THE INDIA GOOD FOOD STARTUP MANUAL

an all-you-can-read buffet on planning, launching, and growing a good food business.

Good Food Institute IN

gfi-india.org

HOW TO USE THIS MANUAL

We created this guide to help you understand the steps involved in starting an alternative protein company. We hope that you find it helpful not only for providing information on topics you've heard of before, but for flagging steps that you might not have even considered. Each section contains links to internal open-access resources hosted on the GFI and GFI India website, as well as external resources so you can dive deeply into the topics that are most relevant to you.

The Startup Manual is just one key resource that GFI India provides entrepreneurs. If you'd like to get plugged-in to the broader GFI India community please fill out this GFIdeas India Intake Form. If you are not sure of your specific plans, select a category that best describes you and you'll hear back from us!

**This is the obligatory fine print: this guide and other published content from GFI India is not legal advice, and should not be construed as such. It has been prepared for general informational purposes only and readers are encouraged to seek professional counsel to address questions specific to their situation.*

KEY

Within-document links

eg. Food Industry Product Development

External links to handy resources

eg. GFI India's blog

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ABOUT THE GOOD FOOD INSTITUTE INDIA

The Good Food Institute India (GFI India) is part of an international network of nonprofits with partners in Brazil, Israel, U.S., Europe, and Asia Pacific, on a mission to build a healthy, sustainable, and just global food system. Since our establishment in 2017, GFI India serves as the central thought leader and convening body in the space of plant-based, cultivated and fermentation-based meat, eggs, and dairy that are collectively known as the "alternative protein" or the "smart protein" sector. With unique insight across the scientific, policy, industry, and investment landscapes, we are using the power of food innovation and markets to accelerate the transition of the world's food system toward alternative proteins. In building the sector from the ground up in India, we're aiming to establish a model for its growth all across the developing world.

INTRODUCTION

So you want to start a plant-based, cultivated, or fermentation-derived meat, eggs or dairy company? Congratulations! You're about to embark on an exciting journey. It won't always be easy, but GFI India will be with you every step of the way. We're here to provide advisory, resources, community, access to our network, and more. GFI has helped companies like Imagine Meats, Good Dot, and Goodmylk from their very early stages – and we can help you, too.

Why India?

In India, our focus is on feeding the protein needs of 1.6 billion Indians by 2050. Contrary to the popular misconception, 71% of India's 1.3 billion people self-identify as non-vegetarian (census-level Sample Registration Survey, 2014), with over 60% eating meat at least occasionally and citing income rather than religious strictures as the major impediment to eating it more frequently. The Indian meat market in 2018 was US$31 billion growing at a CAGR 20%, and will reach US$65 billion by 2022. Forecasted to become the most populous country in the world, combined with factors such as increasing disposable income and upward social mobility, India will be amongst the largest contributors to the increasing demand for protein.

Fulfilling this demand through animal-sourced foods will likely involve a shift towards an industrialised model of animal production, optimised for cost and production efficiency. This presents three primary challenges:

01 Climate change and environmental degradation

According to Millenium Ecosystem Assessment, animal agriculture is a leading driver of ecosystem loss and environmental degradation worldwide. The most recent extensive study, published in the journal Science, demonstrates meat and dairy uses 83% of farmland and is responsible for 60% of agriculture's greenhouse gas emissions. India is currently the fifth most vulnerable country to climate change (Global Climate Risk Index, 2019). The country is suffering from significant pressure on natural resources -- including the worst water crisis in its history, with 600m Indians living under high to extreme water stress (NITI Aayog, 2018).

03 Global food insecurity and nutritional deficits

Industrial animal agriculture diverts massive quantities of crops away from direct human consumption and toward animal feed, ultimately driving up the price of grains and legumes for human consumption, displacing subsistence farmers, and exacerbating food insecurity in low-to-middle-income communities. Within India, 15% of the population (195.9 million people) are undernourished, (FAO & UNICEF, 2018). Although there is a growing sense to incorporate protein-based food in daily diets, an understanding of healthy and nutritious food sources is ambiguous amongst most of the population.

02 Threats to public health and food safety

Human health is influenced more by food than by any other single factor. Industrial animal agriculture exacerbates concerns regarding human health and safety.

FOOD-BORNE ILLNESSES

According to the International Livestock Research Institute, "The parasitic and microbial pathogens responsible for most of the health burden are often acquired from animal source foods..." Contamination in food products can result in foodborne illnesses at the cost of individual wellbeing.

ANTIBIOTIC RESISTANCE

Overuse of antibiotics within animal agriculture, as veterinary medicine but particularly as growth promoters, threatens our ability to treat infectious and non-infectious diseases as levels of antimicrobial drug resistance grow.

ZOONOTIC DISEASE AND PANDEMIC RISK

As the Covid 19 pandemic unfolds globally, producers remain vulnerable to several endemic, infectious animal diseases including African Swine Fever (ASF), Swine flu and Avian flu. Since the 1940s, nearly half of all zoonotic diseases in humans were found to have come from livestock (Nature Sustainability, 2019).

Alternative protein (or "smart protein", as GFI India calls it!) offers a safe, nutritious, and sustainably-sourced solution. GFI India aims to transform conventional food systems through a Mission for Smart Protein! The smart protein industry can be segmented into three production modalities:

Plant-Based Proteins

Cultivated Meat

Microbial Fermentation

The global meat protein market is estimated to grow substantially over the coming years, to a value of $7 trillion by 2025. The alternative protein industry is projected to take a significant chunk of the total protein market, with estimates ranging from 3% by 2025 to 60% by 2040. At GFI India, we think we can do even better!

All of these exhibit substantial benefits relative to animal agriculture with regard to land use, climate change, environmental pollution, and public health risk factors because they eliminate animal slaughter from the process.

Now some of you might say that this sounds ***Impossible***. Enter into the picture companies like Impossible Foods, Beyond Meat, Oatly and JUST - which have now become household brands. According to a report by the FAIRR Investor Network, of the 25 global food retail and manufacturing giants (including Nestle, M&S, Sainsbury's, Carrefour, Costco, Amazon and Walmart) two in five now have dedicated teams to develop and sell plant-based alternatives to meat and dairy; with Tesco and Unilever ranked top. As of September 2020, there are over 351 plant-based, 77 cultivated and 66 fermentation-based companies globally. GFI's international network of organizations has been an integral part of this transformation.

India offers specific value to the international alternative protein ecosystem, with a robust biopharmaceutical and food manufacturing industry and can do a great deal to drive down the cost of alternative protein globally. The Government of India is also very supportive of developing India into a world-class manufacturing hub and has invested considerable capital to develop life-science and food-processing infrastructure facilities. Recent initiatives including 'Make in India' and 'Atmanirbhar Bharat' promote and incentivise domestic manufacturing for global export. India's existing capabilities in biopharmaceutical manufacturing, and fermentation capabilities could lend itself to the alternative protein sector as raw materials and ingredients providers or suppliers of end products. Several life-science clusters across the country have built collaborations between research institutes and the private sector, growing existing R&D capabilities.

India's promising agricultural biodiversity also presents an opportunity to plant-based protein companies world-wide, leveraging underexploited, diversified, high-protein crop varieties that could lend themselves to superior functionalities, inherent nutrition-completeness, and cleaner-label products.

Indian per capita meat consumption is still low and growing, creating a big opportunity to leapfrog traditional food systems by introducing affordable and accessible meat alternatives. Among more wealthy, westernised consumers, around 63% of the population say they are very or extremely willing to try or buy plant-based meat substitutes (Bryant et al, Frontiers in Sustainable Food Systems, 2019; and, independently, IPSOS, 2019). At every level of the socioeconomic pyramid there seems to be significant demand potential, but more work is needed to understand food habits and formats of consumption of protein in different cohorts, particularly at the lower end of the pyramid. We expect a rapid upswing in the Indian market as more startups find the right product-market fit for the smart protein sector.

The start-up ecosystem in India remains robust and is rapidly growing, with over 80,000 startups in 2019. The Indian government has introduced several regulatory programmes to boost the Indian start-up ecosystem. Flagship programmes like StartupIndia, Digital India, and the Alternative Investment Policy Advisory Committee (AIPAC) continue to improve the environment for start-ups and investors.

At the Good Food Institute India, we are laser-focused on building the enabling ecosystem for alternative protein. GFI India's expert teams dedicated to Science and Technology, Corporate Engagement, Innovation and Policy, have worked on ecosystem building activities like organizing our annual Smart Protein Summit, promoting partnerships with large food and ingredient companies, disseminating open access scientific information via white papers and webinars, and stimulating world-leading alternative protein research by engaging with universities and the government. You can read more about our work on our website.

