

Introduction: Cottage Food, Food Freedom, and Growing a Movement

WELCOME TO THE SECOND EDITION of *Homemade for Sale*! First and foremost, thank you—our growing and collaborative cottage food community—for being an integral ingredient in this expanding national movement of home-based food entrepreneurs. Since this book first came out in 2015, *Homemade for Sale* has served as the leading national guide to help you go from a hobbyist giving away those tasty treats to real-life business owner.

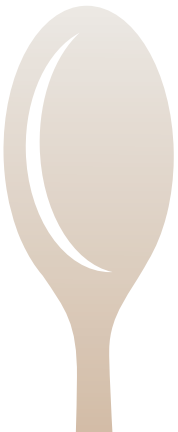
We knew something important was baking and bubbling when *Homemade for Sale* was first released. Sure enough, the cottage food industry has grown in multiple ways since then, from expanding state laws to the blooming food freedom movement. We kept the key bread-and-butter elements of business start-up and marketing in this edition but added whole new sections to help you navigate today's evolving cottage food and food freedom scene.

“There’s nothing I love to do more than making decorated sugar cookies, and I bring them to parties, and my friends keep saying you should sell these, but I don’t know where to start.”

“I’m always growing more than I need in my garden and started canning and love making items like jams, salsa, and pickles, and I don’t see anyone selling these at my local farmers’ market. I wonder if I could do that?”

“Going through the COVID-19 pandemic, I really thought about what I wanted out of my life and my values. I realized I no longer want to work for someone else, sit in an office, behind a computer. It’s time to be my own boss and work from home. I want to call the shots.”

“Like clockwork every Christmas, my family loves my special gingerbread cookies and tells me I could make money selling them, but I’ve never run my own business and feel overwhelmed.”



“I love baking, but I really have no interest in starting a full-time bakery, especially being a stay-at-home mom with young kids. But doing something part-time from home from my home kitchen. That’s something for me. It’s also important to me to be a role model for my kids by being a mom while running my own business.”

“I got laid off from my food service job during the pandemic. Honestly, I’m so not interested in going back to that industry because of the low pay and long hours. I love food and creating beautiful edibles. Now I want to reinvent myself and build something of my own.”

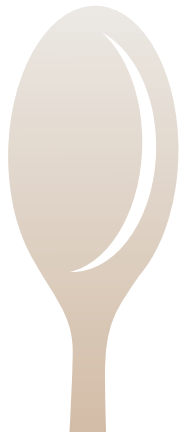
“There’s nothing more satisfying than making and sharing my fruit jams and jellies with others. I keep giving everything away, but my friends tell me they’d be happy to buy from me. But I don’t have big bucks to start a full-blown commercial operation. I heard I could do this from home, but I’m nervous about it being legal.”

“I run an organic farm and always have excess seasonal produce that I bring home from the farmers’ market that doesn’t sell. I’d love to diversify my income base and add canned items and baked goods that showcase these local ingredients.”

“My husband keeps telling me that I need a project. We’re retired, but I don’t like playing golf or fishing. I feel at home in the kitchen and have a knack for creating yummy treats for my husband and his friends. Starting a food business sounds like it might be fun and rewarding.”

Can you relate to any of these enthusiastic home cooks? If so, you’re not alone. You could be part of a growing movement of people starting small food businesses from their homes. No capital needed, just good recipes, enthusiasm, and commitment, plus enough know-how to turn ingredients into sought-after treats for your local community. Everything you require is probably already in your home kitchen. Best of all, you can start your journey right away!

Thanks to new laws, regulations, or successful legal action currently on the books, small-scale food businesses can be operated from home kitchens



in all 50 states. These state laws, most often referred to as “cottage food laws,” allow you to sell certain food products to your neighbors and community. By “certain foods,” the laws generally mean various shelf-stable “non-hazardous” food items, often defined as those that are high-acid, like pickles, or low-moisture, like breads. Because of this definition, some of the state cottage food laws have been nicknamed Pickle Bills, Cookie Bills, or Bakery Bills on their journey to becoming laws where you live.

Cottage Food Surge

The tremendous surge of cottage food businesses since 2015 has been driven by the following factors.

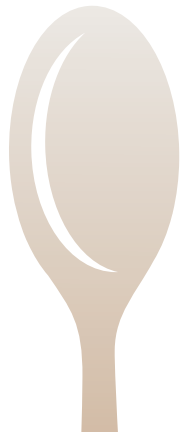
Expansion of State Cottage Food Laws

It is now legal to sell from your home kitchen in every state. These expanded laws mean a more diversified range of products can be sold, more gross revenue can be earned, and greater flexibility in terms how you can sell.

For example, the first edition of *Homemade for Sale* reflected that most state laws prevented you from selling wholesale out of your home kitchen. You won’t read that in this new edition because wonderfully it isn’t true anymore. Several states, like California and Iowa, now allow wholesale to retailers. Over half of states have either no gross sales caps or sales caps so high—like \$250,000—that there really is no limit to what you can earn from your home kitchen.

Launch of Food Freedom Laws

This edition features a whole new section devoted to food freedom! These so-called food freedom laws enable you to sell more than non-hazardous, shelf-stable food products out of your home. Food freedom laws allow food entrepreneurs to sell what are considered hazardous foods, from live fermented foods to fully prepared ready-to-eat meals. California led this important evolution with the 2018 passage of AB-626, the California Homemade Food Act. Other states are moving in this direction. While the food freedom laws are distinctly different than a state’s non-hazardous cottage food law, consider them “cousin legislation.” The huge uptick in food freedom initiatives is a win for anyone who wants the freedom to earn.



The Pandemic Pivot

The COVID-19 pandemic resulted in a perfect storm of opportunity for the number of new cottage food businesses to surge, with people left scrambling after being laid off from a job in the food and restaurant sector, or finding themselves needing to work from home while caring for young children. States like New York reported an over 50% increase in new cottage food producers during the early days of pandemic. During this challenging time, we worked with Renewing the Countryside to host the first-ever Home-Based Food Entrepreneur Virtual National Conference in April, 2021, drawing over 900 attendees.

"Shocks to the labor market created by COVID-19 accelerated the [cottage foods] trend, as legislatures have sought to give entrepreneurs the opportunity to start or expand successful businesses from home. These expansions enable individual entrepreneurs and small enterprises to operate without being subject to the same level of scrutiny as full-scale restaurants and food manufacturers, which in turn reduces start-up costs and barriers to entry."

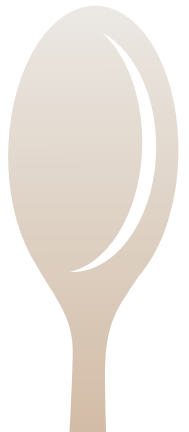
— Harvard Law School Food Law and Policy Clinic,
Cottage Foods and Home Kitchens:
2021 State Policy Trends (January 2022).



Continued Growth of Local Food Movement

Underlying cottage food and food freedom laws are a continued increase of customers wanting to know their producer, their farmer, and their local food artisan and to support and prioritize a locally based food economy. The pandemic only increased this interest when supply chains were severely disrupted in our industrial food system.

As the first comprehensive and authoritative guide to launching a successful food enterprise operated from your home kitchen, the second edition of *Homemade for Sale* provides a clear road map to go from idea and recipe to final product. The book continues to offer specific strategies and resources for people running home-based food businesses, unlike other books that



Canada's "Cottage Food" Conundrum

At the time of writing, there are no general national or provincial "cottage food laws" (or pending bills) in Canada. Generally speaking, if you live in Canada, under no circumstances can you produce food in your kitchen and sell it to the public—unless you are a farmer or selling certain home-baked products at a farmers' market in certain provinces that allow for it.

"The Canadian Food Inspection Agency provides regulatory oversight with respect to many aspects of food and related products in Canada, including, for example, labeling and packaging requirements for these products," explains Carly Dunster (carlydunsterlaw.com), a food lawyer based in Ontario, Canada. "The federal government has also passed legislation entitled the Safe Food for Canadians Act, which came into force in 2019, that consolidates a number of federal food laws and demonstrates an increased emphasis on food safety at the federal level.

"It is conceivable that someone could create a commercial kitchen in their home, but the requirements are onerous, both in terms of just the physical infrastructure you would need and in terms of the zoning," continues Dunster. "For example, you can't operate a commercial kitchen out of your home unless your house is zoned commercially, which isn't typical. The federal organization that regulates food is the Canadian Food Inspection Agency (inspection.gc.ca), but the operation of a commercial kitchen would, in many ways, be governed by provincial and municipal regulations and public health agencies."

Another source of further information related to food preparation is Restaurants Canada, restaurantscanada.org.

However, in specific cases—if you operate a farm, for example, and want to sell specific non-hazardous food items made in your home kitchen at a farmers' market, community market, charity fair, or similar "temporary food market"—your province may allow you to do so. Consult with your local health authority.

According to the *Guideline for the Sale of Foods at Temporary Food Markets*, August 2020, from the BC Centre for Disease Control (bccdc.ca), an agency of the Provincial Health Services Authority, lower-risk foods prepared in home kitchens are allowed to be sold to the public at temporary markets, like farmers' markets. Additional requirements include, but are not limited to, the following:

- Lower-risk food means food in a form or state that is not capable of supporting the growth of disease-causing organisms or the production of toxins. One or more of the following factors usually apply to these foods:
 - Water activity (Aw) of 0.85 or less, or
 - A pH (hydrogen ion concentration) value of 4.6 or less.
- Vendors of home-prepared foods at temporary food markets must only sell foods that are considered to be lower risk. Vendors are allowed to sell home-prepared lower-risk foods at temporary food markets without contacting or receiving approval by the local Health Authority.
- Vendors of lower-risk foods are not required to submit an application before commencement of sales. It is the vendor's

and the market manager's responsibility to ensure that all lower-risk foods meet the definition of a lower-risk food.

