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20 years

**Artisan Agriculture Physical Food Hub
Business Plan Road Map**



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The Road Map

Introduction

Our brief was to craft a road map and pathway that brings together the knowledge, skills and information required to create a thriving and sustainable artisan physical food hub.

This document has been designed to guide a founding group to consolidate their current thinking, workshop key questions, and pull the results into a road map that will support them to take an idea through to being investment ready and implementing their operational plan.

The Artisan Agriculture Physical Food Hub Business Plan Road Map is broken down into core sections, which, combined, form the framework for a financially viable and sustainable business delivering value to its community and stakeholders.

1. The Sector and Stakeholders
2. The Vision
3. Now
4. Business Model
5. Financial Model
6. Location
7. Governance and Leadership Framework
8. Performance
9. An Operational Plan

Each section has two parts:

- ‘Guidance notes’, structured to support a steering committee to collaborate in shaping the business model
- ‘Artisan Food Hub’, containing practical tools and templates selected to support capturing the model and build the business plan

It is recommended that the group uses this road map to define their business model, develop financially viable and sustainable business units, and use a soft launch to market test a minimum viable product (MVP). Once market confidence has been secured, then move to a fully operational plan.

The terms ‘business’ and ‘viable business’ have been used to support establishing an entity that is financially viable and sustainable. Note that sector reform, access to local quality food and

community value are some of the elements at the core of the food hub vision. This document provides guidance around how to ensure this vision is supported by an investment ready business model.

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Disclaimer

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The Sector and Stakeholders

Guidance notes

Section Objective: A context piece providing insights to the current landscape and backdrop against which The Food Hub will be operating, and mapping who has a stake in its success.

We recommend conducting research to understand the food hub and artisan producer sector, the key players, potential stakeholders to have on board and who else might be operating in the space.

Here are some guiding questions to start your research:

1. What is the sector that this business will work within?
2. Is there more than one sector?
3. What does each sector do really well?
4. What are the challenges being faced?
5. What opportunities are there to improve it?
6. What role does government play in the sector?
7. What role does private enterprise play in this sector?
8. Sector players
 - a. Who are the key players in this space?
 - b. What do you know about them?
 - c. What are their priorities?
 - d. Are there competing priorities across the sector?
 - e. What risks is this sector exposed to?
 - e.i. Start to consider how these risks might apply to your business.
 - f. Can these risks provide an opportunity for your proposed business?
9. Who are the stakeholders?
 - a. Who will this food hub impact?
 - b. Which voices need to be heard and engaged?
 - c. Where are these stakeholders located? Are there any gaps in your current network that need to be filled?
 - d. What are the priorities of your stakeholders?

- e. What can your stakeholders offer and what do they need?
- f. Is there competition between your stakeholders?
- g. Who can provide support?
- h. Who will point out any blind spots / provide constructive feedback and input?
- i. Who needs to be at the table throughout the concept, planning, testing and implementation stages?
- j. Who needs to be kept informed about progress, that might not take a hands on role with planning?

10. Competitors / collaborators

- a. Are there others providing the same products and services and, if so, what are the areas where you duplicate and where might you compliment?
- b. Is there an opportunity to use a collaborative mindset and work together to build the sector?



Artisan Food Hub

Use the following tables as a starting point, as you start to identify and analyse the needs of sector players, stakeholders and existing players in the market; using the above questions as prompts to create plans for how you might engage with them.

Tips

- Success indicators relate to what a good outcome of the engagement might look like
- Consider taking a collaboration view with current players in the space – how might you work together to build the sector and improve outcomes for your stakeholders?

Sector mapping

Key Player	Their role	Collaboration ideas	Success indicators

Stakeholder mapping

Stakeholder	Role	Needs	Priority	Engagement strategy

Competitor / collaborator mapping

Company name	Size	Sales mix products / services	Years in business	Reputation rating (1-10)

The Vision

Guidance notes

Section objective: A shared and aligned understanding of where the Food Hub aims to be in 5 years' time.

Due to the collaborative nature of this proposed business, a shared and aligned vision is key to both short and long term success. It is recommended that founders are able to answer the following questions:

- What is our business?
- Why will we do it / what problem(s) does it solve?
- What does success look like?
- What do we value in terms of how we work together and how we run the business?

Strategic vision workshopping

You can work with your team and key stakeholders identified in The Sector section to answer these questions in a visioning workshop. The following provides some recommended workshop outcomes which can be used to brief a facilitator or guide your group to conduct yourselves. You might consider using a survey to ensure feedback is received from key people unable to attend.

1. What does success look like for our stakeholders?
 - a. Individually paint a picture of how you see the business being in 5 – 10 years' time, once it is up and successfully operating
 - b. The Open Food Network website provides resources to support building the potential business model of a food hub. Their [Co-designing a food hub: workshop materials for collaborative community processes](#) includes cards that support considering what the business of the food hub might look like. These could be used to support developing the business vision.
 - c. Consider not only what the business will look like in 5 years' time but also how it will be impacting on the local community, stakeholders and, importantly, producers
2. Understand where you are aligned and also where your visions differ
3. Aim to describe these visions in a succinct statement
4. Capture the why that sits behind your vision – the purpose of your business
5. Capture the values that will underpin the business, how it operates and informs the way people work together

6. Capture the specific outcomes that you will have achieved in 5 years' time as SMART goals. As a tip these could include:
 - a. Scale of operations – what will you be providing with defined metrics such as financial goals, volume of goods / services, level of feedback, number of locations, number of services being provided, etc
 - b. Ideally you will have around five 5 year SMART goals

The outcome of this workshopping can be used to start building a one page business plan.

Tips

- Make sure that the process of defining the vision of your future space includes clarification of the food hub business model.
- It is easy to get lost in the ideals and values that inform the why. You need them all – what is the future state we are working towards, why are we doing this and what is the purpose of our business to get there.



Artisan Food Hub

This table provides the space to capture your vision, purpose, values and 5 year goals.

One page business plan

Our Vision Insert Text
Our Purpose Insert Text
Our Values Insert Text
Our 5 year goals
<ol style="list-style-type: none"> 1. 2. 3. 4. 5.

You might like to include an overview as part of the one page plan.

- What is our business?
- Why will we do it / what problem(s) does it solve?
- What does success look like?
- What do we value in terms of how we work together and how we run the business?



Now

Guidance notes

Section objective: A clear understanding of where you are now using a SWOT analysis, as well as a start on considering risks involved.

Taking your vision and one page business plan, this section guides you to capture where you are now, so you can start to build the business model that will take you towards achieving your vision.

SWOT and risk workshopping

Continue to work with your stakeholders to build an understanding of your current situation, as seen by yourselves and the wider community.

The following provides some ideas of how to develop this content.

- Strengths
 - What strengths are in place now?
 - What is done well?
 - What value are you providing?
 - Do you have a competitive advantage? And can this be sustained?
 - What is your unique selling proposition?
 - What relationships are in place?
 - Is there an existing reputation that you can build on?
- Weaknesses
 - What areas of weakness stand out?
 - What have you learnt needs to be addressed?
 - Where are you less confident?
 - What might cause issues if there is an increase in demand?
- Opportunities
 - What opportunities exist for this business, the community, the individually owned businesses, the sector and the region?
 - What is the growth potential of the sector, the community and the business?

