a PR distribution service. Refer to your [marketing strategy](#) when cultivating publicity for your kitchen.

A few rules of thumb for press releases:

- ✓ Make the headline count. It should pique the reader’s interest. People need a reason to keep reading.
- ✓ Lead with your message. Are you announcing a launch? A partnership? A funding raise?
- ✓ If publicizing an event, be sure to include, dates, times, addresses, costs, etc.
- ✓ Include a short “About XXX Kitchen” summary and any partner background.
- ✓ Provide contact information and weblinks.

Additional guidelines and a free template can be found in the footnotes.<sup>325</sup>

## Onboarding Process

With your marketing and recruitment efforts in full swing, food businesses will start knocking at your door and inquiring about tours and applications. Regardless of a client’s skill level or previous shared kitchen experience, they should go through a kitchen onboarding process when becoming a client of your kitchen. Your onboarding process encompasses the sales, screening, and client-education activities that motivate clients to sign up while also laying the

<sup>324</sup> <http://thehatcherychicago.org/membership/>

<sup>325</sup> <https://blog.hubspot.com/marketing/press-release-template-ht> (No affiliation or endorsement from the authors)

foundation for an effective working relationship. Establishing an onboarding process will make the rental process run more smoothly and establish clear expectations about behavior, kitchen use, and policies. The time it takes a prospective client to go from initial inquiry to first booking may take weeks to months, depending on your process, and their readiness and motivation.

Kitchens vary in the order of steps in their onboarding process. Some kitchens hold regular open houses or offer tours on-demand. Others screen applicants through intake forms or phone calls before inviting them to the kitchen. The process you design will reflect your brand, the amount of staff you have, the level of demand for your facility, and your rental criteria. Kitchens eager to sign up clients or looking to attract community and special uses may prefer an open-door or on-demand intake process to advance their marketing goals.

Kitchens that have more selective criteria due to mission, grant requirements, or business stage targeting, may prefer to pre-screen prospective clients to ensure they meet the facility's requirements. Some programs will even limit the application period to a couple times per year. Spice Kitchen, for example, has a multi-step acceptance process that involves completing an application, attending an orientation, interviewing to share product and business plan, and a meeting to review documents.<sup>326</sup> Because of the work involved in processing new applications, some kitchens collect an application fee and/or require a deposit before signing up new clients.

### Kitchen Tour

A tour of your facility is often the first step to see if the client and your facility are a good fit. The client

will want to know if you have the space, storage, equipment, availability, procedures and services, and mission and culture that align with their needs. The tour often functions as an informal interview for both of you. From the kitchen's perspective, this is a good chance to answer key questions such as:

- ✓ What stage of business are they in and what are their business goals?
- ✓ Do they meet our acceptance criteria and rental requirements?
- ✓ Do they align with our kitchen's mission and goals?
- ✓ Will the client get along with current clients and contribute to the kitchen's culture?
- ✓ What is their production process and is their food product a good fit?
- ✓ Does the kitchen have the space, equipment, and availability they need?
- ✓ Do they need services or outside referrals to meet their goals?

### Application or Intake Form

Some kitchens prefer to gather the initial screening information through an intake or application form completed before or sometimes after the tour. This can be a written application or an online form used to ensure they meet your requirements and would be a good fit for your kitchen. Acadiana Food Hub has an online intake form they use to collect an array of information about business stage, products, kitchen needs, and desired support services before they provide tours.<sup>327</sup> Spice Kitchen provides an online application that gathers business and demographic information in line with their mission to serve refugee, new immigrant, and other disadvantaged entrepreneurs.<sup>328</sup>

<sup>326</sup> <https://www.lacocinasf.org/incubator>

<sup>327</sup> <http://www.acadianafoodhub.com/joinus/>

<sup>328</sup> [https://docs.google.com/forms/d/e/1FAIpQLSdnLiF0rF0rzge95TxqG3Xmv5YoZE4eITb-lfgqq4HNqUz81w/viewform?usp=sf\\_linkhttps://docs.google.com/forms/d/e/1FAIpQLSdnLiF0rF0rzge95TxqG3Xmv5YoZE4eITb-lfgqq4HNqUz81w/viewform](https://docs.google.com/forms/d/e/1FAIpQLSdnLiF0rF0rzge95TxqG3Xmv5YoZE4eITb-lfgqq4HNqUz81w/viewform?usp=sf_linkhttps://docs.google.com/forms/d/e/1FAIpQLSdnLiF0rF0rzge95TxqG3Xmv5YoZE4eITb-lfgqq4HNqUz81w/viewform)

Common intake or application information:

- Application date
- Food business name
- Name, email, phone, and mailing address of primary and secondary contacts
- Business address (if different)
- Emergency contact
- Driver's license numbers (or other identification) of primary and secondary contacts
- Business stage
- Number of employees
- Incorporation status
- Employer Identification Number (EIN)
- Sales tax license number
- Licenses and permits
- Food safety training and certificates
- Food business type
- Description of product(s)
- Where products are currently being produced
- Storage needs, type and amount of space (dry, cold, freezer, special equipment storage)
- Equipment needs
- Estimated time in kitchen required (hours per week or month)
- Days of the week and times the client wishes to use the kitchen
- Production goals (number of units per production run)
- Business goals
- Current sales channels
- Services, support or resource needs
- Demographic or baseline data (see below)

Some kitchens may also wish to check references and run background and/or credit checks.

### **Collecting Outcome Data**

Nonprofit and incubator kitchens often collect demographic and business data needed to evaluate whether they are meeting their mission and to report outcomes to funders and stakeholders. It is a good idea to collect this during the intake process so you have baseline data for measuring the impact of your program over time.

Demographic data often includes things like gender, race, ethnicity, immigration, language(s), income/assets, household composition, education, and public benefits received. Baseline business data often focuses on years in business, revenues/profits, sales channels, training, previous businesses, capital raised, business plans, and goals.

Reflect on your kitchen's **mission**, expected **outcomes** and **funding** requirements to determine which information you need. La Cocina's application provides an example of a comprehensive data collection effort aimed at qualifying applicants for incubation as well as reporting on mission-related outcomes.<sup>329</sup>

If you are asking for any sensitive data, explain why the information is vital to your mission and how you will use the information. Include a confidentiality statement on the form and be sure to safeguard their privacy when storing and reporting data. If you will be requesting information on a recurring basis, such as annually for outcomes reporting, explain these requirements during the onboarding process so there are clear expectations for the future.

<sup>329</sup> <https://lacocinasf.app.box.com/s/oz0b3f5hjn44uy53ux2zz98pt1w4p5d2/1/3271054904/27458144348/1>

## Requesting Documents

Completing the intake process usually involves collecting client documents, a security deposit, and signing the user agreement (also known as an operating, rental, membership, or services agreement). The basic documents that most shared kitchens require the client to have are:

- ✓ Business license
- ✓ Proof of liability insurance
- ✓ Food handler or manager certification (most common being ServSafe)<sup>330</sup>
- ✓ Food license or permit for their product (usually issued after inspection)
- ✓ Application or intake form
- ✓ Form of identification (for example, copy of driver's license)
- ✓ Copy of business license
- ✓ Food Handler/Manager Certification

Some kitchens may also require each client to have a food processing or Hazard Analysis and Critical Control Points (HACCP) plan. Kitchens can help clients with a HACCP plan by providing a template with standard language about the facility and space for each client to personalize it.<sup>331</sup> Kitchens/incubators may also request a copy of the business plan, financial statements/projects, tax returns, resumes, or other business related documents.