- Public health is protected by ensuring that food prepared at home that is offered for sale at temporary food markets is limited to lower-risk foods.
- A sign is displayed that is clearly visible to the consumer at the point of sale stating that "This food has been prepared in a kitchen that is not inspected by a regulatory authority," or equivalent wording.
- Pets should be excluded from kitchens during the time food is being prepared.
- Home-prepared/package food may be subject to Canadian Food Inspection Agency (CFIA) and Health Canada requirements for allergens, labeling, weights, and measures. Vendors are advised to check with their local CFIA office to ensure their packages/labels comply with applicable federal requirements.
- The following list contains examples of lower-risk foods that may be acceptable for home preparation and sale at a temporary food market:
 - applesauce
 - brownies
 - bread and buns (no dairy or cheese fillings)
 - butter tarts
 - pies (fruit-filled only, no cream-filled or cream-based)
 - cakes (icing sugar only, no dairy or synthetic whipped cream)

- dry cereal products
- chocolate (provided it is used for re-melted or re-molded products only and (1) not purchased from bulk bins; (2) sourced from a chocolate manufacturer that can provide a certificate of assurance that chocolate is free from *Salmonella*).
- cinnamon buns (sugar icing only)
- cookies
- dried fruits
- fresh fruits and vegetables
- fudge
- hard candy
- honey
- jam and jelly (pH 4.6 or less or aw of 0.85 or less)
- muffins (no dairy fillings)
- popcorn
- noodles (dry flour and water only, no egg based)
- pickled vegetables (vinegar base, pH 4.6 or less)
- relish (vinegar base, pH 4.6 or less)
- wine and herb vinegar
- syrup
- toffee
- salsa (contains no animal protein); pH 4.6 or less if the product is made with fresh tomatoes and is thermally processed; pH 4.2 or less if the product is made with fresh tomatoes and is NOT thermally processed.

"We sell wood-fire-baked sourdough bread, plus syrups, sauces, salsa, both pressure and water ☛

bath-canned, all produced from our vegetables and fruits,” says Denise Cross of Mountain Valley Farm (mountainvalleyproduce.com) located in West Kelowna, British Columbia. She operates the “beyond organic” farm with her husband, Tom, and son, Brandon, making all their products in their farmhouse kitchen. “We sell all of the products at both our Farmgate Market and the local farmers’ market.”

“We’ve determined to take it one step at a time, practice what we preach, and share our belief in respecting ourselves and our environment with the next generation, our neighbors, our customers, and our community,” adds Tom Cross. “Our goal is to invite,

support and share with all who believe there is importance in real food.”

A similar exemption for farmers to sell value-added, non-hazardous foods at a farmers’ market exists for Ontario as well. According to the Niagara Region Public Health (regional.niagara.on.ca), “A special exemption is provided at farmers’ markets to allow vendors to sell non-hazardous home prepared products. This exemption is not applicable to any other commercial facilities or events. The purpose of this exemption was to allow farmers at a farmers’ market to sell a variety of products made from their own produce or fruit (i.e., jams, jellies, pies).”

“Starting a food-oriented small business can be more than just a dream. If you want to package and sell your soup, jam, candy or grandma’s salsa, you’ll find many customers willing to try your new taste sensation, plenty of places such as farmers’ markets to sell your product, and believe it or not, you can have low start-up costs.”

— Rhonda Abrams, *USA Today*
(November 29, 2013)



focus on commercial baking or food product businesses. As defined by the law, your business, at least when you start, will be a part-time, small-scale operation operated by you.

With most of the cottage food laws passed since 2008, states make it possible for anyone to earn income, follow a culinary passion or dream, and have some fun. How? By selling specific food items made in your home kitchen. From pies to pickles, wedding cakes to granola, preserves to decorated cookies, fledgling food entrepreneurs no longer need to sink more than \$50,000 into a commercial kitchen or fork over \$50 an hour to rent a licensed facility to turn Aunt Emma’s biscotti recipe into a money-making dream business. We now have the freedom to earn.

These expanding cottage food laws make home kitchen enterprises the next hot small-business trend, accessible to anyone with a passion for food. Turn your ribbon-winning state fair strawberry rhubarb pie or “famous within your family” fudge into an enjoyable business that can earn you some money to pay off those credit card balances or save for a rainy day. With millions of Americans living paycheck to paycheck, never has it been easier to moonlight out of your kitchen to make ends meet. Perhaps you’ll even sell enough goodies to cover that family vacation you always wanted but could never afford.

"If you've been spending the holiday season whipping up goodies to share with family and friends, you might have caught yourself wondering whether you could turn your prize-winning peppermint bark or mouthwatering marmalade into a tasty sideline business or retirement income. Maybe so. In fact, this is a great time to savor the increasing opportunities for food entrepreneurs. Consumers are embracing specialty and artisanal foods like never before."

— Nancy Collamer, *Forbes* (December 21, 2012) .



Work Your Passion for Food

What do Paula Dean, Martha Stewart, and Mrs. Fields have in common? They all started their business from their home. Like you, they share a passion for food and chose careers in the kitchen that they love.

Flash forward to today. All 50 states have some form of a cottage food law passed or equivalent legal ruling in place since the Great Recession of 2007. These laws were viewed as a relatively low-cost option to spur

"Allowing for cottage food operations is an easy way that states can support the development of small businesses and increase the availability of local products within their borders. As more consumers become interested in supporting local food economies and more producers begin starting their own food businesses, states need to make sure that those local businesses can survive and thrive. Although many states have cottage food or home-based food processing laws on their books, there are still a number of ways in which states can update and improve their cottage food regimes to match the growing demand and opportunity for cottage food operations."

— Harvard Food Law and Policy Clinic, A Division of the
Center for Health Law and Policy Innovation .



"Nine out of ten respondents started their ventures to be their own boss and do something they enjoy. Eight out of ten did so to have better work-life balance."

— Entrepreneur from Home study
completed 2020–2021,
by the Institute for Justice (ij.org)



entrepreneurial start-ups. With minimal, if any, inspections or registration processes, cottage food laws can be administered by state agencies for much less than the costly inspections required of full commercial operations.

While many of these laws have been around for over a decade, little information is still available regarding the number of cottage food start-ups and their sales. For reasons not clear to us, few states are tracking the growth or impacts of these home-based food entrepreneurs other than counting the number of paid registrations collected for those states that even have them. During the first year that California's law was in place, more than 1,200 new businesses registered. Arizona is home to more than 2,400 cottage food operators. In Pennsylvania, 2,500 licenses for a limited food establishment—their term used for home-based food product operations—were issued in 2021. Data on other states remains elusive. Ranging in size, sales, and product offerings, these businesses would not have legitimately existed be it not for the cottage food laws passed.

Many food entrepreneurs are drawn to the cottage food industry because they love cooking and love the autonomy that comes with minding their own business and being their own boss. Perhaps you share this perspective. Are you tired of punching the clock and would rather punch some dough?

As it turns out, budding home kitchen entrepreneurs come in many persuasions with a myriad motivations. Which one best defines you?

- Dream-catcher, eager to fulfill a lifelong dream of running a small food enterprise.
- Home baker, possibly with seasonal specialty items you want to share with your community.
- Stay-at-home mom wanting to earn extra income while keeping an eye on the kids.
- Someone with food sensitivities or allergies, who, after years of struggle, has found delicious recipes that work for you and might work for others, too.
- Dedicated locavore foodie, wanting to make a difference in the local food movement beyond your shopping habits.
- Retiree looking to stay relevant and active, plus make a little extra "fun money."



- Specialty cake and custom wedding cake maker looking for a chance to share your artistic talent and creative flair.
- Farmer looking to diversify your business by offering bread and other items at farmers' markets to boost your revenue.
- Economic survivalist who has found that Plan B, despite a college degree, is the new Plan A.
- Career changer from breadwinner to bread baker, looking to test your food-based dream before you quit your day job.
- Someone between jobs and searching for a quick way to earn some cash to pay the bills.

As we talked with cottage food business owners across the continent and interacted with many of them at the Home-based Food Entrepreneur Virtual National Conference, we discovered that launching a small food enterprise could be for anyone and everyone. While our non-scientific sample tended to skew female, there are plenty of men too, and food entrepreneurs are both young and old and come from various ethnic or socioeconomic backgrounds. They live in urban, suburban, and rural places. All share a passion for the culinary arts. Later in this book, we'll share more about who these aspiring and current cottage food operators, or CFOs, are thanks to the first-ever research assessment study on CFOs completed by Rachael Miller, a graduate student from the University of Wisconsin-Stout (a summary infographic can be found in Appendix A of this book).

Starting a food-based enterprise from your kitchen is an incredible opportunity, whether it resulted from politicians feeling the heat to do something as a result of the financial fallout from the Great Recession, was a way to deal with the realities of the pandemic, was spawned by the "buy local" movement, or came about because of pressure from the 99 percent who want to sell items directly to their neighbors and make a little money without wading through government regulations.

To help spur and support home-based food enterprises, many state governments decided to cut the excessive red tape and allow people to get to work and earn some money by becoming small business owners. In other words, they allowed Americans to be what Americans have always been: enterprising, community-focused, and hard-working. Forget the unemployment lines, food pantries, or minimum-wage McJobs. Make way for the muffin makers!

"Lots of people are eyeing their kitchens right now as a way to earn a little extra cash in a bad economy."

— Emily Maltby, CNNMoney.com
(July 2009)



Perhaps encouraging cottage food businesses makes plain common sense. That's the way things were done in America for more than a century: neighbors selling to neighbors; fellow parishioners selling to fellow parishioners; local businesses selling to local residents. It's how business was done before the Age of Cheap Oil, industrialization, and globalization.

Buy Local and Sell Local

Our kitchen is the place we feed those who matter most to us: our family. We do so with love, care, and safety in mind. Would we really do anything differently when serving the public?

We can thank our current industrialized food system for the shift from homemade goodness to factory efficiency and the resulting disconnect from what we put into our mouths. Flash back to our pioneering *Little House on the Prairie* era when life centered on the hearth and home kitchens. You purchased those few staples you didn't raise on your homestead from the Oleson's Mercantile in town, a spot where you knew the shopkeepers, even their irritating daughter, Nellie.