- Threats
 - Could assumptions or data used at the time of planning be subject to significant change?
 - What areas are the most challenging in establishing the food hub?
 - Consider the role of your stakeholders and how their actions might threaten your viability.

Risk

The Business Dictionary defines risk as ‘the probability of loss inherent in an organisation's operations and environment (such as competition and adverse economic conditions) that may impair its ability to provide returns on investment’.

A key responsibility across all levels of the enterprise is to identify and mitigate risk.

Our Community provides some useful risk management tools for not-for-profits:

https://www.ourcommunity.com.au/insurance/insurance_article.jsp?articleId=1245

Here they have a 10 step approach:

<https://www.communitydirectors.com.au/icda/tools/?articleId=1363>

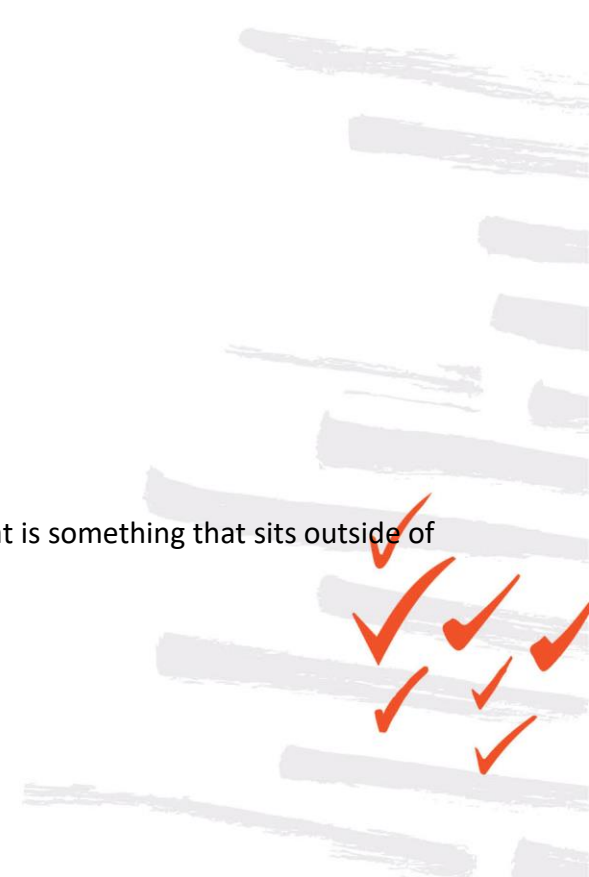
Using a risk matrix is a good way to organise risks, according to their likelihood and impact. Risks that rate as having the potential for ‘major’ impact and ‘very likely’ are obviously a higher risk to the business than ones that sit in the ‘minor’ impact and ‘unlikely’ box.

Here are some risks to consider:

- Financial unviability
- OH&S for all volunteers / employees / producers / shoppers etc
- Brand / reputation damage
- Burn out of employees / volunteers
- Losing a strategic alliance partner or stakeholder
- Extreme weather events impacting on producers
- Failure to meet regulatory or compliance standards
- Break down in relationships

Tips

A risk is something that is within in your control, a threat is something that sits outside of your control.



Artisan Food Hub

Record the results of your SWOT analysis in the columns below. Also consider describing the strategy / strategies for addressing each item:

Strengths		Weaknesses	
Strength	Strategy	Weakness	Strategy
Opportunities		Threats	
Opportunity	Strategy	Threat	Strategy

Risks and mitigation strategies

Create a list of actions you could take to address weaknesses, threats and risks, where possible. Include, where relevant, who will be doing each of them, what budget may be required and their expected completion dates.

Capture your strategies using this table.

Key:

Likelihood - unlikely, likely, very likely

Impact – minor, moderate, major

Risk description	Likelihood	Impact	Priority	Preventative action

Business Model

Guidance notes

Section objective: A viable business model for the Artisan Food Hub, with business units supporting its stakeholders to solve identified problems.

This section provides guidance for business model creating, testing and confirmation. Taking your vision and where you are now start with exploring 'What is the problem that this business is being designed to solve?'

Consider that there might be short term and long term opportunities. The start-up model might focus on the short term, with a minimum viable product with built in flexibility, and then move to scale into solving bigger / wider long term problems.

Underpinning the business model is a framework of 'business units' which represent the key areas of activity. In a food hub, these business units might work to complement each other, with some generating a financial surplus, and others requiring financial and resource support.

Reviewing the work already conducted potential business units might include:

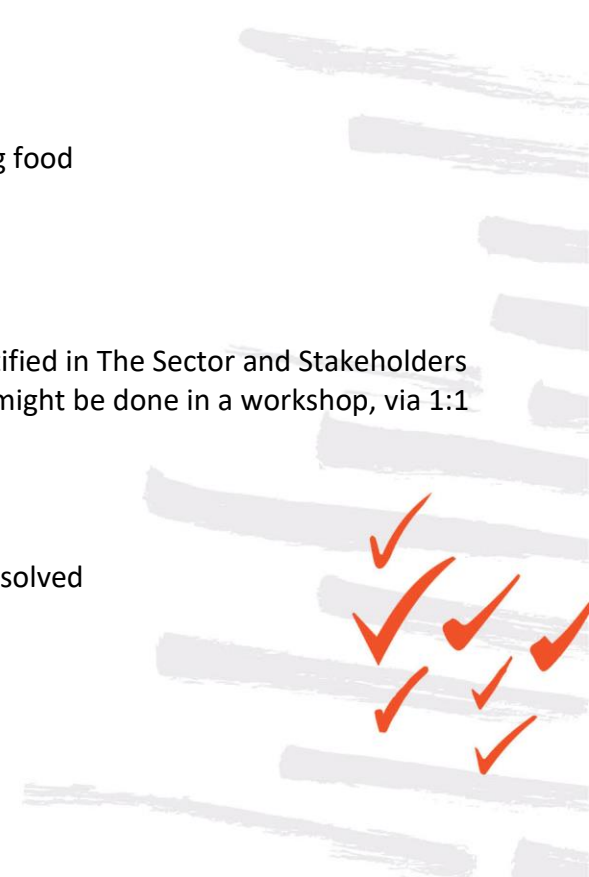
- A retail space for unpackaged / bulk foods
- A wholesale space connecting to local businesses
- A community supported agriculture (CSA) scheme
- Food storage, aggregation facilities so fresh food producers can provide centralised, regular access to fruit / vegetables
- Food processing facilities, including a boning room and kitchen, to enable producers to value add to products
- Portable shared infrastructure for producers
- A community space for learning, connecting and sharing food
- Youth pathways program

Business model workshopping

Continuing to work in collaboration with stakeholders identified in The Sector and Stakeholders sections and work to explore the following questions. This might be done in a workshop, via 1:1 consultation, a survey or via a combination of these.

What problem is our business solving?