Kitchens/incubators serving businesses at the pre-incubation or incorporation stage may choose not require these documents at the time of acceptance. They may opt to assist clients with formalizing their businesses and obtaining licenses, or they may only require initial documents, such as a food handler permit or a cottage food safety course (often offered through county extension offices) at the time of application.

Create a filing and tracking system for these documents to make sure you keep up on annual renewals of licenses and insurance. Monitoring compliance documentation on behalf of your clients is the responsibility of the kitchen manager. Tools like The Food Corridor allow you to upload these documents directly to the client's account along with their expiration dates, so you will be notified when important documents are nearing expiration. Otherwise, you will want to set up calendar reminders for when client documents will expire or organize them in a Excel file for daily or weekly monitoring.

## Orientation

Once the intake process is complete, it is a good idea to provide a comprehensive orientation and kitchen walk-through to the new client. This is a good time to go over your kitchen's policies and procedures, discuss cleaning standards, set expectations for proper use of equipment, cleaning supplies, food storage, and waste management, and discuss kitchen culture and communication. Subsequent trainings may be needed, depending on how complex your kitchen's operating procedures are.

<sup>330</sup> <https://www.servsafe.com/ServSafe-Food-Handler>

<sup>331</sup> U.S. Food and Drug Administration HACCP Principles & Application Guidelines and Open Source Food Safety HACCP Plans

# Management and Operations

Shared kitchens are complex and dynamic operations to manage. Each business type, revenue stream, and service has its own special needs. Each piece of equipment has its own maintenance and cleaning requirements. Each kitchen client has a different, ever-changing schedule. And everyone needs to get along. Establishing good management systems can help you meet all these demands and make your operation run smoothly, even when something new pops up every day.

You will want to establish clear roles and responsibilities among staff and standard operating procedures to guide the day-to-day management. Developing clear policies and implementing a thorough onboarding process will educate clients about your expectations and help avoid conflicts. Utilizing tools to track your scheduling and billing will streamline your processes and help you establish good financial management practices. Taking an active role in managing the kitchen and being invested in the success of your clients will build a culture of respect for your kitchen and community of clients.

This chapter outlines key management practices that will help your kitchen thrive. It covers:

→ [Establishing Operational Policies and Procedures](#)

→ [Ongoing Marketing](#)

→ [Schedule Management](#)

→ [Financial Management](#)

→ [Facility Management](#)

## Establishing Operational Policies and Procedures

A policies and procedures manual can seem like an enormous undertaking for shared-use kitchens/incubators just getting started. There is a lot to think through and many possible situations to parse out. However, establishing clear policies at the outset will set you up for success. Setting clear expectations with clients can avoid problems and help to build a cooperative, respectful culture in your kitchen.

When writing policies and procedures, craft them to encompass a range of different scenarios so you will not need to make frequent exceptions. You want to create fair policies that you intend to enforce. Deviating from your policies frequently, or failing to enforce them promptly, will send a message that they can be disregarded. Think about how you will monitor and enforce your policies when you write them so you can think ahead about any fees and consequences for violations.

While this Toolkit breaks down the general topics, you will need to tailor your Manual to fit your kitchen. Fortunately, The Food Corridor has collected sample policies and procedures manuals from several shared kitchens and kitchen incubators from across the country on their website, so there is no

need to reinvent the wheel.<sup>332</sup> Here are some suggested topics to cover in your manual:

- About Your Kitchen
- Acceptance Criteria
- Fees, Rates and Billing
- Division of Responsibilities
- Scheduling and Booking
- Cancellation Policy
- Equipment Reservations
- Cleaning and Sanitation
- Access and Closing Procedures
- Special Event Rentals
- Termination

### About Your Kitchen

It is a good idea to start off with your kitchen's why, what, and how, to give context and purpose to your policies and procedures. This lets the client know you have rules for a reason and you care about your operation, as should the client. Include:

- ✓ Why (mission and purpose)
- ✓ Who (description of your kitchen)
- ✓ What (features of kitchen and services)

You can also use this section to illustrate your high standards and the culture of your kitchen. This may include a statement around being respectful and considerate of the equipment, kitchen space, kitchen property, and other clients in the kitchen. You may also wish to highlight the products that you allow or do not allow in your kitchen (only gluten-free ingredients and products, only food for human consumption, etc.).

### Fees and Billing Policies

Your fee schedule should be included in your policy manual along with your billing and collection policies. See the previous chapter for more information about developing your fee schedule. Your policies should clearly outline if payment is due as a pre-payment for the month or if it is due in arrears (at the end of the month), and on which date. If clients pay for kitchen time as they go, explain when this is due (in advance, or the same day of their usage). While pre-payment for monthly plans is a best practice for kitchen cash flow purposes, do what works best for your kitchen and clientele. Policies regarding how delinquent accounts will be handled, such as late fees and collections, should also be clearly outlined.

You will also want to outline the types of payment methods you accept (checks, cash, credit card, automatic clearing house) and how the client can get the payment to you. If you use The Food Corridor, clients are automatically billed on your kitchen's billing date. If you use a different system, provide instructions for making the payment. Define if checks or cash should be mailed or dropped off, when a payment is considered late, and what the late fee is.

You should also provide itemized invoices and/or statements to your clients, so they can track their revenues and expenses for their own business management.

### Division of Responsibilities

Setting clear expectations is the key to any relationship and this is no different in your kitchen. Below is a clear example of how to outline the division of responsibilities between the kitchen and the client in your policies and procedures manual. Each kitchen will be different, but this list should help you factor in the many considerations.

<sup>332</sup> <https://drive.google.com/drive/u/1/folders/0Bwt1RSKcnLc1cEw3Q0JvbmFGYmM>



The kitchen will provide the following services to the client:

- ✓ Cleaning, janitorial, and pest control service, outside of routine kitchen maintenance as required by tenant.
- ✓ Cleaning supplies, garbage bags, mops and brooms.
- ✓ Necessary repairs, replacements, and required maintenance to plumbing, wiring, roof, supporting structural members, locks and heating.
- ✓ Basic utilities in common areas and kitchen.
- ✓ Exterior maintenance including lighting.
- ✓ Snow removal and solid waste disposal.
- ✓ Client's orientation session/tour.

All kitchen clients are responsible for:

- ✓ Successfully completing the kitchen tour and orientation.
- ✓ Cleaning kitchen equipment and facility thoroughly after each use.
- ✓ Allowing kitchen staff access to production areas for maintenance and cleaning.
- ✓ Ensuring compliance with all local, state, and federal laws and/or statutes.
- ✓ Paying rent and other fees in a timely manner according to the kitchen policy.
- ✓ Following all Kitchen Rental Agreement terms.
- ✓ Obliging by requirements in the kitchen's Client's Handbook or Policy Manual.
- ✓ Being willing to work cooperatively in a time-share environment.