Without further ado, let's get started!

SECTION 1

PLAN YOUR COMPANY

Join the GFIdeas India Community 17

Learn about the Plant-based and Cultivated Meat Industry in India and the world 18

Find a Co-founder and Pick a Company Idea 20

Conduct a Feasibility Study 21

Write a Business and Technical Plan 23

BEFORE YOU JUMP INTO ACTION MODE, YOU NEED A GOOD PLAN TO GUIDE YOU ALONG THE WAY.

SURROUND YOURSELF IN A COMMUNITY

You will learn how to join the GFIdeas India Community, our community for smart protein entrepreneurs, where you can meet other founders, ask questions, share resources, and potentially collaborate.

GATHER AS MUCH INFORMATION AS POSSIBLE

We have included several resources that can help you better understand the technology behind alternative proteins, as well as the commercialization opportunities in these markets.

COME UP WITH A COMPANY IDEA

and find a co-founder whose skill set complements yours and is a good fit for the company idea you'll be pursuing together.

CONDUCTING A FEASIBILITY STUDY

This is your opportunity to make sure your idea is grounded in reality. A feasibility study will allow you to objectively evaluate your company idea before investing significant time and resources into it.

WRITE A BUSINESS AND TECHNICAL PLAN

Strategize around every aspect of starting your company and have your guiding principles and plans on paper to help meaningfully direct your business decisions.

Let's jump into planning your company!

JOIN THE GFIDEAS INDIA COMMUNITY

GFIdeas India is a community for innovators who are creating or expanding access to plant-based, cultivated, and fermentation-based meat, eggs, and dairy. The aim is to build the smart protein ecosystem, especially in and for India. We offer entrepreneurs, industry professionals, researchers, and service providers the opportunity to connect with each other, and share advice and resources to help them create good food businesses. If you're interested in joining, please fill out the GFIdeas India Intake Form. Don't forget to read the community guidelines. We ask all members to join with a willingness to engage and mutually support the growth of this ecosystem.

As a member of the community, you can join our LinkedIn group to connect with like-minded, diverse, and mission-aligned professionals. We host regular knowledge sharing webinars by domain experts, office hours with the GFI India team, and multiple social and professional networking initiatives. You will also gain access to GFI India's databases and directories including the GFIdeas India Members Directory, GFI India Talent Database, Smart Protein Ecosystem Database, GFI India Resource Guide, among others. Through the GFIdeas Global Slack community, you can connect with entrepreneurs and other key stakeholders across the world.

GFIDEAS INDIA INTAKE FORM

> "The GFIdeas India community provides a platform for entrepreneurs focusing on food and sustainability to exchange ideas and knowledge. GFI has been helpful in providing some interesting connections and platforms to showcase our products and to convey our message of compassion to the broader community, within India and elsewhere.
>
> Abhinav Sinha
> Co-founder of **GoodDot**

JOIN OUR LINKEDIN GROUP

Aside from the official GFIdeas India community, GFI India's Entrepreneur Database will give you an overview of companies in the alternative protein sector in India.

To get involved in the alternative protein startup community in India, you can refer to additional resources in Annexure 1.

LEARN ABOUT THE PLANT-BASED AND CULTIVATED MEAT INDUSTRY

Learn about the technologies that make plant-based and cultivated meat possible via GFI's MOOC. This free Massive Open Online Course (MOOC) is a 6-week self-paced course that covers the biological and chemical processes used to produce plant-based meat and cultivated meat, the environmental and economic drivers behind these market sectors, and the dietary roles of proteins.

> **"The (global) GFIdeas community helped me with data sources and worldwide connections, boosting my startup with a global scope. They advised me throughout product development and defining our business model. It is incredible how being connected with bright minds driven by a similar purpose can improve your company"**
>
> Linda Obregón
> CEO and Co-founder of **Foodture**

GFI has put together a number of self-service resources designed to help you as you consider starting your own smart protein business.

To get started, refer to the Handy Resources tab to the right for a list of GFI authored white papers and technical guides on the alternative protein industry. We have also put together an extended list of resources in Annexure 2.

In addition to learning about the science behind alternative protein it is important to have an understanding about the broader industry. GFI's annual State of the Industry Reports outline all of the exciting developments happening across the alternative protein landscape. The reports cover top companies in the space, discuss key regulatory updates and scientific innovations, and provide in-depth analysis of the investment landscape using custom datasets curated by the Good Food Institute. GFI's bi-monthly The Plant-Based Insider and GFI India's monthly Smart Protein Insights newsletter feature the latest global and Indian trends, research and consumer insights, policy updates, events, and resources to keep you up-to-date on opportunities in the alternative protein sector. GFI India's podcast series, Feeding 10 Billion, hosts expert interviews with entrepreneurs, investors, and industry leaders sharing insights on the past, present and future of smart protein. We also recommend watching videos from GFI India's Youtube Channel. You can follow us on LinkedIn and Twitter for regular updates.

HANDY RESOURCES

- Plant-Based Meat Mind Maps: An Exploration of Options, Ideas, and...
- Mapping Emerging Industries: Opportunities in Clean...
- Opportunities for applying biomedical production and...
- GFI's blog
- Essential Readings
- List of academic papers
- Cellular agriculture: an extension of common production methods...
- Plant-Based Meat Manufacturing Guide
- Formulating with Animal-Free...

Throughout this Manual, we will be sharing resources that help entrepreneurs navigate the complexities of product development, product testing, manufacturing, sales, distribution, and more, but signing up for food industry newsletters can be a great first place to start. Co-founder of Spoiler Alert, Emily Malina, recommends this list, and our favorites are Food+Tech Connect, FoodHack, Food Navigator, Green Queen Media and The Spoon for global updates.

FIND A CO-FOUNDER AND PICK A COMPANY IDEA

You might pick your company idea and then look for a co-founder, or you might choose your co-founder and together determine what company idea to pursue. Either way, it's important that your background is complementary with your co-founder's background, and that both of your backgrounds are well-suited for the company idea that you choose. It's also essential that you and your co-founder have a solid working relationship. Having a co-founder or a core member with strong technical expertise is definitely a value addition in this sector. Many of the top startups and companies in this sector have strong technical leadership.

Some potential methods for finding a co-founder are through your existing personal and professional networks, the GFIdeas India community, and LinkedIn networking. Many startups are modeled such that there is a CEO with a business background and a CTO with a technical background. What skills you should look for in a cofounder will vary greatly depending on your company idea. GFI India can help you figure out what qualifications are most important for your specific company idea.

When considering business opportunities within the alternative protein sector, a great place to start is GFI's global list of Commercialization Opportunities in the Plant-based and Clean Meat Markets. It's important to keep in mind that these commercialization opportunities are not fully-formed company ideas, but rather areas of opportunity that entrepreneurs might innovate within. In order to determine the best path forward for starting a company, additional research into the market and technical opportunity will be required. These opportunities should be interpreted as preliminary ideas, and businesses should perform their own feasibility analysis to determine commercialization potential.

> "Team. That's more or less it. In our portfolio, and others, the best teams win. Find people that can march with you to achieve your goals, that's everything. If you are strong from a technical perspective, find a co-founder who is as strong commercially as you are technically. If you are strong technically but do not have an amazing alumni (or professional) network, have someone join your team who does. The best entrepreneurs are the ones who are willing to build a team of co-founders to radically increase the likelihood of success."
>
> Mark Kahn
> Founding Partner, **Omnivore** (on GFI India's Feeding 10 Billion podcast)

CONDUCT A FEASIBILITY STUDY

Conducting a feasibility study will allow you to make an informed "go or no go" decision and will help you understand what risks and opportunities are involved prior to investing significant time and resources into the business.

Thus, it is important to be as objective as possible in your analysis and base your conclusions on evidence rather than speculation as much

The goal of a feasibility study is to determine the company's feasibility, not to ***pitch the idea.***

as possible. Feasibility studies can be used to evaluate any project, not just company ideas. Thus, you might find it useful to conduct feasibility studies throughout the growth of your company, e.g., prior to a new product launch or when deciding whether to obtain your own manufacturing facility. The Balance has a great overview of how to conduct a feasibility study, as do Cleverism and Investopedia.

You may organize your feasibility study into the following four sections or use an alternate format. But in general, a feasibility study should address the following topics. Needs within each area should be taken into consideration simultaneously, since there may be impacts across topic areas.