- Explore and identify the problem(s) that need to be solved



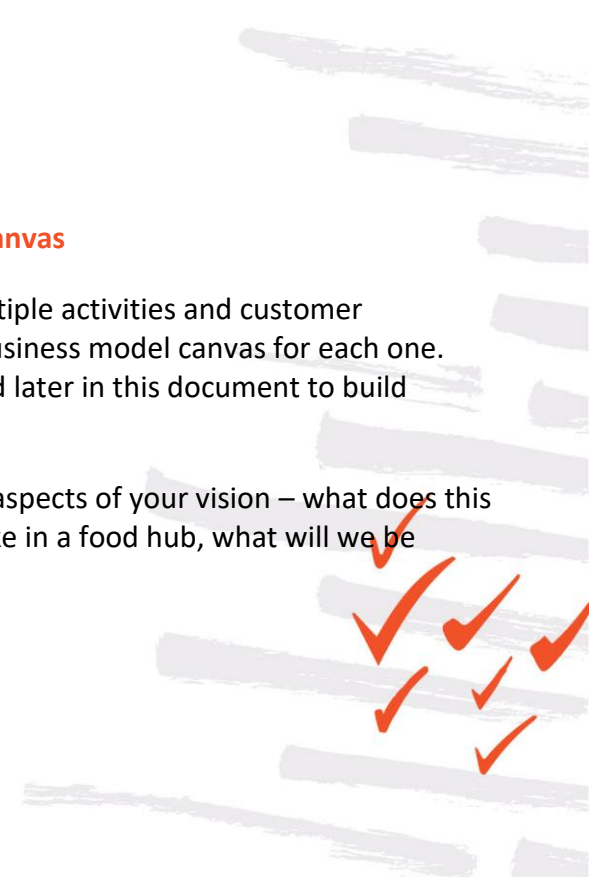
- If there are numerous problems, discuss the priority of the business addressing each of them
- Some problems might be easy to solve at start-up and provide a revenue stream that may be used to build other areas
- You might also consider how working in collaboration with others might solve a problem, instead of starting something new, or maybe a combination of the two
- Consider how these problems might form distinct 'business units' within the Food Hub. For example providing retail space might solve the problem of linking producers with eaters – retail and wholesale.

What makes up the business model?

- The [Business Model Canvas](#) is a great tool to support developing a business model that solves a problem. It supports you to consider how the business will operate including making a financial surplus.
- It supports you to consider the following 9 areas:
 - Key partners
 - Key activities
 - Value propositions
 - Customer relationships
 - Customer segments
 - Key resources
 - Channels
 - Cost structure
 - Revenue Streams

Tips on completing each section of your business model canvas

- The business may solve multiple problems with multiple activities and customer segments – if this is the case, you can complete a business model canvas for each one. These can be developed into the business units used later in this document to build financial viability.
- This is also where you get to blend the aspirational aspects of your vision – what does this look like in practice, what does food security look like in a food hub, what will we be doing to achieve it?



- Consider how you will marry the disparate needs of each community / stakeholder sector across these business units. For instance, the artisanal producers' need for a fair price and the need for food insecure people on low incomes to source the cheapest possible options on an increasingly tight budget. How will the food hub support the latter customers to afford gourmet produce / find the headspace required to cook it?
- Consider starting with one canvas to capture the overall food hub that supports identifying the different activities, and then create one for each business unit

Business model canvas guiding questions for each of the 9 sections

Key partners

- Who are our key partners?
- Who are our key suppliers?
- Which key resources are we acquiring from partners?
- Which key resources do our partners require?
- Which key activities do partners perform?
- Motivations for partnerships – optimisation and economy, reduction of risk and uncertainty, acquisition of particular resources and activities.
- How will this model be supported locally?
- Who needs to be involved? Consider short and long term partners

Key activities

- What key activities do our value propositions / business units require?
- What comes into the food hub and what goes out – what are the activities involved with making this happen?
- Our distribution channels?
- Customer relationships?
- Revenue Streams?
- Can these activities be grouped into categories – production, problem solving, platform / network etc?

Value propositions

- What value do we deliver to our customer?
- Which one of our customer's problems are we helping to solve?



- What bundles of products and services are we offering to each customer segment?
- Which customer needs are we satisfying?

Customer relationships

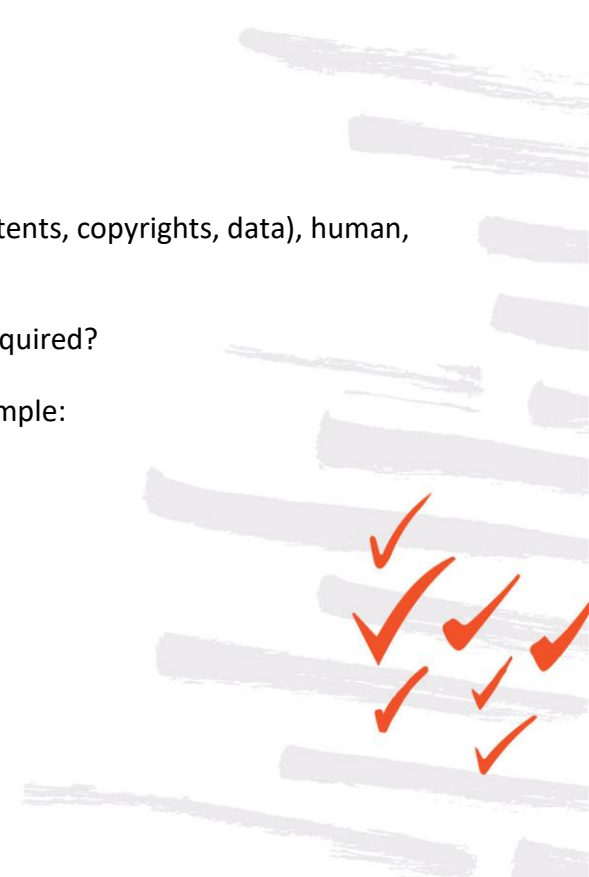
- What type of relationship does each of our customer segments expect us to establish and maintain with them?
- Which ones are already established?
- Which ones need to be established?
- How are they integrated with the rest of our business model?
- How costly are they? What do we know works?

Customer segments

- Who are our customers? For whom are we creating value?
- Who are our most important customers (now and into the future)?
- Is ours a mass market?
- Is ours a niche market?
- How is the market segmented?

Key resources

- What key resources do our value propositions require?
- Our distribution channels?
- Customer relationships?
- Revenue Streams?
- Types of resources – physical, intellectual (brand patents, copyrights, data), human, financial, etc
- What assets do we currently have against what is required?
- What might our human resource needs be? For example:
 - General management
 - Location management
 - Governance and reporting



- Sales and Marketing management
- Financial management
- HR management
- Warehouse management
- Freight / transport management
- Supplier / producer management
- Retail management etc

Channels

- What are our paths to market?
- Through which channels do our customer segments want to be reached?
- How are we reaching them now?
- How are our channels integrated?
- Which ones work best?
- Which ones are most cost-effective?
- How are we integrating them with customer routines?

Channel phases:

- Awareness – how do we raise awareness about our company's products and services?
- Evaluation – how do we help customers evaluate our organisation's value proposition?
- Purchase – how do we allow customers to purchase specific products and services?
- Delivery – how do we deliver a value proposition to customers?
- After sales – how do we provide post-purchase customer support?

Cost structure

- What are the most important costs inherent in our business model?
- Which key resources are most expensive?
- Which key activities are most expensive?