Additional examples can be found in The Food Corridor's collection of policy and procedure manuals.<sup>333</sup>

## Scheduling and Booking

Scheduling and booking policies should include how much time a client can book in your kitchen per week or per month, if you allow one-time bookings and/or recurring bookings, how far in advance a client can book, and minimum reservation time (per booking and per month). Much of this will go along with the plan the client is paying for. If you do not allow bookings during certain days or time of day, you can note that in your policies and procedures or at least note that the booking availability may change.

You will also want to explain how the client will book time in your kitchen. Do you have an online calendar where they can create and manage their own bookings? Or should they email you with their requests? Also note if you will be the one to approve and decline all requested bookings, or if you will allow certain clients' bookings to be automatically approved. Tools like The Food Corridor let you have different approval settings for each client. This oversight may be the same or different for each client, and you can outline this criteria in your Policies and Procedures Manual. Finally, many clients want to know who else has booked the kitchen during their desired times, as this may affect when and what area they book their time in. Let them know how to view others' bookings. A visible online or physical calendar is helpful for this. See more on this under the Scheduling chapter.

## Cancellation Policy

An important consideration is how you will manage cancellations of committed time. It is important to remember that renting kitchen time is a service and if a client reserves time in the kitchen and cancels at the last minute, it can be extremely difficult to find a replacement to fill the time slot. Enforcement of a strong cancellation policy that discourages

<sup>333</sup> <https://drive.google.com/drive/u/1/folders/0Bwt1RSKcnLc1cEw3Q0jvbmFGYmM>

last-minute cancellations is recommended. Things to consider when developing your policy are how many hours before the booking start time you will allow a client to cancel their booking and what kind of cancellation fee would apply. Common ranges include 12 hours, 24 hours, 48 hours or 72 hours. Also, will the fee be a one-time charge based on a percentage of the booking? For example, a 50% fee on a \$100 booking will refund \$50 to the client and you will receive \$50. You will also want to have a no show policy. In this case, you may opt to charge the client 100% of the booking.

### Equipment Reservations

It is important to note which equipment or items in the kitchen are available for shared use without reserving them (utensils, etc.), which equipment requires reservation (mixers, etc.), and which equipment is off limits for shared use. This will reduce confusion for clients and provide a process for the limited and important equipment that requires reservation.

With several clients using shared kitchen equipment, policies and procedures around reservable equipment are important for proper use of the equipment, cleanliness, and upkeep of the equipment. Reservations ensure that multiple clients are not expecting to use the same piece of equipment at the same time (such as the one Hobart mixer in your kitchen). Much like a booking system for kitchen time, an equipment reservation system can keep this in line. For each type of reservable equipment, outline the hourly cost (if applicable), cleaning instructions (if not included in your cleaning policies), the number of units available for reservation, and how a client can reserve it. Also describe the process and penalty if the equipment is found dirty, misplaced, or damaged after use. This could be a fee or a full replacement of the equipment, depending on the damage and issue.

Clients may also need to rent special equipment that is not typically offered for use in your kitchen. You may consider requiring a separate deposit and providing a specific training for this equipment. You can outline in your policies and procedures which equipment qualifies as “special.”

### Cleaning and Sanitation

A cleaning policy should cover both cleaning and sanitation rules of your kitchen as well as cleaning and sanitation procedures and instructions. Explain the purpose of each rule (food safety, for example) so the client understands and is motivated to abide by it. It is also important to explain the consequence if a client fails to follow a cleaning policy, such as a fee or termination.

Clear rules and instructions should cover:

- ✓ What to clean.
- ✓ When to clean it.
- ✓ What cleaning supplies to use.
- ✓ Where the cleaning supplies are located and how to store them.
- ✓ How much cleaning product to use.
- ✓ When, where, and how to dispose of waste (trash, recycling, cardboard boxes, food waste, grease, paper towels, compost, garbage disposal, etc.).
- ✓ When and how to restock disposable products.
- ✓ How to properly store and label food.

Clear instructions will make it easy for clients to follow and prevent improper use and storage of cleaning supplies, cleaning products, and food handling and storage. Also let clients know what cleaning supplies are provided by the kitchen (bleach solution, paper towels), and what supplies should be provided by the client (dishcloths, etc.). See a list of examples in the [kitchen sharing](#).

supplies section. Clients have different standards for “clean” and varying levels of experience in a commercial kitchen, so spell this out in your policies and procedures to set clear expectations and accountability. Demonstrate proper cleaning through a hands-on training. After training, it is a good idea to have the client show you that they understand by giving them a hands-on “test,” such as demonstrating proper hand washing, sanitizing water at the appropriate parts per million, and testing the solution using test strips.

### **Cleanliness**

You may also include cleanliness policies around:

- ✔ Outside food or drink being consumed while using the kitchen (for example, must place open food or beverage in storage unit or under the table).
- ✔ Proper clothing to be worn in the kitchen (for example, closed-toed non-slip kitchen shoes, hairnets, gloves, aprons, clean clothing free of pet hair, no loose jewelry or rings, no fragrances or perfumes).
- ✔ Proper hygiene (for example, clients may not work if they are sick or have an open cut or wound).
- ✔ Smoking in or around the kitchen (for example, no smoking within 100 feet of the kitchen).
- ✔ Kids under a certain age in the kitchen (for example, no children under age 12 allowed in kitchen).

### **Waste Management**

Clear instructions about where to dispose of the various kinds of waste should be part of your sanitation policies. Renters need to be clear about how to manage their garbage, boxes, food waste, grease, recycling and any hazardous materials. If your kitchen lacks garbage disposals in the sinks be sure to communicate that as well. This will help keep your facility

clean and prevent unnecessary waste fees for improperly disposed or overflow waste.

### **Arrival and Closing Procedures**

Arrival and closing policies are important to outline for reasons of security, kitchen flow, and accountability. You will want to have visible checklists for these procedures, so items do not get missed. Checklists can be printed on the wall for clients to view, or they can be laminated for clients to check-off when they have completed the item. You may also consider having a place for clients to let you know when cleaning supplies are running low, such as on the paper or digital sign-in/sign-out.

Access and Arrival Procedures:

- ✔ Keys or keypad
- ✔ Alarm system
- ✔ Paper or digital sign-in
- ✔ Proper clothing and shoes
- ✔ Cleaning requirements (such as wash hands, sweep and mop floors, and wipe down equipment and tables)

Leaving and Closing Procedures:

- ✔ Cleaning requirements (such as sweep and mop floors, wipe down equipment and tables, dispose of and take out waste (trash, recycling, compost), and take home laundry)
- ✔ Restock needed items
- ✔ Label food products before storing
- ✔ Turn off equipment, lights
- ✔ Lock doors
- ✔ Alarm system
- ✔ Paper or digital sign-out

### **Special Event Rentals**

Clients often wish to host events, such as cooking classes and tastings, to diversify their revenue and market their product.

You will want a policy to outline:

- ✓ How a client can rent out the kitchen or area (if different from your normal booking policies).
- ✓ Available days of the week and times that this is an option (as to not hinder other clients' production schedules).
- ✓ Fee schedule.
- ✓ Required deposits.
- ✓ Capacity requirements.
- ✓ Cleaning and equipment use requirements.
- ✓ Allowable changes (posting signs, moving around furniture and equipment).
- ✓ What items are and are not included in the rental (tables, chairs, guest wifi).
- ✓ Alcohol consumption and license policies.
- ✓ Close-out requirements.
- ✓ Cancellation penalties.