- **Market feasibility**

The goal of the market feasibility study is to examine the market opportunity for the proposed business. The market feasibility section should include a description of the industry, the current size and anticipated growth of the market, and an overview of your competitors and potential customers. It is also critical to talk to potential consumers as part of your market feasibility study, as well as potential wholesale customers like retailers, foodservice establishments, and distributors. Talking to consumers and customers allows you to validate whether your business idea meets a genuine need in the market, as well as helps you to understand if there are ways that you can update your strategy to better meet customer needs and expectations.

- **Technical feasibility**

The goal of the technical feasibility study is to determine whether the business is viable from a technical perspective. This involves examining what resources the company needs to provide the proposed product or service at an appropriate price point. Both physical (e.g., labor, materials, space) and non-physical (research and development, industry knowledge and connections, staff skills and experience, regulatory) needs should be considered, as well as the company's ability to meet these needs.

- **Commercial feasibility**

The goal of the commercial feasibility study is to determine whether the business is viable from a commercial perspective. The commercial feasibility study synthesizes the market and technical feasibility studies to determine the proposed business' profitability. The commercial feasibility study should quantify costs and estimate a timeline for revenue generation and profitability.

- **Overall risk assessment**

The goal of the overall risk assessment is to synthesize findings from the previous sections to make a determination about the riskiness of moving forward with the business. Porter's Five Force Analysis is one tool for structuring a risk assessment. In addition to conducting a risk assessment, we also recommend using SWOT analysis or a similar strategic planning tool to examine the business' strengths and opportunities in addition to weaknesses and threats.

WRITE A BUSINESS AND TECHNICAL PLAN

After you've conducted a feasibility study and decided to move forward with starting a company, your next step is to develop a business plan. First, let's define what a business plan is and is not.

What a business plan is:
A strategic plan for running your business that helps you minimize risks and seize opportunities.

What a business plan is not:
A tool for pitching to investors (that's what pitch decks are for).

Your business plan should be a living document that evolves along with your strategy. Writing a business plan will help you think through every aspect of building and running your company. While you shouldn't rely on your business plan to capture investors' attention, you should be able to provide one upon request at a later stage in the vetting process. In addition to your full business plan, you might also develop an executive summary that can be distributed as a one-page resource, making it easier while being introduced and during networking.

While you can organize a business plan in many different ways, a business plan should cover the following topics and describe competitive advantages as well as risks within each area:

- Company description and mission
- Market analysis, including potential customers, partners, and competitors
- Organization & management, including current team and hiring plan
- Description of product or service
- Technology
- Marketing and sales, including forecasting
- Funding requirements, including what funding is needed and how it will be used
- Current financial state and projections
- Planned key milestones and time-bound goals for the immediate and long-term future

The Startup India initiative has many resources on business planning to help you through this process. The Food Innovators Network by the Food Safety and Standards Authority of India (FSSAI) also has a go-to guide for start-ups and enterprises in the food sector that is useful to assess the state of the sector, challenges and opportunities. This YourStory article covers the steps to writing an effective business plan and this article shares some common mistakes. The Balance provides a business plan template, as well as an example executive summary. Entrepreneur also has a number of sample business plans and a business plan template.

As a food business, some of the questions you'll want to think through in your business plan include:

Where will the product development be performed, and who will provide the technical expertise?

Where will manufacturing and packaging be performed?

What will be your channel strategy?

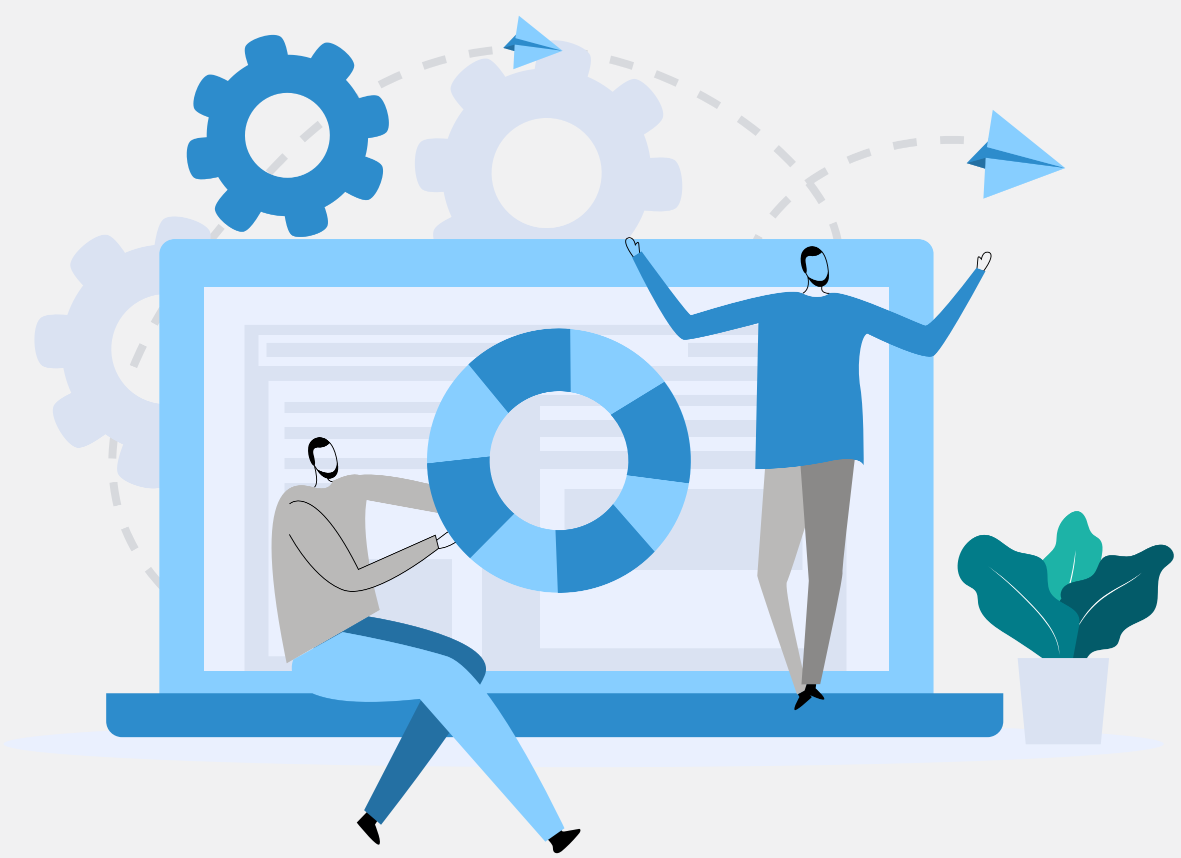
What are the regulatory considerations for bringing your product to market?

In addition to a business plan, you'll also need a technical plan that outlines the technical components of what you're planning to do. If you're developing a highly technical product (like cultivated meat), your technical plan should be thoroughly cited with primary research. You might choose to make your technical plan a section within your business plan or create a separate document. Either way, some of the questions you should answer in your technical plan include:

- What are the components of your strategy that are novel compared to your understanding of what other companies are doing?
- What are concrete milestones (every 6 or 12 months) that would demonstrate meaningful de-risking events?
- What aspects of your plan do you consider to be high risk, moderate risk, and low risk? How will you de-risk the elements you perceive to be riskiest? What will be your plan A, B, C, etc. to ensure you will accomplish your milestones when unexpected situations arise?
- What is your intellectual property (IP) strategy?
- What aspects of your work will you conduct in-house versus contract out, and what is the justification for those decisions?
- What technical skill sets do you already have, and what do you need to bring on board to perform this work?
- What specific protocols do you intend to use? You need not actually write out every protocol step-by-step, but you should set forth an actionable plan that you could jump into tomorrow if you were given the money today.

SECTION 2

SET UP YOUR COMPANY



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YOUR NEXT STEP IS TO DEAL WITH ALL OF THE NOT-SO-EXCITING LOGISTICS INVOLVED IN SETTING UP YOUR COMPANY.

HIRE A LAWYER

We will share tips on finding and hiring the right lawyer for your company.

DETERMINE A COMPANY STRUCTURE

We will help you evaluate which structure is right for your company.

INCORPORATE YOUR COMPANY

We have included resources that can help you through the process of formally incorporating your company. All companies have to get this done, so there's a good amount you can learn from existing resources and from other startups who have done it before.

ISSUE FOUNDER'S STOCK

We explain what Founder's Stock is and considerations to make when issuing founder's stock.