- Is our business more cost driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing); or value driven (focused on value creation, premium value proposition)
- Sample characteristics – fixed costs (salaries, rent, utilities), variable costs, economies of scale, economies of scope.

Revenue streams

- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently paying?
- How would they prefer to pay?
- How much does each revenue stream contribute to overall revenues?
- Types – asset sale, usage fee, membership fees, subscription fees, lending / renting / leasing, licensing, brokerage fees, advertising
- Fixed pricing – list price, product feature dependent, customer segment dependent, volume dependent
- Dynamic pricing – negotiation (bargaining), yield management, real-time market

Assumptions

As you work through the business model canvas, capture any assumptions that need to be clarified or called out - ie staffing, membership fees / income, long term government funding commitment, etc. This assists with 'road testing' the viability of the business model.

Tips

Once you have drafted the business model canvas, share it with identified key partners and customers to test it and get their feedback. Would they support this business? Is your assumed value proposition accurate? Could it work – if not why not? What is missing? What questions do they have?

You might also want to consider your impact on the environment and your community as part of the value propositions / customer segments.

Ensure that your assumption testing includes the following:

- Gaining formal agreement from artisan producers on proposed pricing paid to them for their produce
- Gain formal agreement from artisan producers on proposed volume that they will provide for this pricing point



- Market testing proposed pricing with low income customers / retail customers / wholesale customers
- Commitment from local project partners to provide support (paid or in-kind) that is required to set up the MVP
- Confirm that proposed employment structure meets current (at the time) legal requirements

Getting the balance between what the producers need to receive to run a financially viable business and what low income households in particular are willing to pay for food is key to the ongoing viability and sustainability of The Food Hub Business Model.

The revenue streams and cost structure sections for each business unit can then be used to inform the financial model.



Artisan Food Hub

Blank Business Model Canvas to be completed for each proposed business unit. For each unit consider capturing a short summary of each business unit including - Identification of problem(s, priority, value proposition and timeline.

Key partners	Key activities	Value propositions	Customer relationships	Customer segments
	Key resources		Channels	
Cost structure			Revenue streams	

Financial Model

Guidance notes

Section objective: A financially viable and sustainable business model.

Building on the vision and business modelling, financial modelling tests the feasibility of the proposed model and ensures that the final version is robust and sustainable.

Proposed approach to financial modelling:

1. Build a financial viability spreadsheet. This road map contains a template with a budget framework ready to be completed.
2. Use this spreadsheet to test and develop a robust business model
3. Build in a breakeven point, using conservative revenue streams – understand what revenue is required to cover the costs of operating each unit
4. Model different scenarios, including worse case and best case
5. Key things that the spreadsheet needs to support:
 - a. Reflection of agreed financial priorities around risk. How much is the group prepared to invest in terms of pro bono support, volunteering etc. Where does the priority sit – to support producers in their businesses or to generate a revenue for the food hub?
 - b. Understanding the key risks of financial viability – which potential business units are strong and which ones might struggle to break even and cover their costs?
 - c. Budget inclusion of professional support such as strategic and business planning, governance training, etc (see Training and Capacity building / Professional Services budget lines)

Accounting tips

For many small business owners, managing the finances of the operation can be a challenging and daunting task. Many tend to focus on the product or service being delivered and can overlook the fiscal responsibilities. By appreciating the financial intricacies of your business early, the daunting task of managing the day-to-day finances of the Food Hub can be managed effectively.

Creating sound financial habits early

Generally speaking, the probability of success of any new or emerging venture is highly dependent upon actions taken during the start-up phase. It is important to create and enforce good financial habits early, giving you the best chance of creating a financially viable business. Some key questions to consider:

- Regularly review the business's financial position. Cloud-based accounting platforms are recommended for the timely access of relevant financial information. Consider what are the key drivers of financial success and regularly review business performance.
- Prepare a budget for the business. Budgeting enables you to visualise what financial success looks like, and to compare with actual results to assess your progress. It also enables more informed decision-making and the identification of potential problems before they occur.
- Price goods and services appropriately. Consider what is a fair and equitable price for the goods sold, considering all costs incurred. Also consider customer perceptions and the pricing position of your competition. All this allows you to understand how realistic is your pricing strategy and viability for a profit / comfortable surplus.
- What revenue streams or products contribute the greatest benefit to the business? Preference should be given to fast-moving, high-margin products. Consider what products are selling well, or what products are not appealing to customers. In the case of the latter, can anything be changed to increase the appeal, or should the item(s) be deleted?
- Surround yourself with the right people to ensure success. Liaise with an accountant, business advisor, lawyer and / or insurance broker to bounce ideas off as appropriate.

Budgeting

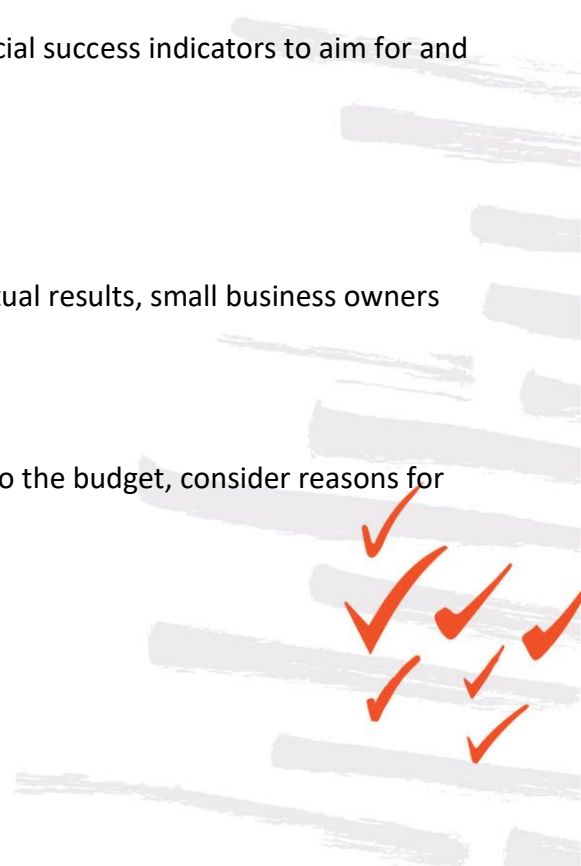
Failing to plan is preparing to fail. A budget refers to a financial plan which considers the expected cash inflows and outflows that the business will generate.

A well-constructed budget will enable proprietors to conceptualise what financial success looks like. It also enables the business to:

- Consider the financial viability of a chosen operational model
- Ensure sustainability by having predetermined financial success indicators to aim for and compare to actual results
- Make good business decisions
- Obtain finance and / or grants

A budget is a tool for business. By comparing against the actual results, small business owners can consider:

- The financial success of products or services offered
- If particular products are not selling well compared to the budget, consider reasons for under-performance and ideas to rectify



- If the business is over-spending compared to the budget, consider ways to cut costs and avoiding non-essential expenditure (unless the increased expenditure is justified by higher than expected income!).
- Consider margins on produce and whether they are sufficient to cover costs and provide a profit / surplus.