Also think through if you will offer special event reservations to community members who are not clients of your kitchen, to diversify your revenue. If so, you will want to arrange a walk-through and provide a separate terms of agreement document that covers key information from your kitchen policies and procedures document. You should check with your insurance provider about whether you are properly covered for these uses or whether you should require event insurance from the renter. See our Insurance section.

### Termination

Unfortunately it may be necessary to discontinue a client relationship for any number of reasons. The key is to do so clearly and without surprise. Like a good prenuptial agreement, these terms should be negotiated early on. Items to include in your policies and procedures document may include:

- ✓ Possible reasons for agreement termination and expected timeframe from notice to day of termination.
- ✓ Actions taken if agreement is terminated (access code changes, notice to health inspector, etc.).
- ✓ Any financial or legal obligations client must fulfill upon agreement termination.
- ✓ Verify a follow-up address to return security deposit, if applicable.

If you are operating an incubator with graduation requirements, be sure to explain this policy during your onboarding and state it clearly in your policies and forms. It is important to have regular meetings with the clients to track their progress toward graduation goals and to provide extra support for that transition.

### Kitchen Communications

Clear communication is critical to a successful kitchen and should be outlined in your policies and procedures manual. Establishing appropriate methods of communication with your clients from the get go will save you time, money, and reduce the many frustrations caused by miscommunication. Your policies and procedures manual and client agreement are your first line of communication with your clients.

For day-to-day communication, you will want to establish protocols for your preferred methods. Managing word of mouth, phone calls, emails, and texts can be cumbersome and increase the risk of a miscommunication. Full-service applications like The Food Corridor can help to reduce multiple channels and establish a digital paper trail of communication.

You will also want to clarify what communication channels are appropriate for different circumstances. Receiving text messages for last-minute changes to the schedule may be

inappropriate, for example. If product goes missing or someone fails to clean up their space, what is the correct course of action for clients? How will after-hours concerns be handled? How will you communicate to all your clients if the kitchen needs to be close for an emergency or servicing? Setting these protocols up will build a strong culture of trust in the kitchen.

Below is an example of outlining communication protocols based on degree of urgency:

- ✔ **The Whiteboard.** Non-urgent tenant needs or observations can be written on the whiteboard attached to the freezer. Kitchen staff will be checking the whiteboard occasionally for issues that need to be escalated beyond the recurring needs.
- ✔ **Email.** Commissary@thekitchen.com can be used for schedule changes or general operational questions or concerns.
- ✔ **Phone.** For emergencies, the kitchen provides phone numbers for key personnel.

**Schedule Management**

Because shared kitchens are largely funded through renting the kitchen, an efficient, and

sometimes dynamic scheduling system is critical. Scheduling the kitchen can be one of the most time-consuming tasks and is often vulnerable to human error. While some clients may have set schedules or hours in the kitchen, others may prefer mostly ad hoc or seasonal hours. Depending on events, production schedules, deliveries, and staffing, many clients may require flexibility.

Self-service booking is a great way to ensure the clients are responsible for their own schedule. Provide access to the calendar that includes the ability to see which other clients are scheduled. This allows clients to avoid personality conflicts or product quality concerns. For example, if a client produces breads, she may not want to work during a Food Truck Friday fish fry because it could impact the flavor of the bread. Always consider who has access to view your calendar and who is able to make edits. Clients should never be able to make changes to each other’s bookings.

There are a variety of software tools and applications that can support scheduling automation. When choosing an application, you will want to think about scalability as the number of clients increases. Below are the pros and cons

Tool	Pros	Cons
<b>Google Calendars</b>	Free, multiple calendars, easy, low cost	Limited access, limited visibility, not linked to plans, can be edited without oversight, difficult to book equipment or multiple spaces, requires management
<b>Dry Erase Board</b>	Easy, manual, low cost	Can be edited without oversight, only accessible when in the kitchen, hard to read, easily manipulated, requires management
<b>Scheduling software (SuperSaaS, Cobot, Calendly, Skedda, etc)</b>	Easy, efficient, increased functionality, increased control, multiple calendar spaces, self service	Not specific to a shared kitchen, difficult to book equipment, not connected to billing, no cancellation policy enforcement
<b>The Food Corridor</b>	Customizable, self-service, multiple space calendars, equipment booking, invoicing/ billing, storage, compliance document management, reporting	More expensive, may not be necessary for smaller kitchens, requires administration

to some common tools and applications. Finally, if you are trying to incentivize the use of off-peak hours for a lower rate, you will want to establish when your off-peak hours begin and end and what the discounted rate is. These will need to be tracked and manually reconciled on your client's invoices each month, unless you are using a full service software that manages this for you.

### Tracking Client Entry

While booking time in the kitchen is the backbone of kitchen management, how much time a client actually spends in the kitchen can be different from their scheduled time. Tracking a client's entry into the kitchen is handled in multiple ways. Some kitchens use paper sign in/out sheets that clients are required to fill out when they arrive and leave the kitchen. Administrators will tally up the time at the end of the month, compare the hours to the time booked on the calendar, and reconcile the additional hours. Others use digital time cards or unique key fobs/cards/pins to track clients in the kitchen. A key fob is small security hardware device with built-in authentication used to control and secure access. Still, many kitchens just work off the honor system, hoping that clients are following their scheduled times and not extending their welcome. If you have installed video surveillance in your kitchen, tapes can be monitored or reviewed in the case of a suspicion or concern.

### Ongoing Marketing

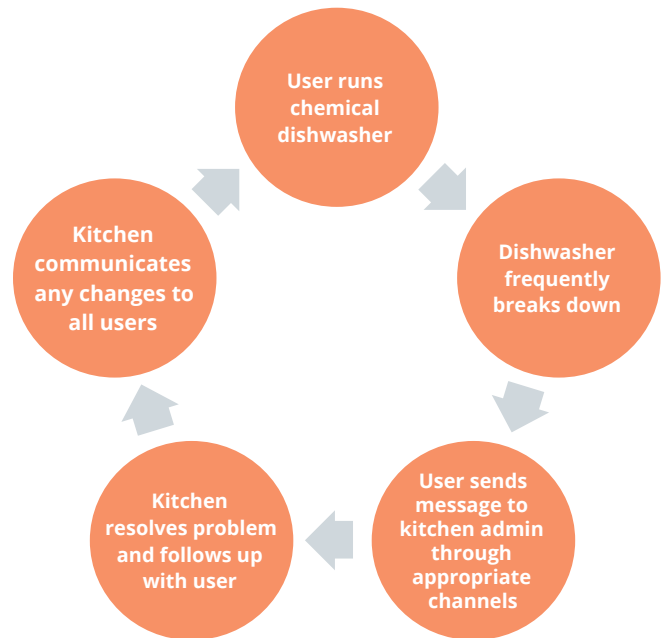
A kitchen's marketing strategy consists of product-market fit, appropriate pricing, location, partnership, and promotion. After all the work you did on marketing during your launch, it is important to keep the momentum going.

