
TOP 10 MISTAKES

TO AVOID

WHEN STARTING A COTTAGE FOOD BUSINESS

Top 10 **Mistakes To Avoid** When Starting a Cottage Food Business

1. Listening to family & friends
2. Staying behind the scenes
3. Not staying in touch with customers
4. Focusing on recipes & products
5. Building a website
6. Imitating larger businesses
7. Picking the perfect business name
8. Trying to scale too early
9. Ignoring a product's perceived value
10. Having a fixed mindset

Mistake #1

Listening to Family & Friends

"Wow, this is so good! You should sell this!"

Have your family & friends ever said something like that?

DON'T BELIEVE THEM!

Now, you may be thinking, "Wait, if my friends say I should sell something, isn't that a GOOD sign?"

Well... yes, it's promising. But it's certainly no guarantee that you should sell it.

Truthfully, many things taste pretty good when they're free! But paying for something requires a much different mindset.

You need to learn if the market demands your product. There must be enough demand, at a high enough price, to compensate you for your efforts.

Ultimately, before you go "all in", you need to validate your idea with paying customers. Therefore, compliments from your family/friends are NOT sufficient validation!

Mistake #2

Staying Behind the Scenes

Many entrepreneurs don't want to be the face of their business. They want it to be about their products, not about them. They just want to be behind the scenes, pulling the strings, making food for people to enjoy.

Perhaps they don't want to limit their business, because they want it to be bigger than them (someday). If they create a website, they don't mention themselves anywhere on it!

I wish things worked like that (trust me, I tried). To stay behind the scenes, you're better off working as a restaurant line cook!

In a small business, you need to know your customers. People need to know YOU, like YOU, and trust YOU before they will pay you anything!

You must [take full ownership of your business](#). You have to be front and center.

Your customers want to follow your journey – so share it with them!

Mistake #3

Not Staying in Touch with Customers

When I go to farmers markets, I often ask vendors if they collect their customers' email addresses. Usually, they say no.

BIG mistake. If someone trusts you enough to *give you money*, you definitely want to be able to contact them again!

Life is so busy that customers will forget you, even if they love your product. The solution? [You need to email them regularly](#) to keep them engaged with your business.

There are others ways to stay in touch, but email is still the most effective method that is scalable and low-cost.

You might be surprised at how many people will give you their email, if you only ask.

But you can also provide an incentive, like a freebie (a sample of your product), or a discount on their order.

Ultimately, keeping in touch with your customers will pay major dividends in the long run!

Mistake #4

Focusing on Recipes & Products

If you think your products need to be "the best", think again!

Cooks often spend WEEKS in the kitchen perfecting their recipes. They will try dozens of iterations (sometimes on dozens of products) before they feel ready to sell.

Here's the truth: you will never really feel "ready", your product will never be perfect, and it doesn't matter anyway.

Even if you try to make the perfect product, you might introduce it into the marketplace and find that there is not enough demand for that type of product.

You actually don't want your product to be perfect: you just want it to be "good enough". And the likelihood is that it is **ALREADY** good enough, right now.

Once you validate your product idea, you can always improve the recipe, if needed. As an added bonus, you can involve your customers in the process (tasting samples, taking them "behind the scenes" in your kitchen, etc) so they become raving fans!

Mistake #5

Building A Website

These days, every business needs a website, right?

Wrong!

Years ago, all you had to do was create a website and voila – people around the internet would magically find it.

These days, more than half a million websites are created *every single day*. Simply put, nobody will find your website without effort (or money) on your part.

Yet many new entrepreneurs believe that they first need a website before they even sell one item.

To be clear: if you have not validated your idea with paying customers, then [do not spend hours/days creating a website](#).

Instead, spend 30 minutes creating a Facebook page and share it with your friends.

Eventually, you may want a website, but that will only be *after* you have existing customers looking for you online!

Mistake #6

Imitating Larger Businesses

What do you think you need to start a business?