Business unit performance (also known as profit centre performance)

Businesses with various different aspects of their operation will often consider each individual component in isolation (i.e. as if it were its own stand-alone business). Particularly in the start-up phase, it is important to actively track the costs associated with each area of the business. It is considered best practice to create a budget for each individual business unit, and subsequently track actual performance, in order to:

- Understand what business units are performing favourably and whether key success factors can be replicated elsewhere within the business
- Understand what business units are failing, which may require greater investment or, alternatively, be shut down entirely
- Consider what could be the minimum viable product for each business unit

Start-up costs

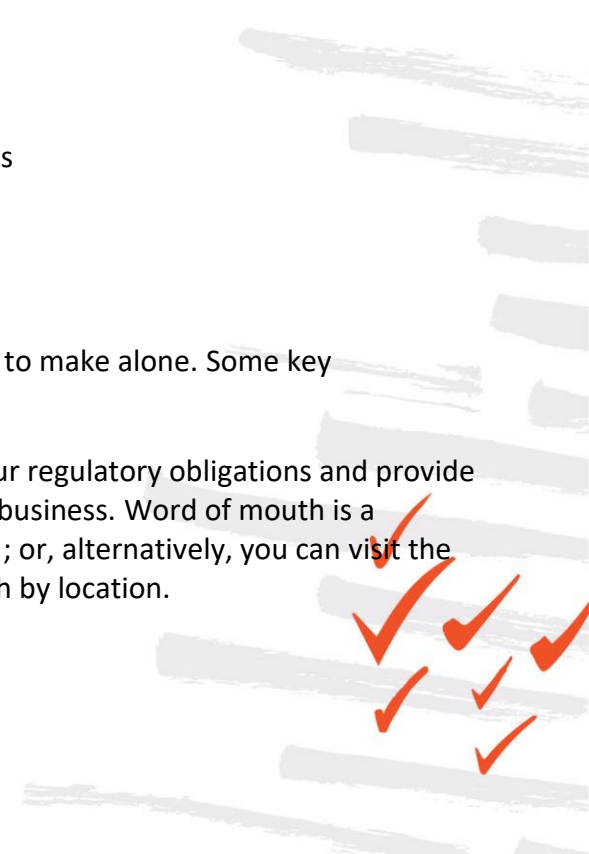
Any business incurs initial costs before it generates an income. Assessing and acknowledging the start-up costs involved will ensure your business has enough capital to sustain itself for a given period without reliance on sales. Research into what is the expected period before a comparable business in your sector would expect to operate before breakeven point is reached, and allow ample funds to cover at least that period. As well as on-going business costs, consider things such as:

- Initial supplies and equipment
- Business insurances
- Business name registration and other regulatory fees
- Solicitor fees

Tips for seeking professional advice

Importantly, the journey to a successful business is not one to make alone. Some key professionals that will assist you are:

- A good accountant to help you navigate through your regulatory obligations and provide the financial advice need to manage and grow your business. Word of mouth is a powerful tool in finding the right accountant for you; or, alternatively, you can visit the Institute of Chartered Accountants website to search by location.



- A lawyer to assist in making sense of the legal framework that comes with operating a business, such as contracts, leases and various other documents. Again, word of mouth is important; however, you can visit the Law Society for a register of solicitors.
- A Business Coach or Advisor may also be a handy source of information to consider with respect of business advice, keeping you accountable and ensuring you are on the path to success

<https://www.charteredaccountantsanz.com/find-a-ca>

<https://www.lawsociety.com.au/register-of-solicitors>

<https://business.gov.au/expertise-and-advice/Small-Business-Mentoring-Service-SBMS-Victoria>

Cash is king

According to the Australian Securities and Investment Commission, the number one cause of business failure is inadequate cash flow or high cash use. Even a profitable business can fail if cash flow is not managed properly.

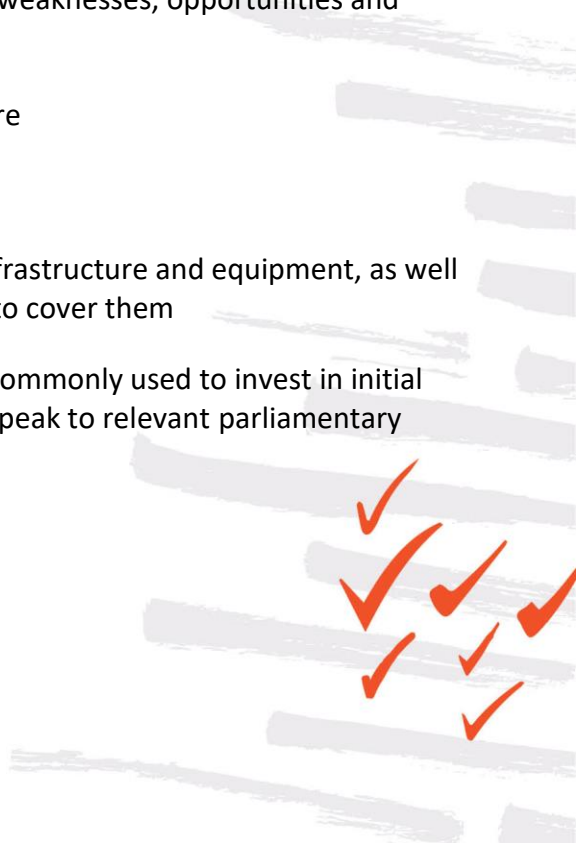
On top of the operating result of the business (also known as the profit or loss from operations), consider other things that affect the business's cash position, such as loan repayments and income taxes.

Capital raising

Securing capital is one of the most important aspects of ensuring the financial success of the Food Hub. A carefully conceived business plan will be a key document in encouraging investors, be that banks, government bodies or third parties, to contribute to the enterprise. Often, investors will expect:

- A business plan showing the strategy, vision and roadmap for success
- A SWOT analysis, which considers the key strengths, weaknesses, opportunities and threats to the venture
- A budget which considers the feasibility of the venture
- Key sales expectations and target markets
- Costing models which consider both the outlay on infrastructure and equipment, as well as on-going expenses and how the business expects to cover them

When considering obtaining local, state or federal funding, commonly used to invest in initial infrastructure rather than ongoing costs, it is imperative to speak to relevant parliamentary members and funding bodies.



Lifetime costs

Lifetime costs, also known as holding costs, often refers to expenditure incurred in relation to a property or building whilst it is unused or vacant. In other words, unavoidable costs irrespective of whether the venture continues as planned. These might include:

- Annual council and water rates
- Electricity costs
- Insurance
- Repairs
- Maintenance of the property, including gardening and upkeep
- Land taxes, if any
- Interest on borrowings, if any



Artisan Food Hub

Potential business units that have been used in the draft financial modelling include:

- A retail space for unpackaged / bulk foods
- A wholesale space connecting to local businesses
- A community supported agriculture (CSA) scheme
- Food storage and aggregation facilities so fresh food producers can provide centralised, regular access to fruit / vegetables
- Food processing facilities, including a boning room and kitchen, to enable producers to value add to products
- Portable shared infrastructure for producers
- A community space for learning, connecting and sharing food
- Youth pathways program

Refer to the financial modelling spreadsheet to build and test the following:

- Business viability calculator – budgeted profit and loss
- Budget per business unit
- Cashflow plan for first 12 months
- Start-up and first year costs



Location

Guidance notes

Section objective: A location that facilitates implementation of the business model.