GET BUSINESS INSURANCE

We will guide you through the types of insurance that might be most relevant for you as you start your good food business.

HIRE EMPLOYEES

In this section we share strategies for attracting the right type of talent for your good food business. You don't have to figure out all of this stuff from scratch.

ACCOUNTING AND COMPLIANCE

While it might be tempting to gloss over this section so you can focus on the more fun aspects of starting a company, it's critically important that you get this stuff done right.

HIRING A LAWYER

Virtually every startup will need legal support at some point in its growth, but to what extent and when this support is needed can vary from company to company. Today, there are alternatives to hiring a lawyer for many of the simpler legal issues that startups face, e.g., incorporation, third party service providers for payroll tax and hiring. If you choose to use a lawyer for these items, smaller regional firms or solo practitioners would likely be more affordable than larger, more specialized firms. For more complex issues, there is no substitute for legal support from a qualified professional. One thing to be mindful of is to hire a lawyer or law firm on the basis of anticipated future work. For example, when it comes to incorporating your company, it is evident that the relationship likely ends with the incorporation and related services will more often than not, not be required. In such cases, it would be wise to weigh affordable options. However, when it comes to high-risk matters like registering IP, it would be wise to weigh options on the basis of quality. This is important because at some point in the future, this IP might need to be protected or defended and a highly qualified lawyer or law firm is your best bet.

When hiring a lawyer, it is best to start your search by asking for recommendations within your personal and professional networks. Asking other startup founders can be a great place to start. If you are applying for an accelerator, they will also likely have a list of recommendations. If you can't find a referral through your networks, we recommend using a directory like your state bar association. However, while these directories will turn up results, it can be difficult to evaluate different options without a recommendation. When searching for a lawyer, one of the most important criteria is finding someone with relevant expertise in the particular subject area with which you're seeking assistance. As per the Bar Council of India rules, lawyers in India cannot advertise, either directly or indirectly, however they are permitted to maintain websites about themselves or their law firms to provide information about their business and help people make more informed choices. For example, if you're seeking assistance with a regulatory issue, finding someone with significant experience working with the administering agency will be extremely valuable. Since having experience with specific issues is so important, it is not uncommon for a company to hire one lawyer for assistance with a particular issue (e.g., a corporate securities lawyer for VC fundraising), and a different lawyer for assistance with a different issue (e.g., a former legal counsel from a large established FMCG company for regulatory approval of a new food ingredient). This Forbes article and VakilSearch article explain why startups might need a lawyer and considerations for hiring one. While this Tech In Asia article highlights some pitfalls of following a templatised approach to law in a global context, it is increasingly becoming relevant in the Indian context as well. Rubicon Law provides a list of dos and don'ts of hiring a lawyer for your startup.

DETERMINE YOUR COMPANY STRUCTURE AND FORM YOUR BUSINESS

Before you can form your business, you need to select a business structure. The Startup India go-to-market guide has information on the different types of business structures that can help you choose which structure is right for your company. We also recommend speaking to a tax expert and possibly a lawyer about this decision, as your choice of business structure can have tax and liability implications for you personally as well as for potential investors.

Most companies that intend to raise venture capital, incorporate their company as a private limited company (or a private company). A private limited company is a legal entity with a clear distinction between ownership and management. Private limited companies can make a profit, be taxed, and be held legally liable. Private limited companies are the preferred business structure by VCs for a variety of reasons. In fact, some VCs will not invest in any entity that is not a private limited company, and will require that the potential investment target be converted into a private limited company before investment. If you're not planning to raise VC funding, an alternative business structure like an LLP might be a better fit. However, it is important to note that a private limited company remains the most preferable legal structure, especially as a company grows, because of stringent corporate governance norms among other reasons.

Particulars	Private Limited Company (Pvt. Ltd Co)	Limited Liability Partnership (LLP)	One Person Company
Description	Separate legal entity, with separation between shareholders (company ownership) and directors (company management	Separate legal entity, liability of partners are limited to their agreed contribution	Separate legal entity, for a sole-promoter or owner

Min Members	2	2	1
Max Members	200	Unlimited	1
Max Directors	15	Unlimited	1
Ownership	Equity shareholders (max. 200)	Partners	Sole-owner
Foreign ownership	Investment allowed under automatic approval (as per FDI policy)	Partners	Sole-owner
Governing Act/Law	Companies Act, 2013	LLP Act, 2008	Companies Act, 2013
Tax Benefit	Tax holiday for first 3 years under Startup India; Higher benefits on depreciation	Benefit on depreciation	Tax holiday for first 3 years under Startup India; Higher benefits on depreciation; No tax on dividend distribution
Legal compliances	Business tax returns to be filed ROC returns to be filed; Audit mandatory	Business tax returns to be filed ROC returns to be filed; Audit mandatory in case turnover exceeds INR 40 lakhs annually	Business returns to be filed Limited ROC compliance

You'll also need to decide which state to form your business in. A number of states in India have specific policies to benefit startups registered in the state – including access to certain government grants, state financed and managed incubators and entrepreneurship cells, conducting startup challenges, and developing links to institutions, the industry and the market. Startup India provides a summary of notified policies by respective State Governments here.

Seeking licenses to do certain kinds of business and the ease and efficiency to procure the relevant licenses are also considerations that should be taken into account when choosing a location for a startup. As part of the government's Business Reforms Action Plan, DPIIT ranks individual states according to the Ease of Doing Business across several categories.

Other practical implications to consider would be sector-specific policies and resources, and access to specialised talent in a state. A comprehensive database, Investor Portal - Nivesh Bandhu - run by the Ministry of Food Processing Industries (MoFPI) and Confederation of Indian Industry (CII), has state-wise resources, data, policies and other useful information to give you an overview of the food manufacturing and food processing industry in India. Similarly, the Biotechnology Investment and Research Assistance Council (BIRAC) of the Government of India's Department of Biotechnology has similar resources for the biotechnology industry.

INCORPORATION AND POST-FORMATION SETUP ACTIVITIES

To state the obvious: in order to form your company, you'll need a name for it. Ideally, you would select a name that is a reflection of your overall marketing strategy and brand identity. Refer to the naming section for more information on how to select a name for your company that fits in with your overall marketing goals. But please, don't lose sleep on this. A business name is just the name that a business uses in operation, such as for identifying itself in signing contracts. It can be different from a brand name used by the business for identifying and promoting products and services offered by the business. For example, Paperboat branded products are sold by a company incorporated as Hector Beverages Private Limited. Similarly, Drums Food International sells its products under the popular brand name Epigamia.

In choosing a business name, first, ensure that the proposed name does not contain any word as prohibited in Section 4(2) & (3) of the Companies Act, 2013 and Rule 8 of the Companies (Incorporation) Rules, 2014. Then, you may want to run a search through the Ministry of Corporate Affairs Company Name Check to ensure that the name that you select is available. And check against existing trademarks and domain names to ensure yours will not be the same as or likely to be confused with another business or brand.

After you determine your business structure and choose a name, the next step is to formally incorporate the company under the Ministry of Corporate Affairs. A Company Secretary or a Chartered Accountant is usually the preferred professional to handle this. Lawyers with experience in the incorporation of companies are also a good source of professional help. Invest India provides a step-by-step overview of the different components needed to incorporate a business in its Doing Business in India guide. In a blog post, Amazon also throws some light on the steps to incorporate a company and the state-level processes and compliances.

Broadly, incorporating a company involves the following steps:

Step 1
Obtain a Director Identification Number (DIN)

Step 2
Obtain a Digital Signature Certificate (DSC) for proposed Directors

Step 3
Reserve a name with the Registrar of Companies

Step 4
Submit the e-form for incorporation

Step 5
Obtain an Incorporation Certificate

Post-incorporation steps:
After you receive your incorporation certificate you will need to complete the following processes prior to transacting any commercial business;

Step 6
Acquire a Permanent Account Number (PAN)

Step 7
Register for Tax Account Number (TAN)

Step 8
Open a Bank Account

Opening a current account with a bank is an important decision that is often overlooked. Opening a current account with a bank is often the start of a fruitful relationship with one or more (typically not more than two) banks. A banking relationship with your bank of choice is important as your company grows because ideally, the same bank would provide a host of services. These services could range from opening and operating salary accounts for employees to foreign remittances and fundraising (including helping with necessary approvals from RBI or SEBI).