But as our country increasingly modernized, embracing the lure of cheap factory-made products, food safety lost out. Horrid working conditions and unsafe food products rose to the public's priority list in the early twentieth century with the publication of Upton Sinclair's book *The Jungle*, a classic tale of the horrific conditions in the Chicago meat-packing industry. *The*

Jungle influenced the laws that followed to regulate and clamp down on the food industry. While desperately needed at the time, these same

laws have since been amended, expanded, and interpreted so broadly that public schools now ban homemade items for classroom birthday treats.

Today's cottage food movement cooperatively supports the burgeoning "buy local" movement across the country. The economic evidence of revitalized local community food systems is coming in. According to the Institute for Self-Reliance, in a comparison study of local and national chain retailers, the local stores return a total of 52 percent of their revenue to the local economy, compared to just 14 percent for the chain guys. Similarly, local independent restaurants recirculate an average of 79 percent of their revenue locally, compared to only 30 percent for chain eateries.

The same process can happen with cottage food businesses. Buy your ingredients from a locally owned, independent grocery store or food cooperative or farmer and sell your products to folks in your neighborhood, then return to the store and buy more flour, or canning jars, or strawberries. The money circulates within your community. You're not just a small home-based chutney-producing business, you're playing a role in changing our economic system, one cookie and neighbor connection at a time.

First-timer or Seasoned Pro?

We wrote *Homemade for Sale* as a comprehensive and accessible reference guide for home cooks unacquainted with operating a small business, as well as a more detailed book for business-savvy, but first-time, food entrepreneurs. Some of you reading this book may just need a little nudge to hang out your shingle. With you in mind, we’ve created the chapter Make It Legal: Establish Your Business in 7 Easy Steps.

For more seasoned entrepreneurs, we’ve offered several chapters on marketing, drawing from our experiences over the years in the public relations and advertising fields; we’ve worked at the full-service Leo Burnett Advertising Agency and know a bit about Tony the Tiger and Ronald McDonald. We write press releases for various clients as well as feature articles for national magazines, working both sides of the aisle. And if you want to improve your game using social media or a website, we’ll dive into some nuances of hashtags and website SEO.

We also include plenty of guidance and resources that should help business owners eager to diversify or expand with new products they can sell to the public by leveraging cottage food laws. In our unique situation in Wisconsin, we had to organize and sue for the right to sell baked goods (more on that in chapter 21). We operate Inn Serendipity Fresh Baked Homemade Bakery and sell baked goods along with pickles and other high-acid canned items to guests staying at our Inn Serendipity Bed & Breakfast or at special events. In a business as small as ours, it could be the difference between operating

Cottage Food Pros and Cons

Pros	Cons
<p>Little to no capital needed; you probably have everything you need in your kitchen already.</p> <p>Fast start-up. Most states have a simple, low-cost registration process.</p> <p>May already have a recipe and be experienced in what you want to make.</p> <p>Sell directly to the customer and keep more profit.</p>	<p>State regulations limit what products you can make, some more than others.</p> <p>States may also have limitations on where and in what way you can sell.</p> <p>With any food product, you’re liable for what you make and need to insure yourself for the risk you take.</p> <p>Baking, canning, and other food preparation is hard work on your feet, especially if you have to make multiple fresh items at once.</p> <p>Bookkeeping is a must since you’re required to keep track of sales, expenses, and inventory. A real chore, if you don’t like crunching numbers.</p> <p>May stir up some negative vibes when viewed as competition by local businesses like an established commercial bakery.</p>

at a profit or a loss. As we explore at length in our other book—*Rural Renaissance, ECOpreneurship, Farmstead Chef, and Soil Sisters*—we define success in ways far beyond financial wealth or prestigious corner offices or titles.

As a CFO, you're in charge and responsible for the outcome of your endeavor. This can be empowering and unnerving, satisfying and trying. It can also be enriching, in every sense of the word. When you operate your home-based food business, you can make some money, do what you want, and, maybe, even make a difference in your community.

It's Thyme. Why Now?

From "Buy Local" to "Small Business Saturdays," from slow food to fancy food, from farm-to-fork to handmade artisan breads, more people than ever are demanding real food made by real people—not by machines in factories, the same way they make cars and computers.

Let's be real. As more research findings surface on the improved health, nutrition, and taste of products made from real ingredients, the greater the demand for these products made with no preservatives, artificial flavors or colors, or mystery ingredients courtesy of the science lab. While laws labeling ingredients or products as containing genetically modified organisms (GMOs) have remained elusive, retailers are demanding transparency when federal and state governments do not. The growth of farmers' markets, specialty food products, and farm-to-table restaurants that source their foods directly from farmers, fisherman, or food artisans reflects this hunger for foods with ingredients we can pronounce, made by people who live at places we could visit, maybe even in our home town.

Added to this are the growing issues more Americans have with respect to what they eat. Allergies or sensitivities to peanuts, soybeans, gluten, and dairy products have exploded.

Cottage food enterprises address these growing trends, solving problems and meeting customer needs like few large corporations ever could. As a result, these micro enterprises often have a competitive advantage—beyond minimal regulations of the cottage food laws themselves. Their small size, direct connection and responsiveness to customer needs, and attentive detail to each and every product go way beyond large food companies.



The food industry is more crowded than ever with new players entering the field every day. In order to be successful, you must differentiate yourself by having a clear value proposition and a strong story that resonates with your consumers. As a small business your greatest asset is your ability to connect on a human level with your customers. That is something the larger brands simply can't do in an authentic manner and something that many food entrepreneurs overlook. Focus on building strong connections with your customers and engage them in conversation be it at the farmers' market, at the side of your food truck, or online via social media. Invite them to be part of your food business journey and they will reward you with their loyalty."

— 2014 *Plate of the Union Report*, Small Food Business
(smallfoodbiz.com)



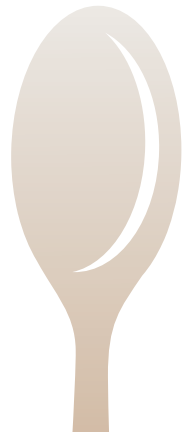
While food products from most corporations are designed for shelf life, transportability, uniformity, and profitability, cottage foods, by their very nature, are small batch, fresh, and specialized. Fewer and fewer Americans are being fooled by mega-food producers' product labels that read fresh from the oven, all-natural, homemade goodness, artisanal. And more of us have discovered that Betty Crocker is a make-believe person created by the marketing department of General Mills.

Do you laugh when you hear Duncan Hines claim their cookie mixes are "Chewy, gooey, homemade good"? Or General Foods Corporation proclaiming "like grandma's, only more so"? While these mega-corporations feel the need to create an image of homespun goodness, your venture, by default, is authentic, transparent, and real. In our murky world where distrust runs rampant, the idea that someone can buy direct from someone they trust has a deep emotional appeal. It's much easier and simpler to trust the food you put in your body when you're on a first-name basis with the person who made it.

It's probably illegal, or practically impossible, to even visit most animal-processing facilities, commercial farming operations, or processing factories,

"Avoid food products containing ingredients that are (A) unfamiliar (B) unpronounceable (C) more than five in number or that include (D) high-fructose corn syrup."

—Michael Pollan, *In Defense of Food: An Eater's Manifesto* (2008)





Contrast farm market stand with cottage food and corporate food factory.

Above: Slow Rise Organic Bakery, Gabriola Island, Canada.

CREDIT: MARY JANE JESSEN

Below: Rolls on a conveyor system.

CREDIT: iSTOCK/ © WICKI58



where the vast majority of the food Americans eat is currently made. By selling to neighbors, co-workers, or community members, cottage food enterprises promise to usher in a new era of food-system accountability and transparency not seen since the days of *Little House on the Prairie*. If allowed by their state law, many cottage food operators welcome pickups at their house. There's a growing trend of pop up markets on home porches or driveways.

Key Elements of Cottage Food Laws

By their very nature, most cottage food businesses are:

- small-scale, grossing under \$5,000 in revenue, at least starting out;
- independent and family-run, usually by only one person;
- home-based and use the equipment they already own in the kitchen.

So, with your only expenses being a license or two and perhaps a few safety checks, depending on your state, you may be able to get going with an investment of less than \$200. Producers operating under cottage food legislation save costs and enjoy the ease and convenience of working from home rather than having to rent or build a commercial kitchen, as required by commercial food-processing regulations.

As well as some licensing steps, your state cottage food laws will specify what kind of sales, sales venues, and types of foods are permitted. Plus, your state will tell you exactly how much you can earn with your business. Nationally, this sales cap ranges from \$5,000 on the extreme low end to the majority of states with unlimited caps where you could earn as much as you want from the comfort of your home. Increasingly, state laws are expanding to not only have no sales caps but also allow sales on a wholesale level to retailers or restaurants.

Organization of This Book

Homemade for Sale is broken into six sections. In the first section, Getting Started, we address in greater detail what cottage food laws allow, help you evaluate your goals, and offer tools to navigate your state's regulations and get you going through refining your ideas and recipes. Even with all the changes and growth of our movement, state regulations still vary

tremendously in terms of what you can produce, where and how you can sell it, and how much you can earn. It's a true patchwork of changing rules and regulations, and this section will give you a basics understanding of what you can produce in your state.

The second section, *What's Cooking: Product Development and Recipes*, covers everything about developing your products and recipes, including off-the-shelf recipes you can adopt. We'll also take a deeper dive into the science basics behind non-hazardous and how to identify and sell safe products, as well as provide sample recipes, each tested in an independent lab to make sure they are non-hazardous.