The business model might have more than one business unit, so it is key to make sure that any proposed location is tested to ensure it supports the key business units. For example, distribution of pre purchased goods might be facilitated via a partnership where the customer buys from an online location and picks up from a local independent shop, and doesn't require a specific site; but storage and distribution might require specific premises.

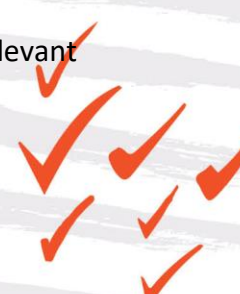
Questions to ask when considering a potential site:

- Is there an opportunity to test a business unit product / service before investing in a physical location?
- Could you initially share a location to reduce costs and increase customer reach?
- What are the business unit site requirements and can this site meet them (now and into the future)?
- What are location access / ownership options and pros and cons for each one?
- Can you rent initially, then look to develop your own site?
- What location specifications are required at start-up, and what will be required down the track?
- What investment is required? What terms would this level of investment involve and can they be accommodated in the budget?
- What are the associated risks? (Both the risk of taking the site and also the risk of not taking it.)
- Does the site meet the associated planning and statutory requirements? If not, what might be the costs associated with meeting these standards?

Planning regulations

Depending on the site, and what will be developed on it, the following may need to be taken into consideration:

- Planning permits to determine whether the use or development of land is appropriate
- Building permits to determine whether a building is safe and meets the relevant standards and regulations



- Planning applications might require specialist content such as: bushfire management planning, native vegetation removal, land capability assessment etc

Useful links

A Practitioner's Guide to Victoria's Planning Schemes <https://www.planning.vic.gov.au/guide-home/a-practitioners-guide-to-victorian-planning-schemes>

Planning on a page

https://www.planning.vic.gov.au/_data/assets/pdf_file/0029/95249/Planning-on-a-page-2019.pdf

Business Permits

Your business model and the activities being conducted on a site will determine any additional compliance requirements such as

- Registering your business with your local council
- Signage permit
- Domestic animal business permit
- Registration of food businesses under the Food Act
- Food standards code <https://www.foodstandards.gov.au/code/Pages/default.aspx>
- Food safety
- Footpath trading and outdoor dining permit
- Registration of health or beauty businesses under the Public Health and Wellbeing Act etc.

You will need to liaise with your local council to understand what is required for each proposed location. The above lists are just an indication and not conclusive.

Location check list

The following check list can be used to assess and compare potential locations:

- Location
- Accessibility
- Value for money
- Ability to support business units
 - Business Unit 1 (Retail Space for Unpackaged / Bulk Goods)
 - Business Unit 2 (Wholesale Space Connecting to Local Businesses)



- Business Unit 3 (Community Supported Agriculture [CSA] Scheme)
 - Business Unit 4 (Food Storage, Aggregation Facilities)
 - Business Unit 5 (Food Processing Facilities)
 - Business Unit 6 (Portable Shared Infrastructure for Producers)
 - Business Unit 7 (Community Space)
 - Business Unit 8 (Youth Pathways Program)
- Vehicle access
 - Office / admin / event / storage space
 - Facilities – toilets / showers / changing / breaks / first aid / fire management etc
 - Universally accessible business and workspace
 - Fit for purpose in terms of heating / cooling
 - Security
 - Surrounding risks (fire / flood / noise etc)
 - Ability to meet compliance / regulations – now and into the future
 - Reputation associated with previous / current use
 - Ongoing maintenance costs



Artisan Food Hub

Once you have a clear business model, build on the above criteria and use the following table to assess and compare location options.

	Location option 1	Location option 2	Location option 3
Location			
Accessibility			
Value for money			
Ability to support business units			
Business Unit 1 (Retail Space for Unpackaged / Bulk Goods)			
Business Unit 2 (Wholesale Space Connecting to Local Businesses)			
Business Unit 3 (Community Supported Agriculture [CSA] Scheme)			

Business Unit 4 (Food Storage, Aggregation Facilities)			
Business Unit 5 (Food Processing Facilities)			
Business Unit 6 (Portable Shared Infrastructure for Producers)			
Business Unit 7 (Community Space)			
Business Unit 8 (Youth Pathways Program)			
Vehicle access			
Office / admin / event / storage space			
Facilities – toilets / showers / changing / breaks etc			

Fit for purpose in terms of heating / cooling			
Security			
Surrounding risks (fire / flood / noise etc)			
Ability to meet compliance / regulations			
Reputation associated with previous / current use			
Ongoing maintenance costs			

Once a decision has been made, a plan of what is required to secure the site and move in can be made, including a financial plan.

Governance and Leadership Framework

Guidance notes

Section objective: An appropriate governance and leadership structure to support business model implementation.

Taking the business and financial modelling, you can decide how the business will be structured, governed and managed.

What is governance?

Governance encompasses the system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account. Ethics, risk management, compliance and administration are all elements of governance.
([Governance Institute](#))

For a business or enterprise governance is the system of rules, practices and processes by which an organisation is directed and controlled. Corporate governance essentially involves balancing the interests of an organisation's many stakeholders, such as members, employees, customers, suppliers, funders, government and the community.

The Australian Institute of Company Directors provides the following 10 Principles for Not For Profit Governance:

1. Purpose and strategy
2. Roles and responsibilities
3. Board composition
4. Board effectiveness
5. Risk management
6. Performance
7. Transparency
8. Stakeholder engagement
9. Conduct and compliance
10. Culture

More details on each of the above can be found here

<https://aicd.companydirectors.com.au/resources/not-for-profit-resources/not-for-profit-governance-principles>

Examples of key components to consider for effective governance of a Food Hub are as follows:

Leadership

Ideally you need a board or a committee of management made up of keen, motivated, competent people to fill the different roles required to lead and manage the business. This leadership group is responsible for governance, leadership and high-level management. Depending on your model, it might also be responsible for the day to day operations of running the food hub.

This leadership group makes key decisions about the organisation at a future (strategic) and current (operational) level. If there are employees, then clear ‘delegated powers of authority’ can be set up which provide guidance to team members on what they can make decisions about and what needs to be referred back to the leadership group.

Roles and responsibilities

This table is taken from an AICD publication ‘[Role of the board](#)’:

It highlights the role of the board as having both an external and internal focus, plus being past / present orientated as well as future orientated.

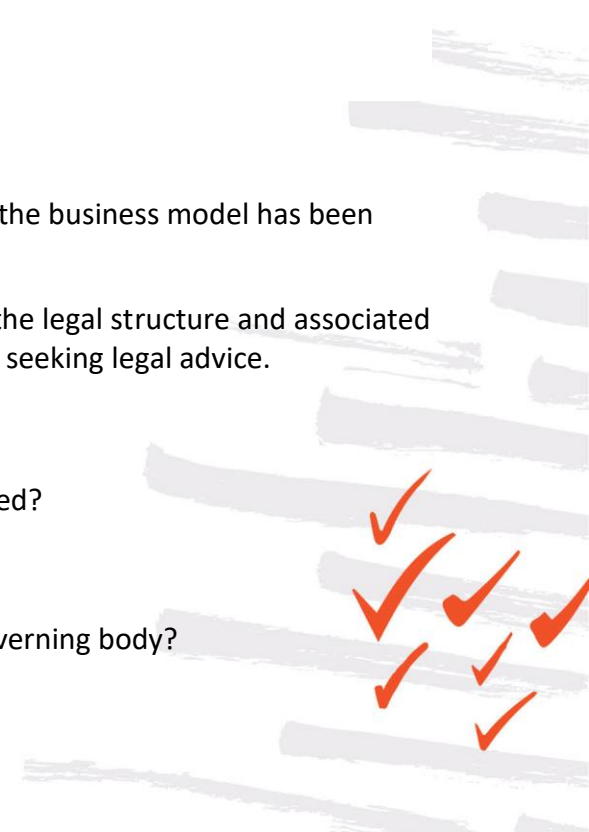


Legal structures

There are a number of legal structure options, which, once the business model has been confirmed, can be explored.