Step 9
Appoint Auditors (within 30 days of incorporation)

(For LLPs - Step 10: LLP agreement is required to be filed with the authorities within 30 days of incorporation)

State-level compliances:
While a company is incorporated under the Ministry of Corporate Affairs (MCA), some registrations would be applicable based on the state in which your company is incorporated and the nature of the business entity. This includes, but not limited to:

- **GST Registration**
- **Trademark/ Brand registration**
- **Certificate under Shops & Establishments Act**
- **Employee Registration with ESIC**
- **Profession Tax Certificate**
- **Importer/ Exporter Code (IEC)**

Start-up India scheme:
You can register your company as a recognised "startup" under the Department for Promotion of Industries and Internal Trade (DPIIT) by completing the following steps:

STEP 1

Fill an online application under the Startup India scheme here

STEP 2

The application shall be accompanied by -

1. A copy of certificate of incorporation or registration, as the case may be, and
2. A write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.

STEP 3

The Department of Industrial Policy and Promotion may, after calling for such documents or information and making such enquiries, as it may deem fit, –

1. recognise the eligible entity as 'Startup'; or
2. reject the application by providing reasons

As a recognized startup you are eligible to receive the following benefits:

1. **Self-Certification: Self-certify and comply under 3 Environmental & 6 Labour Laws**

2. **Tax Exemption: Income Tax exemption for a period of 3 consecutive years and exemption on capital and investments above Fair Market Value**

3. **Easy Winding of Company: In 90 days under Insolvency & Bankruptcy Code, 2016**

4. **Startup Patent Application & IPR Protection: Fast track patent application with up to 80% rebate in filling patents**

5. **Easier Public Procurement Norms: Exemption from requirement of earnest money deposit, prior turnover and experience requirements in government tenders**

6. **SIDBI Fund of Funds: Funds for investment into startups through Alternate Investment Funds**

The benefits are well-outlined by ClearTax and YourStory. This Yourstory article provides a quick overview of the startup scheme.

FOUNDER'S STOCK

Founders stock is not a special class of stock – it simply refers to common equity shares issued to a company's founder(s). When a company is incorporated, usually with founders as the shareholders, there are not too many complications that arise. However, after a round of fundraising, as specified in the purchase agreement, founder's shares are usually vested, which means that the stock is transferred over a period of time (usually 3-4 years) rather than all at once. Vesting requirements protect the company and investors in the event that an employee or founder decides to leave or is terminated from the company sooner than expected. YourStory talks about the Rationale for Founder Vesting.

This AVC article, also explains accelerated vesting. In the event of outright sale of a company or a situation when a founder is asked to leave, the founder's shares may be vested in an accelerated manner. In this context, it is important to have an agreement between the co-founders. Choosing the right co-founders is critical.

BUSINESS INSURANCE

Business insurance provides protection against the unexpected costs of running a business. There are different types of business insurance, but some examples include General Liability Insurance, which covers risks that come from operating your business in general, and

Professional Liability Insurance, which will cover liability for actions you, other company leaders, or employees take as part of your business operations. This article by PolicyBazar provides an overview of why insurance is important, types of business insurance and considerations before buying an insurance policy.

As a food business, you'll also want to consider more specific types of insurance that relate to the handling and manufacturing of food, such as product liability insurance, recall insurance, and contamination insurance. In India, specialised insurance for the food industry is not yet a standard offering for most insurance companies. TATA AIG is at the forefront of the Contaminated Products Insurance policy in India. While specialised insurance has gained some momentum in India, often these types of insurance are economically viable only for larger companies. It may be worth working with your bank or insurance company to create a personalised insurance policy. PennState Extension has an article on Insurance for Food Entrepreneurs and The Balance has a Guide to Food Business Insurance to help guide you through some of these conversations.

In many cases, especially in the case of contract manufacturing arrangements, it is important to check that the contract manufacturer is insured adequately. As an entrepreneur, you would not want to be in a position of uncertainty should something go wrong on the manufacturer's side.

HIRING EMPLOYEES

As you hire employees, you will need to set up a payroll structure and register your company with the Employees Provident Fund Organisation (EPFO) and Employees State Insurance Corporation (ESIC) as applicable, depending on the number of employees and monthly remuneration, respectively. This can be done through the Shram Suvidha portal. After you have this structure in place, the next step is to define the hiring need. In other words, what is the job that needs to be done?

You should determine whether this need could best be filled by an employee or an independent contractor. Employee benefits and on-costs differ from independent contractors, so make an assessment of which suits your requirement. You should also determine how much staff time will be required to fill this hiring need - for example, will you need a part-time or full-time employee (or multiple full-time employees)? Will you need temporary or seasonal hires due to fluctuations in workload, or the one-off nature of a specific project?

You should also set a hiring timeline, including the application deadline, target dates for each step in the process, and when the role needs to be filled. You should decide where the person performing this role will be located, including whether you can allow the flexibility to work remotely. Additionally, you should set a budget for hiring, including travel costs and advertising and recruiting fees.

Then, write a job description for the open position, including expected roles and responsibilities, and the required and desired qualifications and experience. When writing job descriptions, be aware that the language you use might affect who applies. Glassdoor has an article on how to reduce gender bias in job descriptions, and we recommend testing job descriptions using this gender decoder tool. For sample job descriptions, check out job sites like Food + Tech Connect's job board.

GFI India has developed a sample food scientist job description to develop plant-based meat, egg, and dairy products, and a sample business development job description for the alternative protein sector to get you started.

COMPENSATION

Startup founders and employees are usually compensated with a combination of cash, benefits, and equity. Homebrew's Compensation Guide provides compensation advice to startups.

Cash compensation

When determining compensation you should set salary/equity ranges and a policy around negotiation prior to engaging with candidates to reduce subjectivity and bias in determining employee compensation.

Equity compensation

Employee stock option plans (ESOPs) are designed to give an employee an option to acquire equity in the employer company, providing a balance between cash and equity compensation. They may be granted either after completion of certain years of employment or may vest immediately upon joining. Equity is usually vested over a period of 3-4 years when offered as part of a compensation package. Just as you wouldn't pay someone a full year's salary and have them quit the next day, you also wouldn't want to give someone their full equity stake and have them quit the next day. By transferring ownership rights to the recipient of the stock gradually over a defined period of time, vesting requirements protect the company in the event that an employee or founder decides to leave or is terminated from the company sooner than expected. Clerky and The Startup Toolkit have articles that discuss standard vesting terms for founders, advisors, and employees.

In addition to equity, founders can be granted options, which usually are tied directly to performance and vested over 3-4 years (See Types of Funding section for more information). Stock options are not shares, but a promise of future shares at a liquidity event. They therefore do not have the rights that are attached to common and preferred shares, until they convert. Employees may be offered options instead of equity, which also typically vest over 3-4 years.
Stock options don't always show up in the term sheet for seed financing,

but in the Series A or B Term sheet, a certain portion of the valuation will be allocated towards options for future employees. The number of shares will be listed in the term sheet. The company may have more details on its stock options and create different plans– one focused on rewarding company employees and another for outside consultants and Board members.

Employee Benefits

Outlined below are key employment legislation in India with respect to required employee benefits, including:

- **Employees' Provident Funds ("EPF") Act, a contributory social security mechanism to the Employees Provident Fund Organisation (EPFO), applicable to establishments having at least 20 or more employees.**

- **Employees' State Insurance ("ESI") Act , benefits in cases of sickness, maternity and employment injury and certain other related matters, to employees drawing wages below Rs. 21,000 (Rupees Twenty One Thousand) per month**

- **Payment of Gratuity Act, wherein an employee is applicable to receive a gratuity upon completion of 5 years of 'continuous service' at the time of employment cessation, applicable to all institutions exceeding 10 or more employees**

- **Payment of Bonus Act, provides for payment of bonuses, applicable to establishments having at least 20 or more employees.**

- **Maternity Benefit Act, providing a maternal break of 26 weeks and other maternity benefits, applicable to all institutions exceeding 10 or more employees**

Other benefits are not required but can help you to attract and retain top talent. These include life insurance, mental health benefits, paid vacation leave, and more. Health insurance is another benefit that is not required but will be expected by most job candidates.

ADVERTISING AND RECRUITMENT

After you've identified the hiring need and compensation structure, you should decide how to identify candidates. To start, you should post the job description on your website and post it to LinkedIn and possibly other social media outlets. You might also consider posting the position on relevant whatsapp and telegram groups specific to your hiring requirements.

While these broad advertising strategies can be helpful, they might not be enough to attract qualified candidates. If you are looking for a highly specific skill set (e.g., a food scientist with experience in plant-based meat manufacturing or a lead scientist with experience in tissue engineering), you may have to seek out passive candidates (i.e., people who aren't necessarily applying for jobs).This active outreach is referred to as recruitment.