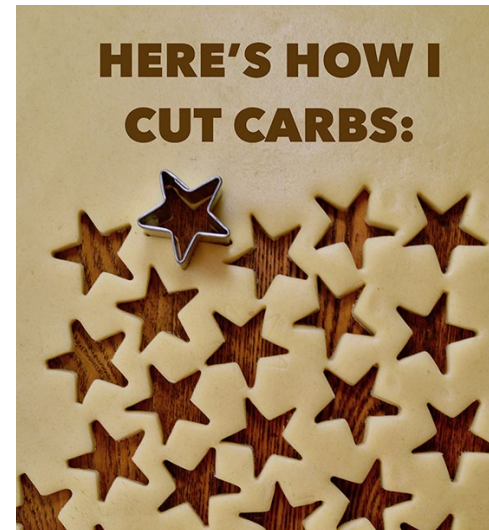
The third section, *Selling Your Story: Marketing*, gets into the nitty-gritty of the all-important aspects of marketing and advertising, including branding and packaging, while setting accurate and profitable pricing. Good marketing will increase your likelihood of success, which is why this section of the book is the most detailed.

The fourth section, *Organizing, Planning, and Managing the Business*, digs into organizing your kitchen as well as managing your time and avoiding burnout, one of the key reasons a cottage food business will shut down, even if successful. The section also covers setting up your business, putting together a simple business plan, and accounting basics to keep your business in good fiscal shape.

The fifth section, *Business Expansion*, examines what to do if your amazing products appear to be the Powerball of the cottage food lottery, with sales growing to the point that they hit the gross sales cap for cottage food enterprises or are simply too high for your kitchen space to handle. You'll have to decide whether you want to keep it cottage-food-small or expand your enterprise. We'll explore scaling up your operations along a continuum, from a modest investment to a tens of thousands of dollars commitment.

Lastly, section six, *Future of Cottage Food: Freedom!*, covers the new and exciting frontier for home-based food entrepreneurs of food freedom, including what these laws are all about, dispatches from states that have implemented such legislation, and ideas for how you can advocate for a food freedom law in your state.

If you think you have the kind of products that can be sold nationally—and have the financing, research, and personal interest to take it to the next level—we'll briefly cover some potential next steps and point you toward resources that focus on these large-scale, full-time food enterprises. For the



Above: Just because you're making money producing great products doesn't mean you can't have fun at it too when engaging your customers.

CREDIT: JOHN D. IVANKO PHOTOGRAPHY

Below: Cocoa bombs are big business for Jennifer Sinatra's Sinfully Sweets LLC, based in Dearborn, Michigan, where they're consistent sellers. Her attractively staged product photo, captured with an iPhone, is a social media scroll-stopper and brings in the customers. CREDIT: JENNIFER SINATRA, SINATRA'S SINFULLY SWEETS LLC



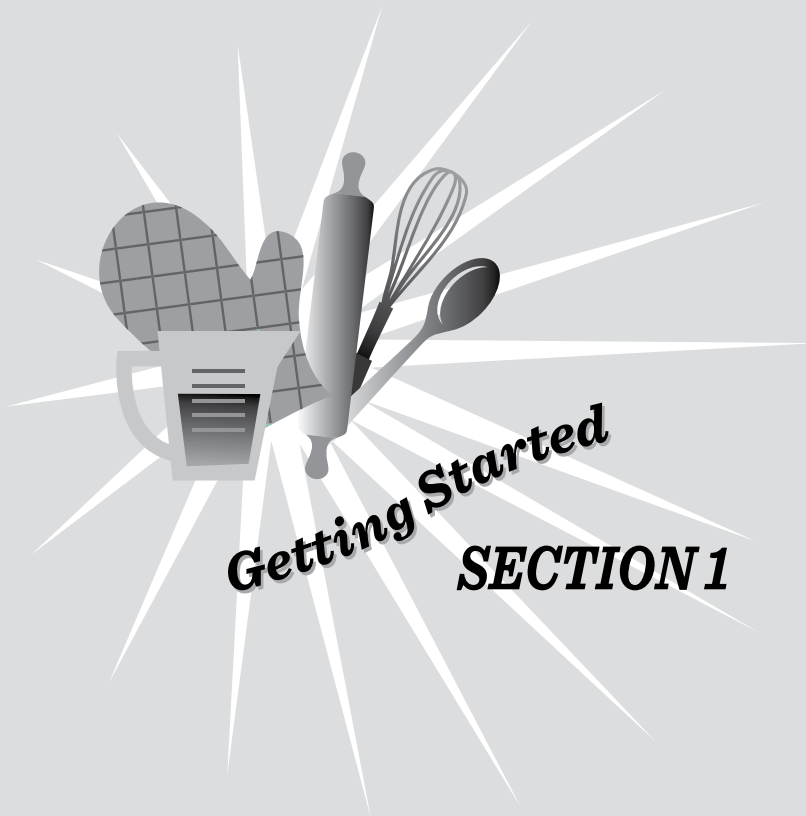
majority of *Homemade for Sale* readers, however, keeping things small and home-based will be the recipe for success: a perfect blend of an independent entrepreneurial enterprise that shares a love for cooking with their local community.

Homemade for Sale also features seven inspiring story profiles of cottage food and food freedom start-ups and the individuals behind them. The people profiled address real-life challenges while sharing practical advice and opportunities about starting their business. These stories reveal specific financial, legal, marketing, and operational issues often absent in other start-up books. Either through the profiles or sidebars, every major direct sales channel and cottage food product category is represented in this edition, including decorative cookies, custom cakes, pickles, breads, preserves, dry mixes, candy, and cupcakes, as well as prepared meals sold under what is known as the Microenterprise Home Kitchen Operations law, or MHKO.

The cottage food movement represents more than an income source or a fun new project. You're helping to grow the local food movement in your community by providing "direct-to-the-food-artisan" connections. *Homemade for Sale* celebrates this and, as you read further, provides a pragmatic blueprint for success as you launch your dream food venture—right from your home kitchen!

Finally, a statement we made in the first edition of *Homemade for Sale* rings just as true today: "homemade" and "fresh from the oven" mean exactly what's written!







1

Navigating Your State's Cottage Food Law

THIS CHAPTER WILL HELP you navigate your state's cottage food law. At the time of writing, every state has some form of cottage food law or judicial ruling that may allow for the sale of various food products made in a home kitchen. As noted in the introduction, while no Canadian province has a cottage food law, some provinces may provide specific exceptions, usually reserved for farmers, that allow for certain food product items made in a home kitchen to be sold at farmers' markets.

Addressed separately and much more detailed in section 6, the food freedom movement has emerged from the cottage food movement and may allow home cooks to make and sell homemade prepared meals and a wide selection of other food products, including some that require refrigeration or even be sold frozen.

To avoid possible confusion, when we talk about cottage food laws, we're focused on non-potentially hazardous, or non-hazardous, shelf-stable products, not prepared foods or meals that might require refrigeration.

Historic Roots, Back to the Homestead

While no one claims to have invented the term "cottage food," the phrase so perfectly and vividly captures the heart of this movement going back to the small and hand-crafted. When you think of the word "cottage," does a modest structure, typically one-story tall and designed with simplicity and modesty, come to mind? Maybe involving a few cute gnomes or hobbits? You making treats in your home kitchen then selling them to your neighbor epitomizes "cottage" and what built our nation. Local commerce, recirculating dollars amongst community members.

Back in those *Little House on the Prairie* days, we knew our shopkeeper, and business transacted abundantly between community members. We didn't need laws to regulate how such a sale took place because we knew each other and built our communities on trust.

Cottage food laws today revive this sense of trusted community connectedness in a way that no supermarket or big-box store ever could. These cottage food laws reveal a more authentic and tastier time filled with unique homemade items from small food artisans. These laws allow us to do much more than just launch individual businesses. They provide the catalyst for transporting our society back to an era when everyone shopped small with trusted neighbors. Despite what mega corporations might suggest, millions of Americans want to be on a first-name basis with their baker or food artisan. They don't want their food shipped in from 1,200 miles away and sold by scanning a UPC bar code.

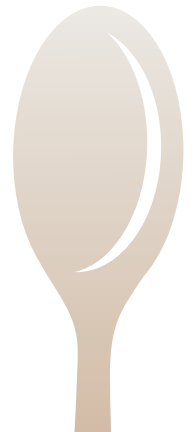
Consider yourself a pioneer, leading this cottage food movement to new heights. Each of us through what we create in our businesses pave the way for others to follow. That collaborative spirit fuels the pages of this book, built on our own advocacy and educational leadership for over a decade. We've successfully sued the state of Wisconsin for the right for us to sell cookies. We've created a best-selling online Udemmy course. And we sell Latvian sourdough rye bread and jars of dill pickles to our neighbors.

Having a Hobby Versus Operating a Business

A large point of this book is to celebrate operating a business, and not just having a hobby. If you're accepting payment for your product and trying to earn money and make a profit, you're a business according to the IRS. You need to, therefore, keep records, report this income, and, of course, pay some taxes on your profits. A hobby is something you do "for sport, recreation or pleasure," per the IRS.

One of the points we make often in this book is that because you operate as a business, you can also deduct expenses as a part of running your business and, at the end of the year, deduct losses if you have more expenses than revenues. You cannot deduct losses on your tax return for your hobby; this is the basic difference between a business and a hobby. Business losses allow you to offset other income, perhaps from the full-time job you still hold or your spouse's income if you file your tax return jointly. These losses potentially reduce your income taxes.

The IRS determines if your activity is a hobby or business, based on nine factors, including your personal motives, intent to make profits, and ability and success in making profit at least three of every five years. You, however, determine how much profit, or loss, you want to make in your business in



any given year—of course, based on meeting sales objectives. Lots more on business finances is covered in chapter 18.