### Service Feedback

After clients have begun working in your space, and you have established your online presence,

you will inevitably have ideas of ways to more efficiently use your space and recognize new needs of your current clients. Take care not to add features, equipment, or pivot your focus too quickly. It is important to give your client base time to adequately adapt to your space and procedures.

Feedback loops are an important part of staying relevant in the shared kitchen world. Ensure your clients are able to provide feedback easily (and anonymously if appropriate). A commonly used system, made popular by quality control professionals is referred to as Observe/Plan/Do/Check/Act (OPDCA). Feedback loops provide a formalized way to capture client experiences so that when you are ready, you will know how to improve your kitchen.



*Kitchen Feedback Loop<sup>334</sup>*

### Promoting Your Kitchen

Now that your potential client base has been exposed to your kitchen through your launch efforts, it is important to hone your messaging and focus not only on brand awareness and signing new clients, but providing additional

<sup>334</sup> Kitchen Feedback Loop, The Food Corridor, 2018

value to your food entrepreneur community.

Effective ways to maintain a presence and become a local thought leader:

- ✓ **Education:** Provide educational content via infographics, blogs, and classes. Brand it with your kitchen as a form of content marketing.
- ✓ **Community:** Donate your space or sponsor a community event once a month, quarter, or however often it makes sense for you. By inviting people into your space, you are creating a prime brand exposure environment.
- ✓ **Advertising:** Indirect advertising, like the community and educational options above, build your network and good will, however, advertising campaigns are still very useful to increase newsletter readership, website visits, kitchen tours, and new clients.
- ✓ **Client pricing promotions:** Your current clients are your best advocates. If kitchen culture is strong, they are more likely to recommend you. Reward this behavior! If your financial model allows, offer a referral bonus. New clients receive discounted usage and the referring client also receives a discount on their invoice. How you structure the discount is up to you, some kitchen will offer a few hours for free, some a free day or admission to upcoming classes. The point is that you build good will, and offering a few free hours may turn into a few steady contracts and client revenue streams.

## Financial Management

Success of a kitchen is intimately tied to its financial success. Even well funded kitchens must develop and implement strong financial management, systems, and tracking.

## Billing and Invoicing

Tracking and ensuring accuracy of client accounts for invoicing is an arduous task. If done manually, you will need to combine monthly charges (for storage and monthly recurring fees) with variable rates and fees from bookings, actual time used in the kitchen, and cancellations. Instead of spending hours reviewing security cameras to see when a client left, you may consider using some of the software and hardware solutions available. Freshbooks and Quickbooks are common invoicing softwares that provide significant functionality for minimal cost.

How and when you accept payments for invoices is also important. In terms of managing cash flows, you want to collect payment upfront or in a timely manner. Collecting cash or paper checks can lead to bookkeeping problems and increased visits to the bank. With the rise in mobile and online payments it is easy to accept credit cards or automated clearing house (ACH) or electronic checks. Sites like Square, PaySimple, and PayPal can be set up to connect directly to your merchant account. Transaction fees need to be balanced with transfer times of payments. ACH often costs less per transaction but takes longer (5-7 business days). Note that there are payment fees associated with most processors. For example, QuickBooks online charges 2.9% + 25 cents per transaction, PayPal charges 2.9% + 30 cents per transaction, and Square charges 2.75% per transaction. As an administrator you will want to decide if you will pay these fees as a cost of doing business or pass them on to your clients to pay.

## Bookkeeping

Bookkeeping is a critical part of tracking present and future cash flows. You will want to create a ledger with the current balance of all your financial accounts. To do this, you can use Excel, Google sheets, or a professional software like FreshBooks or QuickBooks. Record all payments

made from your accounts in your ledger and include the date, payee, category, and record of check number if a bank check is used. Next, record all incoming revenue that is received by the kitchen for any reason. These are your Accounts Receivable. Do not include loans or investments as these are not considered revenue.

Create a schedule of all upcoming payments anticipated by the kitchen, including rent, utilities, maintenance/cleaning services, software, and staffing. You may also add one-time expenses you make like large equipment purchases or renovations. These are your Accounts Payable. Reconcile your ledgers with your bank statements on a consistent basis. If you are using software, it should automatically download your bank records, saving you time. If bookkeeping is not your strong suit, hiring a part-time small business accountant can save you time and money by not having to recreate your ledgers in the future. Your small business development agency may also have resources to support you.

### Tracking Financial Performance

Like any business, it is important to track your kitchen's revenues against your costs in order to ensure long-term financial sustainability. Track your performance by starting with the end in mind (your annual goals) and identifying your Key Performance Indicators, or KPIs, to get there. Reviewing your financial performance each month is standard.

Establishing standard reporting of these metrics over time will allow you to identify and address issues and ensure success in meeting the goals you set out to reach. Your most critical numbers should live in your balance sheet, income statement, and cash flow statement. A Beginner's Guide to Financial Statements is a resource provided by the Securities and Exchange Commission that breaks down the key terms

and concepts you will need understand in order to successfully track your performance.<sup>335</sup>

Things to consider: What does success look like for your kitchen or organization? This may be the utilization rates of your kitchen spaces plus storage, the number of food businesses you are supporting annually, percent of revenues coming from programs or events, and/or your outcomes (such as the economic impact of your programming on the community).

## Facility Management

You will want to develop a Facility Maintenance Plan for your kitchen. The goal of a strong facility maintenance plan is to provide a safe, clean, and orderly environment that reduces risks and satisfies industry standards and regulations.

An outline of this plan should include:

### ✓ Safety

#### 1. General safety procedures

- Emergency numbers
- Required clothing and personal protective equipment
- Protocols for personal safety
- Protocols for security

#### 2. Chemical

- Hazards
- Use
- Storage
- Disposals

#### 3. Electrical

- Hazards
- Protocols

#### 4. Fire

- Hazards
- Protocols
- Extinguishers

<sup>335</sup> <https://www.sec.gov/reportspubs/investor-publications/investorpubsbegfinstmtguidehtm.html>



<ul style="list-style-type: none"> <li>✓ <b>Facilities</b></li> </ul>
<ul style="list-style-type: none"> <li>1. General information</li> <li>2. Structural information</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Custodial</b></li> </ul>
<ul style="list-style-type: none"> <li>1. Daily protocols</li> <li>2. Monthly protocols</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Pest management</b></li> </ul>
<ul style="list-style-type: none"> <li>1. Daily protocols</li> <li>2. Monthly protocols</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Waste management</b></li> </ul>
<ul style="list-style-type: none"> <li>1. Daily protocols</li> <li>2. Monthly protocols</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Equipment</b></li> </ul>
<ul style="list-style-type: none"> <li>1. Daily protocols</li> <li>2. Monthly protocols</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Heating, ventilation, and air conditioning</b></li> </ul>
<ul style="list-style-type: none"> <li>1. Daily protocols</li> <li>2. Monthly protocols</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Work order system</b></li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Contracted services and contact information</b></li> </ul>

**Maintenance**

Maintenance of your equipment and your facility is a critical and oftentimes obnoxious everyday reality of a shared kitchen. Because equipment is being used continuously, the wear and tear and potential for malfunction is high. Make sure that all your clients are adequately

trained to use all equipment and understand the warning signs of misuse or even danger.

