

ESTIMATED PRODUCT DEVELOPMENT COST FOR START UP FOOD BUSINESS

Below is a working list of cost estimates associated with developing a new food product. The estimates are intended to provide guidance for small and emerging food businesses in effort to account for the incidental costs associated through the development process. The provided list is intended as a guide as each food product is unique, therefore presents different financial considerations. These considerations will also vary based on product type, facility, processing operations, and equipment. Based on historical experience working with other new food businesses using shared use facilities, the general initial development cost has ranged **between \$5,000-\$15,000**.

Food Product Start up Costs - Averages	Estimated Cost Investment	Expense Frequency	Comments	Resources
Trainings				
-General Food Handling Training				
•ServSafe trainings			Many shared use kitchens require this before use of space AND required for product demonstrations	
ServSafe first time manager plus book	\$150-200	1 time		https://www.servsafe.com/
Recertification manager	\$150-200	Every 5 years		
Practitioner training	\$15.00	Every 5 years		https://uniontestprep.com/servsafe
•Allergen cert - MA per person	\$10-15	1 time		https://www.mass.gov/lists/food-allergen-awareness-training-and-
-Processing-based Food Safety Training				
•Food safety plan training	\$300-1200	Occasional	Certification trainings for food safety management has a wide price range and can take 1-5 days to complete. Examples include Preventive Controls, HACCP, SQF. plus travel for 3 day program	Preventive Controls workshops are posted here: https://fspca.force.com/ESPCA/s/courselist?language=en_US
•GMP training	\$50-400	Occasional	Not required but helpful to establish skill.	
•Sanitation training	\$50-400	Occasional	Not required but helpful to establish skill.	
•Better Process Control School - canned foods only	\$400-1200	One time per operator	Required operator training operators of acidified foods 21CFR114 and low-acid foods 21CFR113.	https://consumerbrandsassociation.org/wp-content/uploads/2020/01/2019-2020-Partner-School-Brochure.pdf

Examples of fees associated w/ shared use entry (& prototype work) Each facility has very different financial set ups.

-Initial "on ramping" fees

Application fee	\$50-500		
Refundable deposit	\$1,000-1,500	One time upfront	fee

-Production & Storage Rates

Hourly rental (*check minimums)		\$35-75/hour	Some facilities have a per month minimum while others charge only by hours used.
Storage rental	\$35-65 /pallet/month	monthly	Rate will vary by venue and type of storage (ambient, refrigerated, frozen).

Product labeling & package design

-Principle display panel

Principle Display Panel (21CFR101)	\$0-200/per product	variable	This can be done by entrepreneur or hire a resource to construct.	https://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfcfr/CFRSearch.cfm?CFRPart=101
Nutrition Facts Panel	\$0-2,000/per product	variable	This can be calculated (less expensive) unless the product is declaring a specific nutrient health attribute (may require lab analysis to substantiate the claim).	
Other nutrition facts software, i.e. Genesis	\$5,000.00	variable		

-Shelf life

Shelf Life - range	\$0-1200/per product	variable	Entrepreneur can conduct this independently if they systematically identify and measure key quality attributes
Shelf Life - microbial testing	\$0-1200/per product	variable	In general, a microbial shelf life study conducted at a lab is \$200-1200 per product. Reach out to your local University Extension teams to access local laboratories.

-Package design

Logo development	\$500-5,000	variable	
Graphic design for packaging	\$300-6,000	variable	Make sure the designer knows the food labeling regulations for compliance to the PDP: 21CFR101
Barcodes - GS1 Recommended	initial \$750-1000; on-going \$150	on-going	Rate to 1-100 items (consider variable sizes of same product). Large investment upfront, on-going expense thereafter. <u>Example: GS1 Barcode</u>

Licenses & Certifications

-Licensing & Insurance

LLC etc.	\$500.00		Ex. MA LLC
Business registration	\$65.00		Town or city business registration (City of Boston price) *Price depends on each town or city
Retail License	\$150.00		For direct to consumer retail sales. Check your respective state and local regulations.
State Wholesale License	\$300.00		For indirect to consumers through wholesale accounts. Check Dept. of Public Health Food Protection Program (DPHFPP)
Insurance	\$500.00	Variable	Most facilities and/or customers require established insurance before initiating business with new processors to reduce liability.

-Branded certifications			
Organic Certification	\$400.00		For annual sales under \$5,000. Example: Baystate Organics - https://baystateorganic.org/ .
Kosher Certification	\$180-1,000	Annual	3 main components: initial koshering fee, the annual fee, and cost of labor for any required on-site supervision.
Non-GMO	TBD	Annual	
-Audits			
			Optional for market access.
Safe Quality Food (SQF)	\$5,000-10,000	Annual	Actual auditor visit ~\$2,500 plus cost to implement identified corrective actions.
3rd Party Audit for Food Safety (i.e. Primus)	\$1,000-10,000	Annual	Actual auditor visit ~\$2,500 plus cost to implement identified corrective actions.
Expenses related to process implementation			
Validation & Technical Support			
Scheduled Process (issued by a process authority)	\$150-200/sample one-time expense*		Specific to canned foods. If product is reformulated will need to re-issue a new scheduled process. NOTE: The formula & production sheet must always match the Cornell: https://cfvc.foodscience.cals.cornell.edu/ ; Umaine: https://extension.umaine.edu/food-
Technical support & food safety plan safety experts	\$5,000+		Depends on product if needed, consultant may be needed Cooperative Extension as a resource. Organizational names - Northeast. Add
Recall plan development	\$0-1,500	initial investment w/some on-going	Minimum estimation, consultant may be needed Template: https://www.uvm.edu/extension/necafs/
Developing Good Manufacturing Practices	\$0-250/hour	initial investment w/some on-going	Developing Written documents. Can be done by business, may require expert for
Developing Standard Operating Procedures (SOP)	\$0-250/hour	initial investment w/some on-going	Written documents. Can be done by business, may require expert for

Start Up Product Materials (ingredients, packaging, labeling, etc.)

Ingredients:	Too variable based on product.		Warning - may likely need order more than necessary to meet order minimums for
Food Container	\$0.50-1.50/unit range		Typical range on a per unit price. Size and shape vary. Depends on bulk buying
Pallet of bottles ~ large estimate of avg.	TBD		Assumes 1 pallet of 200 cases with 12 units/case@.80 average
Label printing ~ large estimate of avg.	Upfront label plate ~\$2,000 + per print	variable	
Raw material storage	\$35/\$45/\$50 per pallet per month	on-going	ambient/fridge/freezer
Scale up production trial	Too variable based on product.		Must account for minimum required to run the production, labor cost to run, packaging, and storage. *NOTE: best practice to use scale up test for preparation of "sales samples"

Processing Equipment

Equipment	Variable depending on equipment	one-time	Facilities may not always have the equipment needed to produce your product. This may require a capital investment
Maintenance	Variable depending on equipment	on-going	