Food Products Versus Food Service

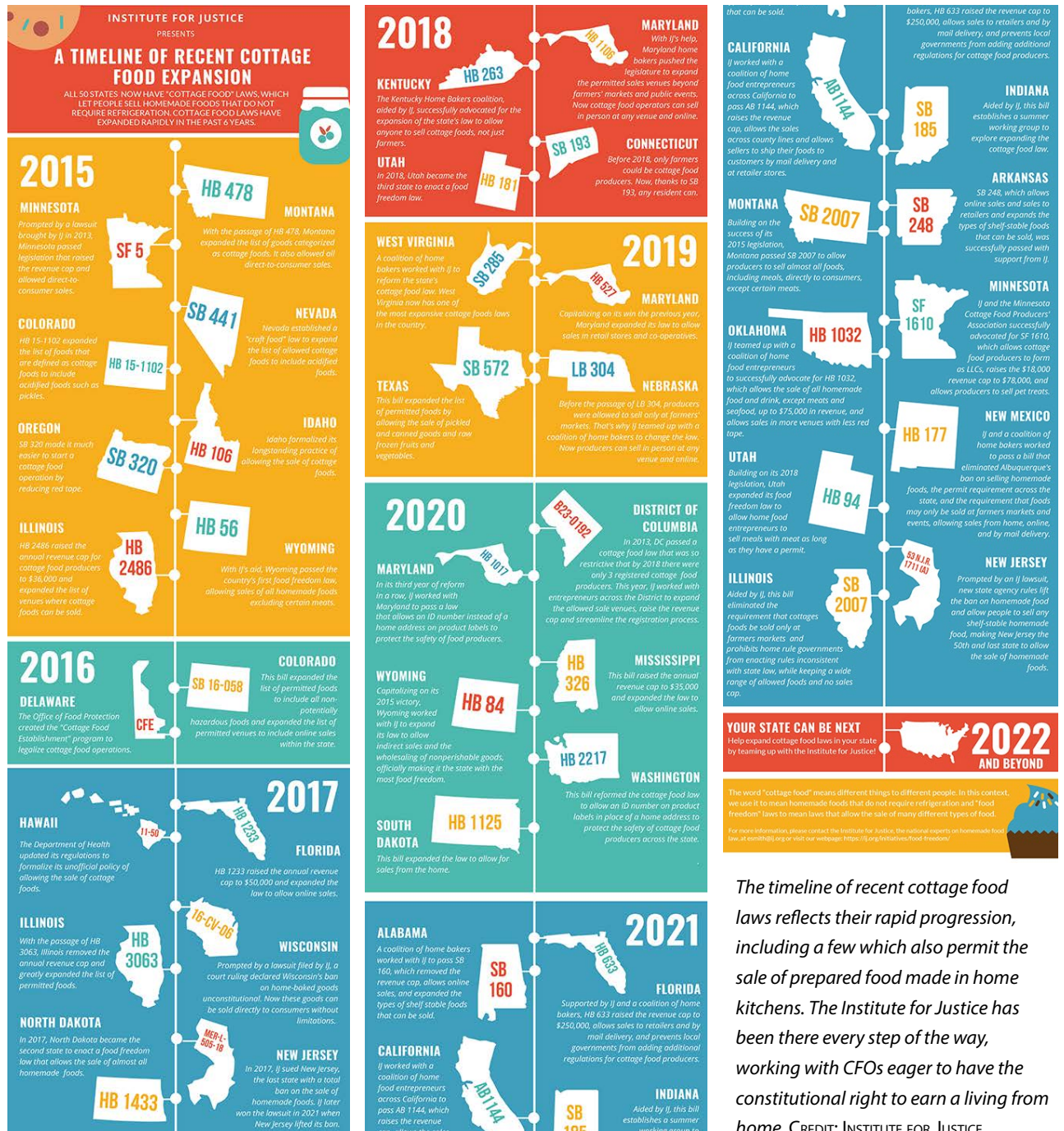
Know the difference between food products and food service. It's an important distinction. We'll explain with one of our favorite ways to crunch: dill pickles. A sealed jar of pickles is a food product. You take it home, crack it open, and enjoy it alongside those hamburgers you're grilling up for family supper. In the context of cottage food products, the jar of pickles is exactly what is meant by a non-hazardous, shelf-stable item that does not require refrigeration. Typically regulated by your state's agriculture department, the jar of pickles you make must follow specific rules and regulations because this agency handles everything related to food products from supporting farmers to regulating exactly how the label must read.

What if we open up that jar of pickles and put one on a stick and sell it to you that way? Being from Wisconsin, how about we fry it first and then sell it? Either way, selling a pickle ready to eat on a stick now falls into the food service category from a regulatory perspective. Even though it's the same pickle that was in the jar ten seconds ago, when it's out on a stick ready to eat, that crunchy pickle suddenly falls under food service regulation, typically the domain of your state's health department since they regulate such areas that include restaurants, food trucks, and catering operations.

The exact same logic applies to baked goods. That chocolate layer cake, sold in its entirety and most likely displayed in a box, is a cottage food product. But when you cut it into individual pieces on-site and put it on plates with a fork, that's food service, with a whole slew of rules and regulations you must follow. Don't fret, since there are some generally acceptable work-arounds for baked goods. For example, individual cake pops or slicing and packing that pan of brownies into individual pieces while still in your kitchen can work. Unfortunately, there's no work-around for pickles.

With the growth of the food freedom movement, your state might offer options beyond non-hazardous food products. For clarity in this book, we'll focus first and foremost on the non-hazardous cottage food products since that's where the majority of opportunities exist. Cottage food products remain the most accessible on-ramp for food entrepreneurs to get started.





The timeline of recent cottage food laws reflects their rapid progression, including a few which also permit the sale of prepared food made in home kitchens. The Institute for Justice has been there every step of the way, working with CFOs eager to have the constitutional right to earn a living from home. CREDIT: INSTITUTE FOR JUSTICE

Cottage Food Movement Is Growing

Tempted as we may have been when writing this book, we avoided having a chapter devoted to distilling and summarizing cottage food laws, state by state. Why? Because by the time you might have picked up this book, the law in your state could have been revised and expanded or broadened in completely new ways. As a result, step one in navigating cottage food law is to get your hands on the statute, what the law is referred to after it passes, for the state in which you reside. Most statutes have a number associated with them, but every state has a different system. State legislative websites usually have a “Search” bar where you can type in keywords to find a bill or statute. Some sites also have a “Find a Bill or Statute” function where you can type in the bill or statute number or name or search by keyword. Try searching under “cottage food” or, if nothing comes up, “home processing” or “home kitchen.”

The Institute for Justice (ij.org), a nonprofit law firm that represents citizens like ourselves overburdened by governmental regulations, has been at the forefront of the growth of the cottage food movement, sometimes working with CFOs in their state, and their representatives, to draft the language that would go into a cottage food bill.

The Institute for Justice has also brought lawsuits on behalf of cottage food entrepreneurs with their attorneys representing CFOs when they were forced to sue their state over various aspects that were believed to be unconstitutional. To buttress their arguments in court, guide advocacy work, and help states better understand the cottage food movement, they’ve also conducted research. Check out *Flour Power: How Cottage Food Entrepreneurs Are Using Their Home Kitchen to Become Their Own Bosses*, a downloadable report of their 2017 survey of 775 cottage food producers in 22 states showing how restrictive laws can hinder entrepreneurship and how women continue to find cottage foods an appealing, easy business on-ramp, especially those in rural areas.

The progression of cottage food laws is covered in more detail in chapter 21. But to give you a sense of the rapid changes, the Institute for Justice’s timeline reveals both the scope and breadth of the movement.

Tips for Understanding a Cottage Food Law

The following tips serve as a guide to understanding your state’s cottage food law.



Review Your State's Cottage Food Law

Cottage food laws are administered by a state's department of agriculture or whatever department regulates "food production." This is usually not the same department that regulates and inspects facilities that prepare and serve food, like restaurants or catering operations. There's a big difference between "production" and "preparation"—so much so that each is handled by a completely different department with a completely different set of rules, regulations, and procedures.

As noted above, another key difference between the two involves "service." Once you start selling and serving a food item you made, the regulations and requirements immediately become more complex, often involving refrigeration, serving temperatures, food handling, licensing issues, and sanitation. Stick to just selling the whole chocolate cake. When you start selling individual slices along with a fork, you add another layer of regulations and cost. An easy work-around: offer cupcakes sold in single packages if you want to sell individual servings.

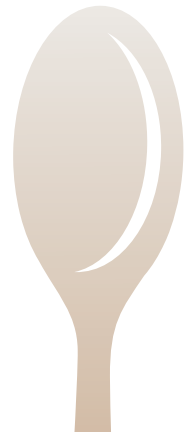
In Wisconsin, for example, the Department of Agriculture, Trade and Consumer Protection administers the cottage food law. However, the Wisconsin Department of Health Services administers, inspects, and licenses establishments that prepare and serve food to the public, like restaurants, caterers, and even our bed and breakfast. Can you see where things can get confusing?

Stick to Your State as Your Primary Source of Information

In journalism, articles can be sourced from primary or secondary sources. Primary sources are the people, companies, or organizations directly involved with the topic; secondary sources are people or organizations that may report about a subject. Primary sources of information are always preferred to secondary sources. That's one reason why Wikipedia can never be used as a primary source.

As cottage food laws expand across the country, websites are popping up to address the hunger for information about them, filling gaps where states often fall short: in providing readily accessible, easy-to-understand content. Such websites can also be a great way to connect with other food entrepreneurs in your state since many offer an online forum for discussions. At the forefront of mapping the movement is forrager.com.

While cottage food websites are a quick reference point with lots of useful information, avoid basing your information solely off them; they could



Direct-to-customer or Indirect (Wholesale)

While each state's cottage food laws vary on multiple levels, every law specifies to whom the product can be sold. This "to whom" then falls into two categories that probably sound familiar: direct and wholesale. Direct means directly to your customer. You, as a baker of brownies, sell some to me, the customer. I pay you directly and then, happily, am the one to eat them, give them as a gift, or do whatever else I choose to do with them, as long as I do not resell them.

Indirect sales, commonly known as wholesale, cover a wide range of other sales opportunities. If you live in a state that allows wholesale, you could potentially sell me those brownies and I could then resell them at a venue like my retail store or coffee shop. While you usually receive a lower price for wholesale transactions, the benefit is higher volume and, hopefully, more regular orders. If a retailer is reselling your item, they need to make some money, too, so you need to have a wholesale price that allows for this.