Maybe a business plan? A logo? Business cards? Nice product labels? A banner for your booth? An LLC? Business insurance?

What if [you don't need ANY of these things](#) right now?

In truth, they are actually distractions that will hold you back.

Sure, you may add these items *eventually*, but in the early days, they are not essential.

Don't get stuck trying to create everything that a business "should" have, just because larger businesses have them.

Instead, you need to [get out of your kitchen](#), meet potential customers, make some sales, and validate your products.

In other words, you need to get feedback from people -- feedback which will shape the direction of your business.

So don't get ahead of yourself. You will get there one day, but focus on the most important things first!

Mistake #7

Picking the Perfect Business Name

Many entrepreneurs AGONIZE over their business name.

They look for the perfect business name, which will be creative, catchy, meaningful, and memorable. They think that the right business name will propel their success.

But in the early days, the name will not make or break your business. In fact, it will probably not affect your sales numbers at all!

And you don't need to keep it forever... as your business evolves, you can change your business name, if necessary.

In fact, you may not even need a business name right now. You can just start by selling products under your own name.

Basically, keep it simple. If you need a business name, find something that is good enough, and keep moving forward!

Mistake #8

Trying to Scale Too Early

As entrepreneurs, we are visionaries, which is both a blessing and a curse.

On one hand, it's great to have goals and a sense of direction. But on the other, we need to [take baby steps](#).

This mistake comes in many forms: [investing in equipment](#) before you need it, ordering hundreds of boxes/labels/etc, [worrying about your state's sales limit](#), etc.

Many states have sales limits at or below \$20k per year. Compared to an annual salary, that may not seem like much. But actually, \$20k is a lot of product to sell! Even \$5k is.

My challenge to you: hit that sales limit first, and THEN assess what your best next move is.

Basically, worrying about the future can prevent you from making forward progress right now!

Mistake #9

Ignoring A Product's Perceived Value

When it comes to product pricing, your customers' PERCEPTIONS are the only thing that matters.

First-time entrepreneurs often price their products based on costs. Cost of goods + time + markup = price. The result? Their products are underpriced or overpriced.

For instance, a custom wedding cake has a very high perceived value relative to the costs required to make it. As a result, custom cake businesses are often quite lucrative.

Conversely, chocolate chip cookies have a very low perceived value relative to the production costs and effort. As a result, cottage food businesses that sell generic cookies are more likely to be a labor of love, instead of a successful business.

So don't try to price something "fairly" based on costs.

Also, choose your products wisely. Selling products with a high perceived value will increase your chances of success!

Mistake #10

Having A Fixed Mindset

Entrepreneurs often tell me something like: "I make really awesome {food item}. Can I sell it if I make it at home? I want to see if I should start a business."

Sometimes what they're really saying is: "If I cannot sell {food item}, and I cannot make it at home, then I do NOT want to start a food business."

Entrepreneurs have to be flexible. Trust me, your business will evolve. It will surprise you and take you places, in ways that you never could predict.

Maybe your first product idea won't be a homerun, but that's okay. As long as you keep learning, growing, and going, you will eventually knock it out of the park.

There's no way to sugarcoat it: starting a business is not easy!

But by persisting and adapting when challenges come, it will make your inevitable success that much sweeter.

About The Author

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I often heard my grandpa say: “Life is too short to make all of the mistakes yourself.”

And yet *somehow*, I have managed to make ALL of these mistakes myself!

When my family & friends said I should [sell my chocolate chip cookies](#), I believed them. Eventually I switched to fudge and [spent weeks tweaking that recipe](#). I [researched all the tools](#) I’d need to make it in bulk, before I’d even sold an ounce.

I thought of *so many* business names. I spent too long creating business plans, [business cards](#), a logo, a banner, a website, and a corporation, all before I needed them.

I waited *years* to create an email list. And I never wanted to be the face of my business – you can see [how that turned out!](#)

So in short, I hope that you can do better than I did at following my grandpa’s advice!