A simple maintenance schedule could save you thousands of dollars a year and keep your kitchen running smoothly. You will want to establish weekly, monthly, or annual maintenance protocols for your equipment and assign staff to oversee these activities. Be sure these measures are also included in your budget. Preventative maintenance for general features includes checking overall equipment condition, switches, timers, piping and valves for leaks, wiring, pilots, doors, gaskets, and belts. Ensuring your equipment is in good working order and there are no leaks will improve the energy efficiency of your operations as well. The Green Seal's Environment Standard for Restaurants and Food Services guidebook offers handy maintenance checklists for energy and water conservation.<sup>336</sup>

In case of an emergency, you will want to build a great relationship with your local providers and keep their cell phone number in a secure place. Good large-equipment maintenance providers are hard to find and could quickly become your best friend. If your equipment does malfunction (stoves will not light, walk-in cooler cannot keep temperature, ovens are not turning on) you will need to communicate to your clients as soon as possible, especially if they have upcoming bookings. The faster you communicate with your clients, the faster they can prepare for the interruption in their workflow. If there is a malfunction in your refrigerators or freezers, you will need to ensure that temperature fluctuations do not put food at risk of bacterial or microbial growth that may cause foodborne illness. If you have space available, move all cold-stored food to an alternative refrigerator until the problem is fixed. If food is kept at

<sup>336</sup> <http://www.greenseal.org/Portals/0/Documents/Standards/GS-55/GS-55%20Guidebook%202015.pdf>

risky temperatures for too long, do not chance it. Throw it out and find a way to compensate your clients for their losses. The impact to their company if someone gets sick is far greater.

You will also want to establish general facility maintenance plans for your lighting, heating, ventilation, air conditioning, hot water heaters, hoods, alarm systems, fire extinguishers, doors and windows, grounds and parking lots. Documentation for weekly, monthly, quarterly, or annual maintenance and services should be kept. Include the date serviced, item serviced, technician, service actions, and any follow up required.

### Cleaning

Setting a strong culture of cleanliness from the beginning is not only smart, but will also save you time, money, and heartache. Establish protocols for hand washing, personal hygiene, ware washing, sanitation, reducing cross-contamination, and proper storage. In a shared space, cleaning should be everyone's responsibility. Clearly defining expectations by creating "check out lists" is the best way to communicate the clients' responsibilities around cleaning. Consistently enforcing citations or fees for infractions will help to limit the impact and redirect the behavior. Remember that everyone's level of cleanliness is different and some people have never been shown how to properly clean and sanitize. Be patient and hold an all-client inservice if things get out of hand. You may need to limit rentals or ban certain clients from the kitchen if they are not willing to do their part. This is okay. Your other clients will be glad you are enforcing the rules fairly and consistently. **Culture** is king in a shared space.

Example of a cleaning supplies checklist:

- ✓ Stainless steel polish
- ✓ All purpose orange cleaner
- ✓ Spray bottle of general de-greaser

- ✓ Spray bottle of quat sanitizer
- ✓ Trash liners
- ✓ Sponges
- ✓ Green scouring pads
- ✓ Stainless steel scrubbies
- ✓ Back-up hand soap
- ✓ Back-up paper towel
- ✓ Back-up dish detergent
- ✓ Back-up quat sanitizer for dishtank
- ✓ Red bucket and sanitizer tabs

Example of cleaning checkout list:

- ✓ Wipe off all preparation surfaces
- ✓ Disinfect surfaces
- ✓ Sweep
- ✓ Mop
- ✓ Rinse and sanitize mop in custodial sink, hang upright, rinse mop bucket
- ✓ Empty all garbage cans (including those by handwashing sinks)
- ✓ Replace all garbage bags
- ✓ Clean out sinks
- ✓ Clean up dishwasher area
- ✓ Check for all personal equipment on drying racks in dishwasher area and kitchen
- ✓ Clean all big equipment used (grill, large mixer, braising pan, etc.)
- ✓ Clean carts and return to the kitchen
- ✓ Remove food from cooler and freezer, if taking with you (otherwise label your food)
- ✓ Turn off all ovens, stoves and equipment used
- ✓ Swipe or clock out

- ✓ Turn off lights and vent lights
- ✓ Lock deadbolts

Cleaning responsibilities should be clearly outlined in your policies and procedures manual. While your clients are responsible for cleaning their space, storing the food, washing their dishes and spot cleaning their spaces, your kitchen will still require a consistent deep clean. Deep cleaning should never take the place of clients cleaning their own messes but will help to ensure common areas, hoods, equipment and bathrooms are maintained. You can do this in-house with your own staff, provide discounts to a client to do it, or hire a service to come in periodically. You could invite clients to a community deep clean. Provide food and beverage and perhaps a discount on hourly or monthly rates to those that participate. As an added service, some kitchens hire staff to assist with cleaning or dishwashing on a daily basis as well as deep cleaning. This may help to ensure that areas are properly sanitized between clients and is an added perk.

### Sharing Kitchen Supplies

Along with sharing space, many kitchens will also provide standard consumable goods. These may include paper towels, toilet paper, hand soap, dish soap, sanitation chemicals, and trash bags. Many kitchens will also provide mops, mop buckets, brooms, gloves, and hair nets. What you choose to supply at the kitchen is up to you, but many of the standard supplies help to keep the facility clean and in compliance with the health department. You may also consider providing services as a value-add and a great way to keep your kitchen's glow. Services may include daily or monthly cleaning, laundry (for towels and aprons), and even dishwasher services. Charging facilities fees or membership fees will help to cover the cost of these goods or you could include them in your hourly pricing.

Providing smallwares, or pots and pans, food preparation utensils and tools, storage supplies, service items and small appliances costing \$500 or less can add value and convenience to your kitchen. Many of these items are shared and therefore require replacement, sharpening, or maintenance to stay in good working order. It is common that shared smallwares end up disappearing from the kitchen. You may consider creating a smallwares "library" or rental program to ensure these items are returned in working order.

It is common to require clients to bring and maintain some of their own smallwares such as utensils and scales, cookware, bakeware and disposable items, such as plastic wrap, foil, sheet pan liners, towels, test strips, etc. It is the responsibility of each client to bring their own ingredients.

Things to consider:

- ✓ What smallwares will you provide and what will you require clients to bring?
- ✓ Where will shared supplies be stored and accessed?
- ✓ Who will launder cloth items?
- ✓ How will shared supplies affect client rental rates?
- ✓ How will clients communicate it is time to reorder when the last of something is used?
- ✓ At what volume do you charge for extra supply fees? (i.e., charging for additional paper towels after monthly allowance is used).

## Kitchen Culture

Everything in this Toolkit was created to help your shared kitchen succeed but perhaps one of the most important ingredients to long-lasting kitchen success is a strong sense of collaborative culture in your kitchen. Building a positive and productive kitchen culture is something that takes time, intention, and community buy-in. Communicating your kitchen's culture through brand, messaging, day-to-day interactions, and word-of-mouth are all ways in which to set the tone. Culture is about more than a positive vibe in your kitchen (though we certainly support that!). Culture will seep into all areas of your business, including operations, safety and sanitation, client retention, community partnerships, and ultimately, your financial bottom line.