A growing number of states have passed laws that permit sales on a wholesale level; check to see if you're fortunate to have that opportunity in your state. Even if you can sell wholesale, you might find that giving up the profit margins required for selling through another retail shop might not be worth pursuing. As an added bonus, some states may permit other food categories like refrigerated baked goods and may not have a sales cap either. More on this in future chapters.

Bottom line to your bottom line if you're fortunate enough to live in one of these states that allows wholesale: you get to create

close to a commercial kitchen arrangement without the cost and setup hassle such a facility often entails. In general, however, such states have more upfront requirements, including an on-site kitchen inspection, food-handling training certification, and other paperwork. Once you work through these, you can operate under a much wider range of product possibilities.

Consignment sales are those in which your products are placed at a retail outlet for sale, but the retailer does not place an upfront order for them. You only get paid if and when your products sell. If your items just take up space on a shelf and nothing sells at the retailer, the items are returned to you. No sales are ever made. In this way, retailers never have to commit funds to actually stocking their shelves with your product and may be willing to try them out.

For states with cottage food laws that prohibit wholesale, this seems to apply to consignment sales as well. For example, the law in Colorado explicitly states that a cottage food product cannot be sold from a retail food establishment like a grocery store or another outlet that also sells licensed and inspected foods for resale; on the CFO's product's label in Colorado, it even must include the line: "This product is not intended for resale." If you're not the one collecting the cash and making the sale at the consignment venue, then the sale is not direct. Covered more in the advocacy chapters, clarification of consignment sales, or the elimination of rules preventing it, might demand citizen engagement before you pursue such sales. Some states remain steadfastly opposed to wholesale or consignment sales.

Sometimes laws legalizing wholesale products produced in home kitchens come bearing names 🍪

other than cottage food. Instead, they might have the word “home” in the title of the law. Make sure you know the right way to refer to this classification if you want to pursue it further or call the administering agency for clarification. In Iowa, for example, the license is for a Home Food Processing Establishment; in Maine, one of the first states to institute such a law allowing home food manufacturing in 1980, a CFO can now secure a Home Food License that came about as a result of the passage of the Food Sovereignty Law in 2017. While Virginia administers a cottage food law, it also has a

separate Home Processor License that allows wholesale. California’s law refers to cottage food but breaks it down into two classes of licensing: Class A-licensed operations can only sell direct to customers, but Class B-licensed operators have options to sell wholesale.

The consistent variable among states permitting wholesale remains the ability to use a home kitchen in a more commercial capacity. If wholesale interests you, ask about the possibilities, knowing those laws may be defined in ways other than as cottage food.

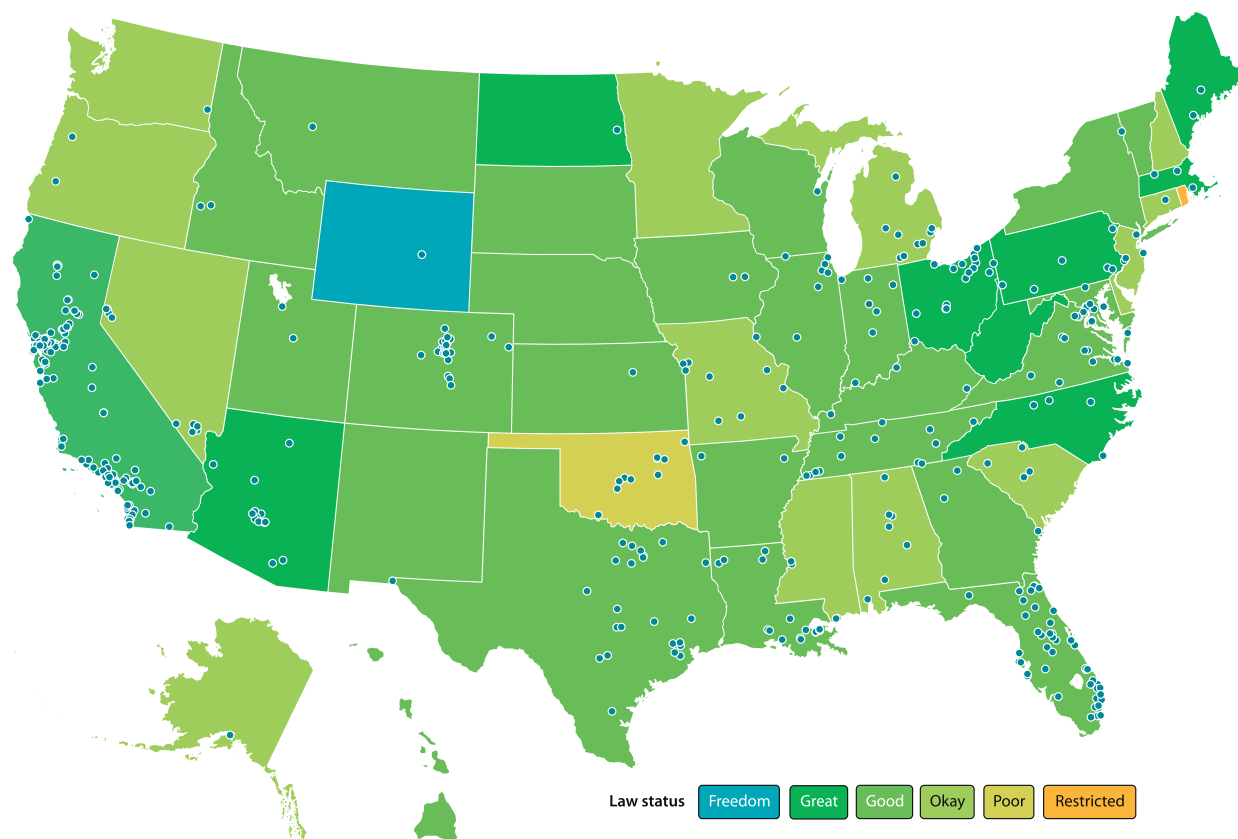
become outdated, contain factual errors, or suddenly disappear one day. In other words, these sites are secondary sources of information, perhaps more valuable to marketing than keeping tabs on what’s happening in your state. Additionally, Facebook groups are usually overflowing with well-meaning advice and information; it’s best to verify and confirm the information or direction before acting.

Your state’s current cottage food law should be the only thing to direct the scope of your business. Treat it as your primary source. You are ultimately responsible for the actions of your business. The decisions you make must be based on the law as it stands. Avoid decisions based on what you hear or what someone else may be doing, particularly if it’s in another state.

Throughout this book, we use illustrative examples based on laws that may change in the coming years. Change is constant, especially when it comes to legislatures creating, repealing, and amending laws. The great news is that cottage food laws are mostly bipartisan. Both Republicans and Democrats tend to agree on the importance of job creation, employment, and encouraging the growth of small business. Where they have a hard time working together and agreeing on is how.

Some states’ cottage food laws are simple and short while others go on and on. These two extremes express two different approaches to writing laws. A shorter, more general law will enable the administering body (i.e.,





Forrager is an online cottage food community. It contains information about the cottage food laws, educational resources for starting a cottage food business, and The Forrager Podcast that reveals strategies for marketing and selling food products successfully from home, online, at farmers' markets or special events, and in stores. At the bottom of each state cottage food law summary are links directly to the state-specific laws or statutes, for easy reference. CREDIT: MAP COURTESY OF FORRAGER INC (FORRAGER.COM)

your state's department of agriculture) to address and answer questions and issues as they come up. A more detailed law aims to answer everything up front but leaves little wiggle room for questions or alternative interpretations. Keep this in mind when reviewing your state's law.

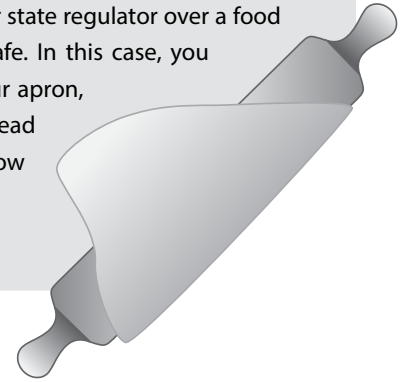
Tap State Resources to Understand the Law

You only have to deal with and understand your state's cottage food law. Some states have accessible, user-friendly, and easy-to-understand information on their cottage food law. Not all do. Depending on your state, you'll find yourself either muddling through some technical data and legal verbiage or proceeding easily with clearly defined guidelines and requirements. When in doubt, contact the department or agency directly to sort out issues and get advice on your specific product idea and your next steps.

Lobbying for an Expanded Cottage Food Law

The good news: With every state now having some form of cottage food law passed or some equivalent judicial ruling, you won't be needing to advocate for the passage of a cottage food law. But you may not be in love with your state's law. Maybe you find it limited—if, say, you want to mail your cookies directly to customers but your state's law requires in-person sales only. In this case, you will need to take democracy by the horns and advocate, lobby, and work to amend an existing cottage food law to include the expansions

you would like. Depending on your state's legislative protocol, this expansion may require a whole new cottage food law. This may also apply if you're having a disagreement with your state regulator over a food product you believe is safe. In this case, you may need to take off your apron, put on your lobby hat; head over to chapter 21 for how to proceed.

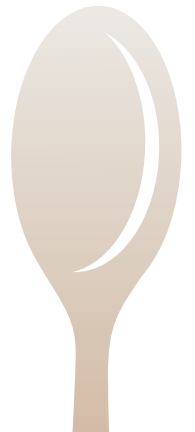


States that truly embrace cottage food law opportunities couldn't make it easier, with many of them employing an easy-to-follow checklist approach to guide new food entrepreneurs. In the case of laws about pickles, preserves, and other canned products, university extension will often serve as a more objective educational arm and offer various online resources and in-person workshops and consultations. Don't, however, count on university extension agents giving you the definitive yes or no to your product; they're not lawyers or administrators of the law, nor may they have a talent for marketing.

In states with more clunky and hard-to-understand information, you'll need to educate yourself on the more technical terms used in cottage food legislation as it applies to your product.