For recruiting, you can either take an in-house approach or hire outside professional help. The in-house approach includes utilizing the advertising strategies identified above, using LinkedIn to find and reach out to potential candidates, and GFI India also maintains a Talent Database for India. You can find some relevant people to connect with and reach out directly. Please see Annexure 3 for more details. The Association for Food Scientists and Technologists (India) also maintains a directory of graduates and diploma holders in Food Science, Technology and Engineering and those engaged in the profession.

If you decide to take the outsourced approach, select a recruiting firm who understands your industry and has demonstrated past success within it. For the alternative protein sector you would benefit from working with firms that cater specifically to biotech or food companies.

REVIEWING APPLICATIONS AND INTERVIEWING

After candidates submit their resumes, cover letters, and any other materials specified in the job posting, it is time to start reviewing applications. You should then screen candidates according to the requirements outlined in the job description and provide additional written prompts if desired. You might choose to conduct interviews over phone/video conference or in-person. The Balance provides a list of interview questions, though it's always a good idea to customize your questions to the specific role being filled. Avoid asking questions related to age, gender, marital status or religion to ensure a fair selection process. After the interview process, you should check the final candidates' references and make decisions about whom to reject and to whom you'll extend an offer. It is best practice to respond to everyone who applied for the job to inform them of your decision, even if it is to reject them. Tracking applicants through an applicant tracking system (ATS) can make it easier to stay organized throughout this process.

MAKING AN OFFER

Once you decide whom you'd like to hire, you can make a verbal offer and present a written offer letter. Note that a written offer is not an employment contract, but rather a confirmation of your offer and their acceptance of the role, compensation, etc. After you work with the employee to identify a start date, it's time to get to work on new hire paperwork, which includes issuing a employment contract/agreement that specifies their role, duties, remuneration and includes any notice period(s) relating to termination. Additionally, as an organisation you should consider how the following compliances apply to your employees:

a. ESIC
b. EPF
c. POSH

You should also consider having all new employees sign an Employee Proprietary Information Agreement form to protect the company's IP. If you are planning to raise VC funding, there will likely be a clause in your term sheet specifying that this form is required for all employees.

Employers may choose to enter into noncompetition and nonsolicitation agreements with their employees. While non- compete clauses during the term of employment are generally enforceable in India, a post-termination non-compete clause is not enforceable under Indian laws.

WELCOMING AND ONBOARDING

Once the new hire has accepted the offer, it's important to make them feel welcome! The Balance provides some advice on how to welcome new employees, as well as how to onboard new employees to give them the tools they'll need to succeed in their new jobs. You may consider instituting a set of documents which are the new hire's "go to" resources to understand your mission, values and processes. This should include:

a. Your mission, value statements, and context that relates to how the organization came into being

b. Your organizational structure, with a description of team members' roles

c. A clear list of resources, and reading tasks for the first two weeks for the new hire to develop an understanding of your organization

d. One to one/One to many meetings with key staff members, to develop broader context of the organization

ACCOUNTING AND COMPLIANCE

Accounting is the act of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results. There are different branches of accounting, but the two that will be most relevant to startups are financial accounting and managerial accounting, also known as management accounting. This article from Investopedia explains the differences between financial and managerial accounting.

FINANCIAL ACCOUNTING

Financial accounting is the process of preparing financial statements to show the company's financial performance over a set period of time. The three basic financial statements are the balance sheet, cash flow statement, and profit & loss (P&L)/income statement. These statements are used to show the company's financial position to external stakeholders, including investors, creditors, and other partners.

Financial accounting can be performed in one of two methods: cash or accrual. In cash accounting, transactions are recorded at the time of money transfer. In accrual accounting, transactions are recorded when income is earned or expenses are incurred, regardless of when money was actually transferred. For example if you issue an invoice for a shipment of products that was delivered in January but don't receive payment until February, cash accounting would record this transaction in February, while accrual accounting would record it in January.

MANAGERIAL ACCOUNTING

While financial accounting is used to inform external stakeholders about past financial performance, managerial accounting is used internally to help inform business decisions. A great tool for managerial accounting is financial modeling. A financial model is a spreadsheet that acts as a virtual representation of your company. Financial models allow you to model how different business decisions or external factors might impact your company's future financial performance, allowing you to make informed business decisions and plan for unexpected circumstances. For example, financial models can help you answer the following questions:

- **How much money do we need to raise?**
- **How long is the runway for that funding?**
- **When do we expect to become profitable?**
- **How do we justify our valuation?**

The simplest type of financial model is the three statement financial model, which links the balance sheet, cash flow statement, and P&L/income statement into one connected model. The Corporate Finance Institute has a free video tutorial on how to link the three basic financial statements. Once these financial statements are linked into one model, you can incorporate more complex features such as sensitivity analysis and scenario analysis to help inform business decisions. Wall Street Prep has guides on conducting sensitivity analysis and scenario analysis, as well as best practices for financial modeling. WallStreetMojo's guide to financial modeling is another useful resource. You can find example financial models online, such as SlideBean's example financial model. But in order to be a truly informative and reliable business tool, your model will need to be customized to include assumptions specific to your business. While not every company builds a custom financial model in their early stages, the complexity of a company's model is usually indicative of their maturity, and investors view it as such. The further away a company is from having a built-out financial model, the harder it is for an investor to justify funding them. Generally, a seed round company is expected to have a basic model informed by assumptions unique to their business. However, at this stage, VCs often model the business themselves during due diligence under the assumption that the company's own model is not well-informed. By the time a company is in its Series A round, investors will expect that the company has progressed to a full, detailed model with thoughtful projections that move beyond unfounded %growth estimates and hockey stick curves. Later stage and public companies model every aspect of their business. In summary, you have a lot to gain and little to lose from making your model as comprehensive as possible in your early stages, but it won't be an absolute necessity until later on.

Most companies use Excel to build their financial model. Financial modeling software packages can help prevent errors that might go unnoticed in Excel if your methods are sloppy, but since these software packages are less customizable than Excel, they usually aren't as useful.

TAX ACCOUNTING AND AUDITING

Tax accounting and auditing are branches of accounting that supports or challenges results obtained from financial and managerial accounting work. A startup running as a private limited company has to follow numbers of compliance as laid down by various statutes and other regulatory bodies. Clear Tax has put together an Annual Compliance Checklist for Startups.

1. **Prepare financial statements and annual returns each fiscal year (1 April - 31 March), as per the provisions of the Companies Act**
2. **Conduct audit by a practicing chartered accountant or a firm of chartered accountants registered with the ICAI**
3. **Audited financial statements and annual returns approved by boards members in an annual general meeting**
4. **Audited financial statements and annual returns filed with the Registrar of Companies ("ROC")**
5. **Director's Report to be filed before the financial year ends by all directors in the company**

It might be worthwhile to outsource your immediate accounting and compliance requirements. Service providers like InstaCA and ClearTax offer subscription based plans to meet the requirements of companies ranging from bookkeeping to filing of tax returns. You could consider hiring an experienced finance executive as your company scales. This YourStory article highlights the importance of hiring a finance executive for your startup.

ACCOUNTING SOFTWARE

Most companies start out by managing their bookkeeping in Excel, and then move to accounting software once it becomes too complex and cumbersome to accurately manage this information in spreadsheets. It is also helpful to ensure all internal processes are designed in a way that makes regulatory compliance easy, especially processes around invoice generation, revenue recognition and expense recognition. Softwares like Tally, Quickbooks, Zoho Books, cater to new business and have well designed process flows, that eliminates the need for a full-time expert when you first set-up your company. However, accounting standards in India specify different accounting policies to prepare the book of accounts, consultation with an expert can help avoid variation from year to year.

CASH FLOW

Cash flow is the net amount of cash moving into and out of a business. Since businesses cannot function without adequate cash, cash flow management is a critical aspect of running your business. Keep in mind that profit and cash flow are not the same thing. A business can be profitable and not have adequate cash flow—for example, if you're not collecting on your invoices in a timely manner (see Invoicing section for more information). You can identify cash flow problems by staying on top of your financial accounting (particularly your cash flow statement) and conducting a cash flow analysis. Xero provides five rules for managing cash flow, and Tim Berry provides ten more).

INVOICING

An invoice is a bill that itemizes a transaction between a buyer and a seller and provides information on the available methods of payment. Your invoicing practices can affect your cash flow. Specifically, invoice payment terms will determine when payment on an invoice is due. You might have different invoice terms for different business partners (e.g., ingredient suppliers, retailers, distributors) depending on your agreements with those entities.