The following are key points to consider when considering the legal structure and associated governance over the business. They can be used to support seeking legal advice.

- Ownership
 - Will it be democratically owned and controlled?
 - Who will have decision making powers?
 - What representation will there be on the governing body?



- Capital raising
 - How many capital raising options are required?
 - Who are the target investors and what access might they have to ownership and decision making?
 - Will the level of investment and level of ownership be linked?
 - What will be the terms of investment (rate of return, debt or equity structured, representation on the governing body etc)?
 - Will any surplus be shared and, if so, with whom and under what terms?
- Fundraising
 - Is there a need for the structure to meet requirements for:
 - ◇ Australian Charities and Not For Profit Commission (ACNC)?
 - ◇ Deductible Gift Recipient (DGR) status with the Australian Taxation Office (ATO)?
 - ◇ Could this be achieved through collaboration with an auspicing body?
- Assets
 - Would significant assets have their own governance and legal structure?
- Risk
 - Who will be carrying the risks involved with capital raising and the associated terms of investment?
 - Who will be carrying the risks involved with operations?
- The Founders and their role
 - What role will founders play in the ongoing governance / ownership of the business?
 - What roles does the business require? Who has the capacity to fulfil these roles?
- Decision making
 - Who will have control of decision making?
 - What decisions are made by the board / management / members?
 - How will key decisions be made?
 - What consultation will be required?

Links

This [Legal Structure Comparison Matrix](#) provides a comprehensive comparison between legal entities that the committee can use to inform their decision. The matrix includes a:

- Proprietary Company
- Public Company Limited by Shares
- Public Company Limited by Guarantee
- Incorporated Association
- Registered Co-operative
- Indigenous Corporation

The Victorian government website provides good summaries of legal structures. <http://www.business.vic.gov.au/setting-up-a-business/business-structure/cooperative>

Specific legal advice should be sought to inform all governance and legal structure decisions.

Auspice Body

Where appropriate there might be an opportunity to partner with an already established organisation. This could be to support a funding application that requires charitable or DGR status or to provide support with resources – both human and physical. Here are some questions for consideration with approaching a potential organisation:

- Are they a not-for-profit incorporated body, or other legally constituted entity?
- Do they have charitable status or deductible gift recipient status?
- What other concessions are they afforded, be that Income Tax Exemption, GST Concessions or FBT Exemptions?
- Do they have what is required by the funding organisation?
- Will they charge a fee and, if so, what will that fee be?
- What is involved with accessing the funds?
- How will funding be monitored? What financial statements and financial information will be provided over the life of the project?
- What legal agreement is required to ensure they share any funds once received?
- Does the legal agreement provide for things like breach of contract, termination, dispute resolution?
- Are there clearly defined individuals who will monitor the project, the funding, requests for information?

- Does the auspice body's purpose fit in with our own principles and direction?

If there is no potential Auspice organisations locally you might consider approaching one that operates at a national level.



Artisan Food Hub

Some community groups have expressed interest in the creation of a physical food hub. An important factor to consider is how a physical food hub would be managed, with one of the recommendations arising from the Open Food Network Report being that this is community driven.

An important factor for interested community groups/organisations to consider is their capacity to be able to take on the creation and management of a physical hub. This is key when designing both the business model and also the governance and leadership framework. Consider what is required to ensure the future viability and sustainability of the enterprise.

Insert the governance and leadership framework here that represents roles and responsibilities and how they relate to each other.



Performance

Guidance notes

Section objective: Clear performance measures to support implementation of the strategic and business objectives.

Key to the success of the business model is having clear performance measures in place, supported by processes that provide accurate and timely data on how they are tracking.

The following list might be a helpful place to inform developing the key performance indicators (KPIs) for the business units. These are drawn from a combination of sources, including Victorian Government regional measures, reflecting both high level regional measures as well as being food hub specific.

- Employment
 - Employment movement – i.e. growth / reduction in employment figures
 - Breakdown – age / skills / industry / residency (visa status)
 - New jobs created
 - Diversified employment base
- Emerging new businesses / incubator
 - Investment into the region
 - Capacity, resilience and job creation
 - Innovation
 - Role of Food Hub to support producers to scale – measured in employment / local spend and revenue growth
- Economic
 - At hub sales (retail and wholesale)
 - Out-of-hub producer direct sales
 - Distribution network sales
 - Number of very local producers
 - Export sales – overseas / interstate
 - Import sales – overseas items / interstate items
 - Production and distribution of goods and services by volume

- Economic ecosystems – local spending
- Partnerships
 - Community partnerships
 - Facilitated connections and partnerships that build sales
- Environment
 - Natural surroundings, ecosystems
 - Heritage valuing and preservation
 - Carbon footprint
- Social, economic and cultural aspects
 - How will you measure social impact?
 - Customer service feedback
 - Culturally and Linguistically Diverse (CALD) community engagement

Tips

Consider what milestones or evaluation points exist both within and beyond the first 5 years to support the ongoing viability of a physical hub. (It may be the right option now, but factors could change significantly in 5 or 10 years.) These KPIs might include:

- The performance of the artisan producer businesses that supply their produce to the food hub
- The volume of food consumed locally to low socio-economic status (SES) families
- Usage of the facilities – based on revenue and attendance
- The reduction in food miles created through connecting local producers with local restaurants buying wholesale

Make sure you put in place ongoing / periodic viability assessments, maybe holding a viability audit every 6 or 12 months, for example.

Does the 5 year plan include identification of a threshold at which it might be deemed unviable, with clear action steps in place? **This is key** when there is a committee holding responsibility for viability, especially if there isn't an accountable management role in place.



Artisan Food Hub

Build the following table and associated reporting frameworks to support tracking, reporting and data driven decision making.

Performance measure	Target outcome	Reported how and when	Responsibility for outcome delivery

Operational Planning

Guidance notes

Section objective: To consider, plan and put in place what is required to run a successful business.

Once you know that the model is financially viable and sustainable, the following areas can be developed in preparation for opening the doors.

This can be where:

- Stakeholder engagement is secured
- The legal entity is formed
- Capital is raised
- Operations commence

For each business unit, create a plan that outlines what each one will look like across years 1 to 5.