If you feel like you're getting a runaround to your questions from the department handling the cottage food law—or no reply at all—go to the top! Contact your state elected representative and/or senator to see if they or their staffers can help. There's nothing more powerful to jump-start a less-than-responsive governmental office than a letter or inquiry from your representative on behalf of their constituency, you.

A word of caution, however, when dealing with legislators. You may need to bring your representative up to speed on the cottage food law. In your initial contact, it would be wise to reference the specific law and what



you hope to accomplish in their district with your business. Making money and paying some taxes are two good selling points. Most politicians like to hear from their constituents, too. Don't forget to include your full address (not a PO box) when contacting your representatives.

Confusion or Denial of Cottage Food Laws

Even though you understand the specific cottage food law for your state, that doesn't mean that the agency, either the agriculture or health department, charged with establishing the regulations, rules, or enforcement of the law agrees with it, supports it, or even follows it. Some state regulatory agencies in charge of guiding the implementation of the cottage food law passed are enthusiastic supporters, doing everything they can to make it as straightforward and easy for cottage food operators to get up and running as possible.

However, agencies or local county regulatory bodies in other states may not be aware, ignore, or even deny an aspect of a cottage food law that was passed. They might even make up their own rule or requirements.

For example, an updated law in California, AB 1144, Cottage Food Amendments, went into effect on January 1, 2022. It "allows cottage food operators to ship anywhere within California, and to have higher annual gross income caps, \$75,000 for Class A registration and \$150,000 for Class B permit," summarizes David Crabill, founder of Forrager.com

and one of the group of CFOs who worked with their legislators to get the amendment to the cottage food law passed. These amendments are in addition to the existing regulations that include securing a food-handlers training and certificate, Cottage Food Operation Permit and Sellers Permit.

"Local health departments cannot override this law or make up their own rules," continues Crabill, frustrated by a few counties in his state and their actions related to the amendments passed. "The shipping provision was written into the law in an unambiguous way and it applies to all cottage food operators in the state. Your health department cannot prevent you from using the new law! You can ship your products in-state without any permission from your health department regardless of what your application or cottage food operator permit says."

While addressed further in the food freedom section, suffice to say that you may need to understand your state's cottage food law, and you may need to educate and bring the local regulatory agency up to speed on exactly what you can do, operating completely, legally, within the law.

Madhavi Tandon, Maia Foods LLC, Aurora, Colorado

Adding a Dash of Spice to Life

Don't be fooled by the curvy road snaking through this quiet suburban neighborhood of Denver, Colorado, filled with family homes and tidy lawns. Madhavi Tandon lives in one of these homes and started Maia Foods LLC in October 2019, operated out of her home kitchen. And she's on a mission to transform taste buds with the flavors of India she grew up with.

Tandon's business, launched under her state's cottage food law, features garam masala spice mixes, various meal kits, Indian chai tea spice mix, traditional Indian biscotti that are made without eggs, and jars of ghee, a clarified butter that she produces in five flavors. Tandon sells her products at farmers' markets and takes special orders online through her website or via social media.

"When I saw jars of ghee for sale in my local grocery store in the fall of 2019, my first thoughts were: 'This is mainstream now. I have been making ghee in the US for over 30 years, I should make some and try and sell it,'" says Tandon, who is a part-time professor, teaching social justice and equity for minority student populations at the University of Colorado Denver. "The primary motivation at the beginning was not financial, but more about staking a claim to my food heritage and owning a product that has been in Indian kitchens for over a thousand years.

"My first step before starting a food product business was determining what I could actually sell under my state's cottage food law," outlines Tandon, eager to sell ghee, a clarified butter that's shelf-stable but unfortunately not on the approved non-hazardous cottage food list in Colorado Cottage Food Act. "I was the first home-based entrepreneur to propose ghee as a cottage food. So, there were many emails back and forth between myself and the Colorado Department of Public Health & Environment (CDPHE), the regulatory agency responsible for licensing cottage food operators in my state. I made the case that ghee has existed for thousands of years in ancient cultures of Asia and the Middle East where it is often made at home and used in daily cooking."

The process of making ghee involves simmering butter at a low heat until all milk solids become brown and stick to the bottom of the pan. The liquid will solidify as the ghee cools down, able to be scooped up with a

Name: Madhavi Tandon

Business: Maia Foods LLC (Aurora, CO)

Website: <http://maiafoods.com>

Products: spice mixes, meal kits, jars of ghee, biscotti

Sales Venues: direct orders, farmers' market

Gross sales: \$5,000/year



Madhavi Tandon, owner of Maia Foods LLC, in her kitchen preparing an order of egg-free Indian biscuits made with ghee, whole wheat flour, and jaggery, a traditional unrefined cane sugar.

CREDIT: MAIA FOODS LLC



Profile



Ghee, a shelf-stable, clarified butter, made by Maia Foods LLC. CREDIT: MAIA FOODS LLC



Food safety certificate for completing the online Colorado State University Extension course. The certificate is valid for 3 years.

CREDIT: COLORADO STATE UNIVERSITY EXTENSION

spoon or knife. It's strained and stored in jars and remains shelf-stable for up to a year. Possessing a nutty, caramelized flavor, ghee is used as a substitute for oil or butter when cooking, as a spread, or as a base for marinades and salad dressings.

"It was mainly one person saying that it is not eligible under Colorado's cottage food law," continues Tandon, about the objection she first received from CDPHE. "Then another person with CDPHE said it was okay as long as I use commercially approved butter." Tandon was not the first person to ever to receive conflicting information from a regulatory agency involved with a state's cottage food law. Experiencing mixed messages may require due diligence or securing a second opinion regarding the safety of a particular food product. Once Tandon received approval for her ghee, she retained documentation should any questions arise in the future. No water activity level test was ever required by CDPHE. And with the approval of ghee in her possession, she never felt the need to engage her state representatives to help out on her behalf.

"Completing the Food Safety for Cottage Food Producers course from the Colorado State University Extension was step two," says Tandon, after she received the approval for ghee by CDPHE. "I have no professional training or certification in culinary sciences but do have over 30 years of experience cooking for my family." The Colorado Extension course, or an equivalent Colorado Food Handlers Card, was another one of the few requirements in her state to sell non-hazardous homemade products. The CSU Extension online course takes about four hours to complete and includes a test at the end. Like other CFOs in her state, she did not have to have her kitchen be inspected or licensed.

"I have been part of LLCs as an education consultant and knew it was an easy process in Colorado, so I started there," explains Tandon, on her decision to operate as a limited liability company (LLC) instead of simply as a sole proprietorship. LLCs provide liability projection. She also manages the risks associated with operating the food product business with a business insurance policy.

"I started experimenting with the meal kits right about the time my younger daughter was getting ready to leave Colorado for graduate school," smiles Tandon, looking to expand her product offerings beyond Maia Ghee. "I wanted to create quick and easy Indian meals for her that she could make in a crockpot or pressure cooker.

“As I did more and more farmers’ markets and events, I saw other vendors selling soup kits or cookie kits, and this encouraged me to start testing the Indian meal kits,” admits Tandon, reflecting a trait among many entrepreneurs: taking an idea from one product and turning it into something new for a different product.

“I continue to chat with customers and visitors about their favorite ingredients and flavors of Indian food,” shares Tandon, reflecting her continued attentiveness to satisfying her customers’ needs. Sometimes, the customers would tell her what they would buy, if she made it. “This gives me ideas for the ingredients and spices for the meal kits.

“I buy almost all my ingredients from the local Indian, Asian, and Middle Eastern grocery stores and the restaurant warehouses,” shares Tandon. “For the packaging, I have been ordering it online. The logo labels and banners are printed by a local printing company.

“Of course, there are now several brands of ready-made Indian food available at grocery and warehouse stores, and the market is growing,” notes Tandon, not discouraged. “There are several brands as well as products in the snacks and condiments sections, too. This just makes me so happy because it tells me that customers are more knowledgeable about Indian food and are ready to try new tastes and textures.” In many ways, those competitors have helped do some of the category marketing for her. They established that there is, in fact, a demand for Indian spice mixes where she lived.

“Another plus is the growing number of vegetarians and vegans in the US,” adds Tandon. “Indian food has an ancient tradition of meeting the dietary needs of both groups, so it is very easy for someone like me to create meal kits for specific diets.

“My spice mixes I actually use daily in many of my family meals, so you could say testing and refining them has been ongoing for the last 30 years,” laughs Tandon.



Maia Foods LLC meal kits.

CREDIT: MAIA FOODS LLC



Profile

“The chai masala is rooted in a family recipe,” adds Tandon, when explaining its origins. “My mother-in-law always kept a tiny steel tin with her homemade chai masala next to the jar of tea leaves. In summer, she would add a pinch to the pot of boiling water, and in winters she would add a bit more. I did not really need to experiment with it as it is a tried and tested product for me.

“The garam masala is another story,” admits Tandon. “In India, every family has their own customized blend of garam masala based on personal tastes and the abundance of local spices. For example, I grew up in western India and my mother’s masala has large amounts of dried coconut and cloves, but no fennel seeds. The garam masala that I make is a blend of flavors and spices that I have borrowed from my mother and mother-in-law, as well as all the other women who have passed on their food heritage to me.

“Keeping my eye on consistency and quality has helped with repeat orders,” explains Tandon. “I stick with lentils and rice grown in India for the meal kits as changing the source does change the texture and taste. I tested lentils grown in Africa or Canada, for example, and there was a noticeable difference. According to my logic, agricultural products are a combination of the soil, water, air, and techniques, specific to a geography, just like wine. Basmati rice has the aroma and flavor because the paddy fields are fed by the rivers and monsoons of India; you cannot get that from, say, rice grown in Thailand or Japan.” Unlike cottage food operations that mostly source local ingredients, Maia Foods does run a greater risk of possible supply chain interruptions for her India-sourced ingredients, a risk Tandon is willing to take to maintain her product’s distinctive and authentic flavors, textures, and taste.