To encourage on-time payment, you should have a clearly communicated late payment penalty. You should also have procedures in place to collect on overdue invoices, including sending friendly payment reminders when an invoice is almost due, making collections phone calls for overdue invoices, and stopping future shipments for accounts that are overdue.You can also take preventive measures to avoid overdue invoices—be careful about who you do business with, and pay attention to red flags like suspiciously large first-time order quantities. You can always ask a new customer for references from some of their existing suppliers or visit their store/website to find out who their existing suppliers are. This article from Medium provides some best practices for invoicing.

While setting up your chosen accounting system (which ideally should be directly linked to your website), you must make sure that it supports different payment options you want to offer your customers. In the case of a consumer brand, especially one that sells online, this is of utmost importance. Make sure your website supports various payment options available today - UPI, Credit Cards, Debit Cards, Net Banking, Wallets (like PayTM, Mobiqwik, etc.). Startups like Razorpay and others, offer solutions for businesses of all types and generally charge a commission of between 1% and 2% to facilitate transactions via their platform. Do make note of transaction fees and commissions before you sign up with any payment gateways and the different commissions charged by different payment methods.

SECTION 3

FUND YOUR COMPANY

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WITH THE PLANNING AND LOGISTICS OUT OF THE WAY, IT'S TIME TO FOCUS ON HOW YOU WILL FUND YOUR COMPANY.

CONSIDER WHAT TYPE OF FUNDING TO PURSUE

There are a number of different funding mechanisms, including equity, debt, warrants, options, convertible debt, grants, and crowdfunding– all with unique benefits and drawbacks.

APPLY TO AN ACCELERATOR PROGRAM

Considerations for early-stage smart protein startups.

VENTURE CAPITAL FUNDRAISING (VC)

We will help you understand your legal needs and obligations, decide how much money to raise, create a pitch deck, identify potential investors that are a good fit for your business opportunity and get introductions to them. As you move forward with the negotiations we will guide you on and signing a term sheet, conducting due diligence and finally closing the deal.

ACCELERATORS

Accelerators are programs designed to accelerate the progress of early-stage startups within a set amount of time (usually around four months). Accelerators often provide pre-seed funding, workspace (can be an office, lab, kitchen, or some combination depending on the program), educational workshops, mentorship, and networking opportunities, including access to investors. Accelerators will usually take an equity stake in your company in exchange for their monetary investment as well as services provided, though some nonprofit accelerators do not take any equity or fees.

Different accelerators focus on companies at different stages. Some accelerators will take on teams with just a well-thought-out, innovative idea (like IndieBio), while other accelerators are focused on scaling up companies with established revenue streams (like FoodFutureCo). GFI's global map of accelerators and incubators contains information on accelerator programs across the globe in relevant fields such as food, biotech, and agtech. This map includes a description of each program, as well as information on how much funding is provided, what equity or fees are taken, how many companies are accepted per cohort, the program's length, and eligibility requirements.

> **"The Brinc Accelerator Program played a vital role for us, from the Early ideation stage by providing us with access to capital and introducing us to the people and organisations involved in the sector. Brinc introduced us to global plant-based & cell-based entrepreneurs, and to the scientists involved in the development of the products. We received direction for the product portfolio and we were able to avoid pitfalls at the early stage. We also had the opportunity to learn the real potential of our product and take advantage of the support available globally"**
>
> Kushal Aradhya
> Founder, **Naka Foods**

"For our New Protein Fund, in Singapore and New York, we have been receiving 200 plus applications from companies around the world. We choose 10 (maybe 12) of the best companies not just to invest in but to mentor and support. We spend 800 dedicated hours over 5 months with each company, understanding the fundamentals of their business and helping them build a great product, a strong team and a scalable business. Each company has access to a 100+ mentor network across the food industry, ingredients suppliers, flavour companies, co-manufacturers, distributors, retailers and food service providers, both domestic and international, to help them survive and to be successful."

Andrew Ive
Founder and General Partner, **Big Idea Ventures**

Apply to a Government backed Incubator Program

Atal Innovation Mission (AIM) is a flagship initiative of the NITI Aayog, Government of India, to promote innovation and entrepreneurship in the country by supporting the establishment of new Atal Incubation Centres (AIC). Recognising the potential of private innovation in public-sector services and problem-solving, these incubation programs help early stage businesses grow and attract investments. Each AIC is equipped with capital equipment and operating facilities available to incubatee startups. AICs also aim to provide mentoring support, business planning support, access to seed capital, industry partnerships, training and other relevant components required for supporting innovative startups. You can find a list of selected established incubation centres.

Individual states have also set up dedicated incubation facilities for startups from specific fields or domains. Some of the prominent Indian accelerator programs include CIIE.Co in Gujarat, T-Hub in Telangana, NASSCOM 10,000 Startups in Karnataka, among others.

The Bio-NEST program launched by BIRAC has also established a network of 50 bio incubators with access to high end instrumentation and mentoring support for biotechnology startups. The Indian Institute of Food Processing Technologies (IIFPT) has also created a hi-tech, state of the art food processing business incubation-and-training centre with a sales outlet as Food Processing Incubation Model on its campus. In addition to these you can find details of 10 start-up schemes supported by the Government to support Indian start-ups working in the food and nutrition sector.

If you do choose to go through an accelerator program, it is important that you plan to make your transition out of the accelerator program as smooth as possible. Many companies raise their seed round while they're in an accelerator program so that they have capital to spend on working space and other necessities after they no longer have access to the accelerator's resources.

Teams that already have a solid understanding of the startup process as well as a well thought-out business and technical plan might find that they can achieve progress faster by skipping the accelerator step and raising their seed round directly. If you decide to go this route, you'll still need access to a workspace. A good option for startups who are choosing not to pursue an accelerator or who are transitioning out of an accelerator is an incubator. Like accelerators, incubators offer physical space like kitchen space, lab space, or some combination, but participation is less structured. Incubators often offer business development services, but usually don't have a curriculum, workshops, and mentorship opportunities. Incubators typically charge a per-month fee for access to their space and services and allow teams to stay as long as they need to. In contrast, accelerator programs are usually fixed in duration and usually take an equity stake in the company.

A more detailed list can be found in Annexure 4 to this document.

TYPES OF FUNDING

This section covers the many different forms of funding that you can opt for. Some options are more popular than others for reasons discussed below.

EQUITY

Equity is defined as an ownership interest in a company. There are two main classes of shareholding: common and preferred, with subclasses within those two types. Generally, founders and employees own common shares, while investors own preferred shares. Preferred stock comes with certain rights, privileges, and protections over common stock as defined by the term sheet (and later the closing documents) for that funding round. Both common and preferred shares can be subject to certain restrictions. Investopedia has a great explanation on the difference between preferred and common stock. Groww.in highlights the different types of preferred shares in India in a detailed blog post.

DEBT

Debt is money borrowed under the condition that it will be paid back later, usually with interest. One benefit of debt over equity is that it is non-dilutive, meaning that the lender does not own a stake in the company or have significant decision-making power over your business. However, recurring monthly payments leave little flexibility for borrowers, and lenders may have the right to claim company and/or personal assets if payments are late, depending on the loan agreement.

If you're interested in obtaining a small business loan, one option is to apply directly through a lender like a bank or a non-banking financial institution (NBFC). These loans so procured can be used for various business needs like purchase of inventory and equipment, operating capital (working capital)or for fund requirement for expansion.

Apply for a Government Business Loan

The government has introduced various loan schemes to support small businesses and startups at favourable interest rates, and terms and conditions. These loans are disbursed through government empanelled banks and NBFCs after the business plan is submitted along with all the required documentation. To pick the right scheme, with a feasible rate of interest, you must identify your own fund requirements and the nature of expenses to be incurred. For example, under the Pradhan Mantri Mudra Yojana., loans are disbursed to micro or small businesses operating in the manufacturing, trading and services sector for borrowing towards a list of specified activities. The Credit Guarantee Fund Trust for Micro and Small Enterprises, for loans disbursed to micro or small businesses operating in the manufacturing, trading and services sector, for startups who meet the following eligibility criteria. This Inc42 loan guide for startups describes the different types of government loans available for startups.