Initially setting clear expectations with clients during the onboarding process is the best way to kickstart kitchen culture. Your culture should be baked into your policies and procedures and reflect how you expect a new client to behave and interact with other clients. When you do an initial space tour with a client, they should see how other clients interact and how to best integrate their work with others.

Kitchen cleanliness, equipment care and resource sharing, and knowledge transfer do not happen by accident. Clients are more likely to do their part when kitchen administrators make it easy to do so. Here are some easy ways to help clients help themselves feel welcome in your space:



Organize a socializing/networking event if appropriate. A quarterly welcome for new members or time to celebrate clients' success provides a venue for collaboration and congratulations.



Clearly post kitchen expectations for all to see. Traffic patterns vary by kitchen so make sure it is posted where everyone will get a chance to see it. Also provide access to your policies and procedures for easy reference, perhaps next to kitchen expectations. Make sure to highlight this during the onboarding process so users know where to look for answers.



Create a visible place for positive recognition. Posting a whiteboard or even a swath of butcher block paper taped to a wall every week can instigate some words of kindness, gratitude, and information sharing.

Food business management and kitchen use can be intimidating, especially to first-time clients. Providing a safe space to ask questions and gain clarity is a great way to squash conflict before it even begins.

- ✔ Create feedback channels, including an anonymous suggestion box or form on your website, to help make clients feel like they can ask anything. Equally as important is letting your clients know it is there and making it easy to access. Be sure to communicate how you are responding to concerns raised.
- ✔ Host a voluntary in-person or online “Ask-Us-Anything” event. Theming this around kitchen operations and expectations is a good way to refresh everyone.
- ✔ Facilitate peer mentorship. Depending on kitchen size and the nature of your client base, you may have a few clients who consistently contribute to others’ learning and the culture of knowledge sharing. Consider formalizing this and pairing a new client with a seasoned one. Invite kitchen graduates to become mentors. However, be careful not to overwhelm either party. First and foremost, your clients are there to operate their businesses.

For many kitchens, the lines between family, friends, and clients often blur. This can make for some tense times when rent comes due or someone is not following your policies and procedures. What to do?

- ✔ Clear policies and procedures - Clearly and thoroughly cover these during the onboarding process. Provide policy and procedure reviews at least once a year and require each client to sign off, stating they’ve reviewed any changes.

- ✔ Defined penalties - Have a clear penalty policy and enforce it. Are you a three-strikes and out kitchen? This can get tricky if you are renting to close friends and family, but it is essential to separate your personal and professional business. If you have followed the guidelines about policies and procedures, enforcing a penalty fee should not come as a surprise. Example:
  - Late rent payment #1 – Verbal warning.
  - Late rent payment #2 – Written warning with invoice, inquire about the wellbeing of the client and see if they need additional business support services. This may not be your kitchen’s area of expertise, however you can send them to business support partners in your area. They may need a solution as simple as setting a reminder in their phone.
  - Late rent payment #3 – Charge late fee and reiterate consequences for continued late payments.
  - Late rent payment #4 – Suspension or permanent removal from kitchen.
- ✔ Follow-up – Do not charge someone a late fee on their rent without addressing it. Let them know you understand they are having a difficult time and see if they need additional guidance or support services.

Late rent and messy kitchen behavior are addressable and can be corrected with the right coaching, however, you may encounter clients who are rude or disrespectful to you and other clients. This is 100% unacceptable. Do not compromise the culture of your kitchen by allowing someone’s poor behavior or language to affect everyone else. Word will get around and your brand may be tarnished, discouraging future potential clients from reaching out. Do yourself a long-term favor and remove that client from

your kitchen promptly. Your other clients will thank you for it and appreciate your leadership.

Kitchen clients may not rent from you forever and leave for all kinds of reasons, including a business shut down, change in lifestyle, relocation, or business growth. Successful graduates are the hallmark of successful kitchens. Sending a client on their way with words of encouragement and a clear contract termination process means they are much more likely to recommend your space to other potential clients. Keep your alumni engaged with newsletter updates, social events, and spreading the word about their continued success on social media. You may even benefit by inviting them back as speakers and mentors to inspire others.

Kitchens are a place to build and grow community. People start kitchens, people run kitchens, people use kitchens—this is a human-centered industry. Leading by example is the best way to encourage a lasting culture. Everyone in your kitchen plays a role in culture creation so as you go back through this Toolkit and evaluate space, equipment, and other potential assets, do not forget to consider the most important one of all—your team and kitchen community.

***From our kitchen to yours, we wish you well on this journey!***

# Resources

## Shared Kitchen Guidance

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<https://fyi.uwex.edu/foodbin/resources-2/resources/> Contains information on best practices related to facilities and equipment, risk management, client services, best practices, incubator management (including forms like user application and kitchen inspection checklist).

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The Kauffman Foundation website provides a wealth of research and studies in entrepreneurship: <https://www.kauffman.org/what-we-do/research?selected=Entrepreneurship>

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## **Business Incubation**

International Business Innovation Association (InBIA) (formerly the National Business Incubation Association), Orlando, Florida. Trade association for entrepreneurial support organizations, including incubators and accelerators. Offering online and in person training, Incubation Manager Certification, conferences, books and networking opportunities. <https://inbia.org/>

Business Incubation Manager Certification classes [online and in-person], InBIA. <https://inbia.org/training-and-education/business-incubation-management/>

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*Food-Based Business Incubator Guide*. Developed by National League of Cities. Retrieved from [http://www.nlc.org/sites/default/files/2017-02/Food-Based\\_Business\\_Incubator\\_Programs.pdf](http://www.nlc.org/sites/default/files/2017-02/Food-Based_Business_Incubator_Programs.pdf)

## **Food Systems**

National Good Food Network, Wallace Center at Winrock International, Arlington VA. A network of networks working in food systems, food hubs, value chain development, food access and equity, and food safety. Offers research, resource libraries, webinars and conference for food systems practitioners. <http://ngfn.org/>

Food Systems Leadership Network, Wallace Center at Winrock International, Arlington VA. Professional development, resource sharing and peer learning opportunities for emerging and existing food systems leaders. <https://foodsystemsleadershipnetwork.goentrepid.com/>

Native American Food Sovereignty Alliance, First Nations Development Institute: Toolkit for performing food sovereignty assessments. <https://firstnations.org/programs/foods-health>

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## **Food Hubs and Distribution Enterprises**

Food Hub Center, National Good Food Network, Wallace Center at Winrock International, Arlington VA. Resource library with guidance, research, tools and webinars for Food Hubs. <http://ngfn.org/resources/food-hubs/food-hubs>

*Local Food Distribution Toolkit*, Local Orbit, <https://localorbit.com/toolkit/download-business-model-mapping-and-budget-tools/>

Center for Good Food Purchasing – Provides a comprehensive set of tools, technical support, and verification system to assist institutions in meeting their Program goals and commitments. <https://goodfoodpurchasing.org/>

## **Food Business Guidance**

Small Food Business, Seattle, WA. Extensive resources for small artisan food entrepreneurs including books, worksheets, videos and podcast. <https://www.smallfoodbiz.com/>