“Fortunately, Colorado is a very low-humidity state, and I do not have a problem with the moisture found in the air that might accidentally get trapped inside my airtight packaging,” acknowledges Tandon. Otherwise, she would have had to invest in a vacuum-packaging machine that would draw out all the air before sealing. “However, after grinding the masalas, I allow them to cool overnight before packaging them.”

Tandon always envisioned her business based in her home kitchen. “Working at a commercial kitchen is expensive and involves more logistics,” summarizes Tandon. “It’s so very easy to use my home kitchen, and I can make the products all through the week, whenever I have the time. I work two to three half days per week on my cottage food products, balanced between by university teaching and training.”



Maia Foods LLC spice mixes.

CREDIT: MAIA FOODS LLC

When it comes to marketing Maia Foods, Tandon relies on social media and her food and recipe website. “The holidays and holiday markets have been the most profitable, but I am more interested in cultivating a small set of loyal customers who become repeat buyers.

“The first product, ghee, allowed me to explore markets, see other products made by cottage food producers, chat with customers and business owners,” Tandon explains, constantly welcoming customer feedback. “The next step was trying to build a profile of my ideal customer and then understanding what other products would be appealing to them. I learned that although many folks love Indian food and take-out, they tend to be intimidated by the number of spices and steps involved in Indian cooking. Therefore, Indian cuisine needed to be demystified and simplified for the mainstream customer.

“The website started as a way for me to share my home cooking recipes with my daughters as they left home for work and education,” admits Tandon, recognizing that, in many ways, the business emerged from her passion and knowledge of Indian cuisine and her eagerness to share it with others. “Although my daughters are more adventurous in their food habits, they do seek the comfort of making simple Indian vegetarian meals, like dal and rice with a potato curry or dosas and chutneys. My website is a way for me to share vegetarian, Indian, and easy recipes that any novice home cook can pull off. I usually keep my daughters and their friends in mind when breaking the recipes down into easy step-by-step instructions.

“My other sales stream is through networking, which is a lot slower, where customers message me with their orders, and I will either deliver or mail their products,” adds Tandon. “Through direct personal sales, I sell lower volumes but get the highest margin. My profits are slightly lower when I sell at farmers’ markets because there is a booth fee to be paid upfront. Some farmers’ markets also charge a commission in addition to the booth fee. I am constantly on the lookout for farmers’ markets or events where they do not charge booth fees.

“I am also doing an Indian grocery store shopping video for a local magazine where I walk around the store and ‘shop’ for staple items like

Madhavi Tandon, owner of Maia Foods LLC, selling at an indoor market.

CREDIT: MAIA FOODS LLC





Profile

basmati rice, frozen rotis, paneer, and yogurt,” says Tandon. “I know people want to try their hand at cooking Indian food but can be a little confused or intimidated by the large amounts of spices, lentils, and flours available in Indian grocery stores.” The video is a natural carryover to help establish her brand and endear greater trust in her knowledge of Indian cuisine among the viewers, ultimately leading to product sales of Maia Foods.

“My customers tend to be balanced between women and men, well-traveled, health conscious, open to new adventures, love spices, like to cook, and are looking for convenient and easy meal ideas that reflect global tastes,” observes Tandon, recognizing the importance of knowing the target market for her products if she was to be successful in meeting their needs.

“They tend to buy Maia products because they love Indian food but want to go beyond the usual tikka masala and aloo gobi they’ve been enjoying for years,” adds Tandon. “More people are cooking at home and want to experiment with new cuisines and tastes. Maia meal kits provide all the ingredients and spices. They can make an Indian meal in an hour with the Jeera Rice and Dhaba Dal kits or throw the Bold Bombay Curry Soup ingredients in a slow cooker overnight to have a lentil and rice soup flavored with Indian spices ready the next morning.” Each meal kit contains the ingredients, spices, and step-by-step instructions for cooking using an Instant Pot, slow cooker, or the stovetop.

“Indian cooking has always used pressure cookers for making dals,” says Tandon. “Most kitchens in India have two or three different-sized pressure cookers. My daughters have switched to using Instant Pots instead of pressure cookers, so I adapted the recipes to Instant Pots as well as pressure cookers. Instant Pots are nothing but high-tech pressure cookers, so it was very easy to adapt my recipes.

“I’m hoping to offer small-group cooking classes,” says Tandon, reflecting a trend among cottage food operators to share what they know through classes while also creating a new revenue stream for their business.

“I’ve always thought of Maia Foods LLC more as a side hustle,” concludes Tandon. “I learn new skills, I get to feed people, and that brings me tremendous joy. Furthermore, food brings people together and allows us to bond and set aside our differences. Nobody is going to refuse a hot cup of masala chai, irrespective of their political, social, or ideological differences. So, let’s drink chai and talk about what makes us humans and how we can make the world a better place.”



Dhaba dal made with one of the meal kits from Maia Foods LLC.

CREDIT: MAIA FOODS LLC

Follow Your State's Registration and Review Process

What do you need to do specifically to get your business started? This can vary considerably from state to state. Some require annual registrations, licensing fees, and food safety training. Most require some form of business registration. We cover the seven easy steps to starting up your business in chapter 17.

Get It in Writing

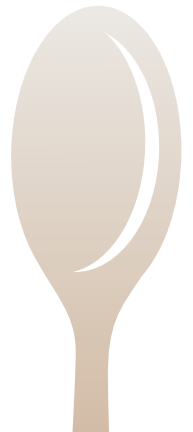
Make hard copies of key pages off your state's website to document the cottage food law in case you're ever questioned. Just because your state has a law doesn't mean every state employee, farmers' market manager, or even your local bakery business understands the particulars. You may find you have to educate others—or defend yourself—about what it is that you're doing. Websites are inherently dynamic; they're always changing. Create a paper trail and cover yourself.

If you have specific questions on the law as it applies to your business, your best bet is to email the contact off your state's cottage food page and receive an answer in writing (again, keep a hard copy). This covers you if there are questions in the future, particularly if these relate to what you can and can't do under the legislation.

For example, if you're not sure that a particular product qualifies, send the recipe and receive and document a specific reply. Give this process time. The day before your market is not a good time to call. Even if you need to make a phone call to prompt a reply, get a confirmation via email as well. If you have a discussion with a state representative on the phone, one way to secure a reply is to send them an email outlining what you discussed and the direction you received; then ask him or her to just reply, confirming that you're on the same page.

"Think through your questions to make sure you're asking the right ones, and understand that answers will shift based on the details of what's being asked," advises Jane Jewett, Associate Director with the Minnesota Institute for Sustainable Agriculture and a dedicated cottage food educator and advocate. "Documenting answers received is always a good idea. Over time, you can build up a good knowledge base that covers lots of scenarios. It's important to understand that cottage food laws are complex and that changing a scenario even a little bit can change the answer about legality."

You'll sometimes hit walls when getting questions answered by your state agency associated with these laws. When it comes to navigating your



state's laws and regulations, you might be forced to advocate for answers. This may sound intimidating but think of it rather as democracy in action: By effectively voicing your questions and needs, you are directly improving entrepreneurship opportunities for all of us.

The great news is that cottage food laws have been successful, from both an economic and food safety perspective. You no longer need to “sell in” the concept of a home-based non-hazardous food product business—not the case when we penned the first edition of *Homemade for Sale* in 2015. Today, the discussions around cottage food laws are about refinements, clarifications, and their never-ending expansion.

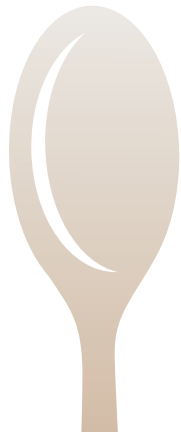
There are times when you might feel that your state cottage food law is too restrictive and needs updating or improvement. If this is the case, put on your lobby hat and jump to section 6 to learn how you can lead the charge and make the change, or changes, you want.

Food Freedom: The Next Frontier

Get hungry for the next wave of home-based food entrepreneurship: food freedom laws. These state-specific laws expand the cottage food law concept to include other homemade food items, such as canned, pickled, and refrigerated goods, aside from those that contain meat, without any cap on sales or any licensing, permitting, or inspection requirements. At the time of printing, Wyoming leads this movement, followed by North Dakota, Oklahoma, Utah, Montana, and Iowa. Several states have potential legislation in the pipeline. Relatedly, California passed the first Microenterprise Home Kitchen Operations law, or MEHKO/MHKO, which enables counties to pass specific ordinances that let home cooks sell full homemade meals, basically just like take-out from a restaurant. Numerous states have or are considering similar MHKO laws as well.

Currently, the food freedom movement is where the cottage food laws were back in 2008 when they first started cropping up nationally. This is very new legislative territory and in need of education and advocacy, just like what was demanded of home-based food entrepreneurs during the early days of cottage food law developments. Food freedom and MHKO laws offer the potential to significantly boost your home kitchen entrepreneur opportunities far beyond specific food products.

Two things to keep in mind as you navigate your state's law: responsibility and perspective. Firstly, you're the one ultimately responsible for an



accurate interpretation of the law, to the best of your ability. We add “your ability” since you need to feel confident that you have fully researched the legislation and asked enough questions to know that you can sell focaccia or cake pops in your state. Don’t expect everything to be crystal clear or black and white; you may find yourself with varying views from different sources in your state capitol. Do your due diligence and then proceed.

Secondly, carry a savvy businessperson’s perspective. You’re in charge of the cottage food law process. Sure, dealing with bureaucratic agencies and legislation can feel intimidating. But remind yourself that state agencies serve you, and if you have a less than ideal experience with those administering the cottage food law, make your voice heard. Your opinion and suggestions might improve the path for the next food entrepreneur and may even spark legislative change.

Navigating regulations and rules is part of any business, a part of the entrepreneurial life no matter what business you may be in, from cookies to construction. Ask questions and take charge of finding answers to what you need. We’ll go into greater detail on non-hazardous products in the next chapter, which will give you more understanding and perspective in working within your state parameters.

Cake pops can be a delicious and unique way to celebrate a special event, or an easy and portable single-serving item for a bake sale. CREDIT: JOHN D. IVANKO