- Cross reference back to your capital and start-up budgets – have you allocated sufficient resources to plan and implement what is required for each unit, from start-up to 5 years down the track?
- Taking this information, build an operational plan that includes the following sections:
 - Employment
 - Marketing
 - Community and stakeholder engagement
 - Production
 - Sustainability
 - Innovation



Artisan Food Hub

Employment

Building on the human resources identified in each business unit’s business model canvas and the financial modelling, develop the following tools:

- Role descriptions
- Employment contracts
- Volunteer agreements
- Workplace culture
- Employment – what you need to know and where to get assistance
- Appropriate policy and procedure framework – that is compliant and suited to the style and culture
- Clear performance expectations and feedback
- Periodic reviews of roles and performance to ensure that people grow along with the hub / business
- Ensuring that the right people with the right skills are engaged / employed at the right time in the right ways to support the hub
- HR and people management – what you need to know and where to get assistance

Check that you are aware of your responsibilities in the following areas:

Item	Yes / No	Action
Superannuation		
Workers’ compensation		
Tax (PAYG and payroll)		
Termination of employment		
Industrial disputes		
Workplace health and safety		
Sex discrimination		



Bullying and harassment prevention		
Family and Domestic Violence leave provision		
Privacy of employee information		
Human rights and equal opportunity		
Parental leave		
Negligence		
Holiday and long service leave		
Employment contracts		
Industry awards		
Hiring apprentices / trainees etc		

Links

Business Victoria provides extensive information on what is involved with recruitment:

<https://business.vic.gov.au/business-information/staff-and-hr>

The Victorian Chamber of Commerce and Industry website provides workplace relations and HR support and services <https://www.victorianchamber.com.au/services#workplace-relations-and-hr>

The Fair Work Ombudsman provides support with understanding your obligations as an employer: [FairWork](#)

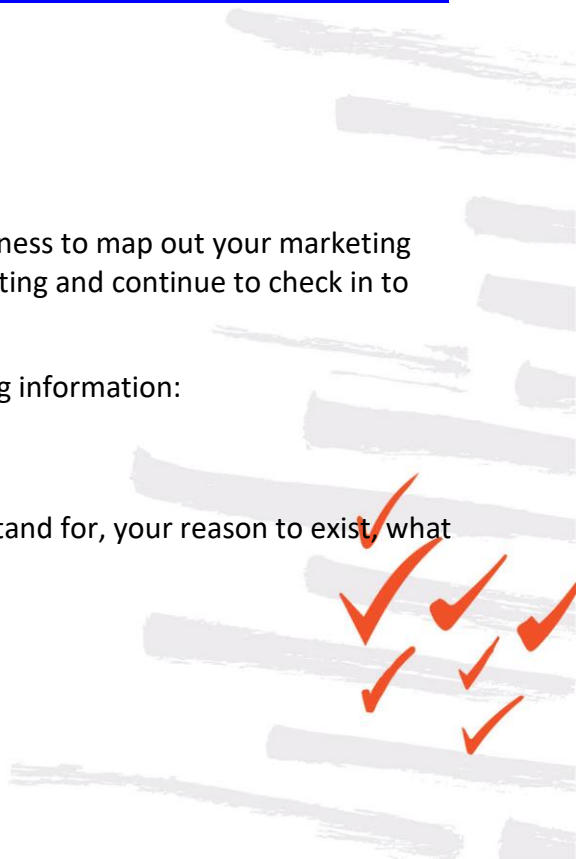
WorkSafe outlines your OHS responsibilities and duties: <https://www.worksafe.vic.gov.au/ohs-responsibilities-and-duties>

Marketing planning

Build on the business model canvas for each part of the business to map out your marketing plan. Consider the budget that you have allocated for marketing and continue to check in to ensure it is sufficient.

Your marketing strategy and plan might include the following information:

- Brand and brand development
 - Business overview – who you are, what you stand for, your reason to exist, what sets you apart, key messages



- Your visual identity – defining the look and feel of your business
- Market research
 - Market size, trends
 - Market segmentation
 - Target market(s) - who are they, where are they, existing buying behaviour, what is important to them, what will appeal, how do you want them to feel about you (and how will you make that happen), how will you reach them?
 - Competitor profiles – what are they doing well / badly and what can you do better?
- Marketing tools
 - Objectives (SMART) – know why you are doing what you plan to do
 - Marketing mix of the 7 'P's - product, price, place, promotion, people, physical evidence (eg packaging) and process
 - Action plan – activity, timing, budget, success measurement and review
 - Website – establish goals, ensure branding is consistent, search engine optimisation (SEO), updates of copy (who, what, how often)
 - Social media – establish goals, ensure branding is consistent, ensure regularity of content (who, what, how often)
- Marketing budget – detailed, marketing specific
- Evaluations – check in with reality versus plan: how are you going?

Links:

Australian Bureau of Statistics www.abs.gov.au

My Business www.mybusiness.com.au

[SMART objectives](#)

[Marketing mix 7 Ps](#)

[SEO trends](#)

[Social media marketing](#)



Marketing strategy

Product / Service	Who is being targeted	What will be done	Why do this?	When will it be done?	Budget	Measure of success

Community and stakeholder engagement planning

Refer to the sector and stakeholders section to develop a simple community engagement and communication strategy.

- Stakeholder map – who, where, what do they need?
- Audiences – segment your stakeholders into appropriate sectors
- Channels – what will engage each segment most effectively (email, phone, online, social media, in-person)? Refer to the business model canvases
- Purpose of each engagement
- Opportunities for engagement
- How feedback will be heard and, where necessary, acted upon
- Feedback to each audience

- Documentation of as many engagement and communications moments as is practical
- Action plan
- Communication and engagement database

Community engagement strategy

Use this table as a place to start planning your actions.

Stakeholder	What will be done	How will it be done?	Why do this?	When will it be done?	Budget	Measure of success

Production

Depending on the business model, the following elements of production might need to be considered in both financial and operational planning across the business units:

- Production steps and equipment lists for each business unit
- Quality control
- Equipment - office / general / warehouse / retail equipment etc

Other production areas for you to consider:

Stock and inventory

You will need to keep track of the items you sell, use or manufacture. The stock control system you use will depend on the size of the business and the type of stock you use.

- Consider what storage requirements you will have (eg capacity, access, regulations, safety, product deterioration)?
- What inventory control system will you use?



Suppliers

- Who are your main suppliers and what terms do they offer?

Name	Product / service	Pricing	Trading terms	Alternative suppliers

Sustainability

Environmental / resource impacts

Consider the impact your business could potentially have on the environment. eg noise, smells, a particular manufacturing process may contribute negatively on the local water supply; waste / by-products, etc.

Strategies

What strategies will you implement to minimise / mitigate your environmental impact and any risks to your business? Will you conduct an environmental audit? Have you introduced an environmental management system?

Community impact and engagement

How does your environmental impact affect the local community? How can you engage the community in minimising your impact?

Risks / constraints

List any risks / constraints to your business resulting from this environmental impact or predicted future.

Sustainability action plan

Strategic Intent	Timing	Actions	Monitoring methods
What do you want to achieve?	By date	What will you do?	How will you measure the impact of your activities?

Innovation

Research and development (R&D) / innovation activities

What R&D activities will you implement to encourage innovation in your business? Include everything from primary research and experimentation to attendance at conference and trade fairs.

Operational plans

The following is a basic outline that can be used to capture key actions from the above areas of planning. You might want one table for each area or one that captures them all.

Area	Outcome	Responsibility of	By when	Success indicator