The Food Business School, Culinary Institute of America, Napa, California. Online and in-person classes, intensives, networking and mentorship programs. <https://foodbusinessschool.org/>

Michigan State University, Department of Agricultural, Food, and Resource Economics Product Center. Helps to develop and commercialize high-value products and businesses in the food, agricultural and natural resource sectors. <https://www.canr.msu.edu/productcenter/>

Specialty Food Association, trade association for the specialty food industry offering trade shows, awards, education, and industry news and trend reports. <https://www.specialtyfood.com/>

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Food Marketing Institute: For food retailers, wholesalers and suppliers of all types and sizes, FMI leads the way in providing comprehensive programs, resources, guidance, advocacy and services for the food and grocery retail industry. <https://www.fmi.org/>

Real Food MBA: Resource platform for scaling food and agriculture startups. <http://realfoodmba.com/>

Recipa – Create FDA-compliant nutrition fact labels, recipe costing, and inventory management. <https://www.recipal.com/>

FDA Food Labeling Guide: <https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm2006828.htm>

Industry Resources on the Changes to the Nutrition Facts Label. <https://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/LabelingNutrition/ucm513734.htm>

RangeMe – Put CPG products in front of thousands of retail buyers. <https://www.rangeme.com/>

Foodpreneur Institute: State-specific cottage foods policy links, podcast and more. <https://foodpreneurinstitute.com/>

CakeBoss: Software for home baker management (No endorsement implied). <http://www.cakeboss.com/>

Exceed Tool, Healthy food service guidelines, recommended by the Center for Disease Control and offers step by step guidance for healthy food service prep. <http://www.exceedtool.com/>

Instrucktional: A 24-month educational training program for entrepreneurs in the mobile food industry run by The Whole Cart for Google Inc. <http://instrucktional.com/>

Recall Plan Template: Templates and information on food recall plans of action and governing bodies who enact and enforce food recalls. [http://www.fooddecisionsoftware.com/recall\\_plan](http://www.fooddecisionsoftware.com/recall_plan)

PartnerSlate: Connects brands with manufacturers and suppliers, additional food entrepreneur resources. <http://blog.partnerslate.com/>

Small Scale Food Processor Association (SSFPA): <https://www.ssfpa.net/>

Food Business Resources, University of Maine Extension Services. <https://extension.umaine.edu/business/specialty-foods/>

## Education

The Culinary Institute of America: Their five undergraduate schools award bachelor's degrees in food business management, culinary science, and applied food studies. <https://www.ciachef.edu/>

Food Finance Institute (University of Wisconsin Extension Services): Technical resources for financing, trainings, certifications, boot camp, podcast, and more. <http://foodfinanceinstitute.org/>

## Funding

Note: See additional resources in [Funding chapter](#).

*Raising Dough: The Complete Guide to Financing a Socially Responsible Food Business.* (2013), Elizabeth University, Chelsea Green Publishing, 2013

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Sustainable Agriculture and Food Systems Funding Network collaboration and education network for philanthropic organizations supporting food systems work. Membership list and map is a resource for identifying potential funders. <http://www.safsf.org/>

AngelCalc: AngelCalc models the conversion of safes and/or convertible notes during an equity financing. It uses techniques similar to those used by Microsoft Excel to make its calculations. <https://angelcalc.com/>

PieShell Crowdfunding: Food and beverage focused crowdfunding platform with a stepping stone model to help business get funded. <https://www.pieshell.com/>

Real Food MBA: List of types of funding for food businesses, also contains direct links to funding entities. <http://realfoodmba.com/food-startup-resources/>

CircleUp: Connects early stage brands with investors. <https://circleup.com/entrepreneurs/>

## Insurance

Glossary of Insurance Terms - <http://www.ambest.com/resource/glossary.html>

Types of Small Business Insurance, Small Business Administration <https://www.sba.gov/business-guide/launch-your-business/get-business-insurance>

Shared kitchens: <https://www.belfastinsurance.com/commercial-kitchens>

Workers Compensation: Veracity Insurance <https://www.veracityinsurance.com/workers-compensation-insurance>

Food Businesses: Food Liability Insurance Program (FLIP): Insurance option for food business <https://www.flipprogram.com/>

Food Trucks: Insure My Food Truck <http://www.insuremyfoodtruck.com/>

Progressive Food Truck Insurance Summary <https://www.progressivecommercial.com/commercial-auto-insurance/food-service-vehicle-insurance/>

## Business Planning

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Strategyzer: Digital versions of Business Model and Value Proposition Canvases. <https://strategyzer.com/>

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Co-op Research and Extension Services, USDA. <https://www.usda.gov/topics/rural/cooperative-research-and-extension-services>

Legal structure options for employment-focused social enterprises: The Roberts Enterprise Development Fund (REDF), 2013. <http://redf.org/app/uploads/2013/11/REDF-Legal-Structures-for-Workforce-Development-Social-Enterprises-Presentation-2013.pdf>

## Marketing

The Condiment Marketing Co. – Resources for food business marketing <http://condimentmarketing.com/>

Food Marketing Institute: For food retailers, wholesalers and suppliers of all types and sizes, FMI leads the way in providing comprehensive programs, resources, guidance, advocacy and services for the food and grocery retail industry. <https://www.fmi.org/>

The Market Research for Market Readiness (MKTRD) Protocol, Food Innovation Center, Oregon State

University: Based on consumer testing and designed to help entrepreneurial food makers and value-added farmers evaluate the products they are developing for market. This toolkit includes a manual, an Excel workbook, and several training videos. <https://fic.oregonstate.edu/food-innovation-center/product-development/market-research-market-readiness-mktrd-protocol>

## **Safety and Sanitation**

United States National Directory of Local Health Departments: Enables clients to search NACCHO's Local Health Department (LHD) Directory by ZIP code. <http://archived.naccho.org/about/lhd/>

Food Safety, Center for Disease Control: <https://www.cdc.gov/foodsafety/>

The Local Food Safety Collaborative: A collaboration between National Farmers Union Foundation and the Food and Drug Administration. <https://localfoodsafety.org/>

Food Process Authority Registry: A process authority evaluates the thermal process for food with expert knowledge of thermal process, hermetically sealed containers, and food microbiology. Registry available by state. <http://www.afdo.org/foodprocessing>

Food Safety Basics: USDA Food Safety. [https://www.fsis.usda.gov/wps/portal/fsis/topics/food-safety-education/get-answers/food-safety-fact-sheets/safe-food-handling/keep-food-safe-food-safety-basics/ct\\_index](https://www.fsis.usda.gov/wps/portal/fsis/topics/food-safety-education/get-answers/food-safety-fact-sheets/safe-food-handling/keep-food-safe-food-safety-basics/ct_index)

ServSafe: A food and beverage safety training and certificate program administered by the National Restaurant Association. The program is accredited by ANSI and the Conference for Food Protection. Sanitation certification is required as a basic credential for anyone producing food for sale. <https://www.servsafe.com/>

Current Good Manufacturing Practice: Food and Drug Administration. <https://www.fda.gov/food/guidanceregulation/cgmp/>

Open Source Food Safety: Open source food safety plans, free and unrestricted public viewing, commenting, downloading, sharing, revision, and use. <http://www.opensourcefoodsafety.org/>