CONVERTIBLE DEBT

Convertible debt, commonly referred to as a convertible note, is a type of funding that is often used in seed round investments. A convertible note is a loan that automatically converts into equity shares (typically preferred stock) at the close of a future funding round (usually Pre Series A/ Series A) or other event. Since the loan is not converted to equity until a later date, the price per share and valuation is not set until that later round. To reward investors in the convertible debt round for investing in an earlier stage and therefore taking on more risk compared to Series A investors, they are usually offered incentives such as a discount, a valuation cap, and a modest interest rate. SeedInvest explains these incentives as well as other key features of convertible debt. TechCrunch featured a three-part series on convertible notes that goes into further depth about considerations founders should be aware of regarding convertible notes (Parts I, II, and III). There is also more information about the pros and cons of convertible debt in Venture Deals.

In India convertible notes can only be raised by startups fulfil the following conditions:

1. **Companies recognised as a start-up by the Department for Promotion of Industry and Internal Trade (DPIIT)**

2. **The minimum amount to be invested for subscription to Convertible Notes is INR 25 lakhs (~$40,000) in a single tranche.**

3. **The amount will have to be repaid or converted into equity shares within 5 years**

4. **The terms of conversion have to be determined upfront.**

To find out if your company is eligible, Lexstart has created a test to determine if your company can raise money via convertible notes. As always, we recommend talking to a lawyer before issuing any securities.

OPTIONS AND WARRANTS

Options and Warrants are similar yet distinct types of securities. Options and warrants are both contractual rights to purchase stock in a company at a specific price within a specified date range. Options are commonly awarded under equity incentive plans, while warrants are often issued to investors. Options that are provided as a form of compensation are typically subject to vesting as well as repurchase in the event of the employee's termination of service. Companies offering options as a form of compensation must comply with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, and shall maintain a Register of Employee Stock Options in Form No. SH.6.

A share warrant gives the warrant holder a right but not an obligation to subscribe equity shares at a predetermined price on or after a predetermined time period. Taxguru provides a detailed explanation of warrants and how they are different from convertible debt and options.

GRANTS

A grant is a financial award given by an organization, usually a governmental agency or nonprofit foundation. Grants are non-dilutive and debt-free, making them an attractive option for entrepreneurs. However, the application process is time-consuming and competitive with no guarantee of success. Furthermore, grants often have a long lead time (~9 months to a year) between application submission and grant award. Upon award of the grant, periodic reporting to the administering agency is often required.

The Government of India provides a number of ministry-specific grants to entrepreneurs. The two programs that are most relevant for entrepreneurs pursuing alternative protein tech are the Pradhan Mantri Kisan Sampada Yojana subsidies and grants supported by the Ministry of Food Processing Industries and the BIRAC grants for research projects supported by the Department of Biotechnology.

Additionally, GFI also has its own yearly research grant program to improve the organoleptic qualities, cost, and scale-up of alternative proteins and accelerate the industry as a whole through open-access projects. In 2020, GFI's competitive grant program awarded $4 million to 21 research teams —from universities and startups— from nine countries around the world. You can access GFI's global research funding opportunities database here. Stay in the know about funding opportunities by signing up to our newsletter.

CROWDFUNDING

Startups might also consider raising money through crowdfunding. In India, crowdfunding is classified into four categories: donation crowdfunding, product (rewards) crowdfunding, peer-to-peer lending and equity crowdfunding. In equity crowdfunding, investors are given equity in exchange for their contribution. Equity crowdfunding platforms include AgFunder, Seedrs, Crowdfunder, SeedInvest, and CircleUp. However, due to various risks associated with equity crowdfunding, the Security and Exchange Board of India (SEBI) has classified the same as illegal. This article provides a brief overview of the regulatory framework for crowdfunding in India.

Although product (rewards) crowdfunding and donation crowdfunding are legal, online crowdfunding platforms are neither authorized by SEBI nor recognized under any law governing the securities market and investments are made at the investors' own risk. Online platforms like Milaap, Wishberry, Fueladream and Crowdera, enable entrepreneurs across India to raise funds for projects across different categories. Backers are given products or other incentives in exchange for their contribution. Note that in product crowdfunding, contributors are not "investors" since they do not receive an equity share, and "investment"-based language should be avoided so as to not mislead backers. Internationally, Kickstarter, Indiegogo, PieShell, are all product crowdfunding platforms. While product crowdfunding provides the opportunity to raise equity-free money, it's important to remember that this money isn't free. In order to incentivise people to contribute, you will need to provide perks that potential contributors value at a roughly equal amount to their monetary contribution. You will also likely need to spend some marketing budget to ensure the success of the campaign. That being said, raising money is not the only goal of product crowdfunding. Other goals of product crowdfunding might include developing your product/market fit, identifying and gaining the support of your early adopters, and demonstrating traction to future investors.

It is important to note that crowdfunding in general is at a very nascent stage in India because the regulatory environment has yet to adapt to cater to the unique characteristics of crowdfunding. Crowdfunding in India is prominently NGO-led and geared toward social, community and individual projects. This article from Invest India shares more on the nature of crowdfunding in India and the nuances within.

VENTURE CAPITAL (VC) FUNDRAISING

If you decide to raise VC funding, we highly recommend reading Brad Feld and Jason Mendelson's book, Venture Deals, which provides a concise yet comprehensive introduction to raising VC capital and evaluating terms of investment (albeit a U.S.-centric one). Mark Suster's Both Sides of the Table, Y Combinator's guide on How to Raise a Seed Round, Pitchbook's glossary of Venture capital, private equity and M&A terms, and Venture Intelligence's Handbook on Venture Capital provide additional information on the topics covered here. The biggest key to the VC funding process is being well prepared. Do as much research on the topic as you can so you know what to expect. Learn how to read and get the most out of a term sheet so you don't have to pay your lawyer to explain every detail and help you easily communicate with VCs. Also understand the interplay between a term sheet and a shareholder's agreement. Make sure your due diligence documents are in order before you start the process so you don't cause delays. Thoroughly research potential investors so you can target the most promising prospects and tailor your pitch to what they're looking for. Invest in a great pitch deck that effectively tells your story and is visually appealing. Become familiar with tools like liquidation analysis and capitalization tables before you really need them.

The Indian VC industry had a milestone year with $10 billion in capital deployed in 2019: the highest ever and about 55% higher than 2018. About 80% of VC investments in 2019 were concentrated in four sectors—Consumer tech, Software/ SaaS, Fintech and B2B commerce and tech. Within consumer tech, e-commerce companies took up the largest sub-segment with increasing investments in healthtech, foodtech and edtech. AgFunder releases annual reports on global foodtech investment data including the India 2020 AgriFood Startup Investment Report.

"Alternative Protein is an incredibly exciting category from an investment perspective. In Q1 2020 [January - March 2020], more investment went into plant-based food companies than the entire previous year. This is not a marketing driven trend, but rather consumer-driven, with consumers demanding products that are clean label, nutritious, have far lower impact on the planet and on animals and are healthier than their animal-based counterparts. Plant-based foods is a complete whitespace opportunity that is getting filled on a daily basis by new products, new brands, new companies around the world. Any product that has animal protein as either a main component or subcomponent, all of them are replaceable and improve-able through a plant-based innovation of some kind."

Andrew Ive,
Founder & General Partner, **Big Idea Ventures** (on GFI India's Feeding 10 Billion podcast)

UNDERSTAND YOUR LEGAL NEEDS AND OBLIGATIONS

You will need a lawyer with experience in startup fundraising to help you through the VC fundraising process– not only to ensure you are in compliance with the Companies Act, 2013 and the Income Tax Act, 1956, but also to vet the terms of the deal. Our number one piece of advice: don't hire your acquaintance who is not a specialised lawyer just because they are willing to give you a good hourly rate. Unless a lawyer has experience in brokering these types of transactions on behalf of startups, they won't have a good understanding of what to look out for. If they fail to identify the terms that do matter, you will be left with a suboptimal term sheet. If they harp on the terms that don't matter, you could end up with investor ill will or deal fatigue. If they are unfamiliar with securities laws, you could put your company at risk for legal action. Rubicon's article on the do's and don'ts of hiring a startup lawyer provides a list of what types of experience and attributes to look for in a business transactional lawyer. Refer to the Hiring a Lawyer section for additional information.

SECURITIES LAWS

Startups most commonly use equity or convertible debt vehicles to raise their first round of funding from VCs and angel investors. Equity and convertible debt are both securities whose transfer is regulated under Section 62(1)(c) of Companies Act, 2013, and Associated Rule 13 of Companies (Issue of Share Capital and Debentures) Rules, 2014. Non-compliance could harm the value of your company and may expose you and your company to potential tax and criminal liability. As a broad overview, the 'Preferential Allotment of Shares,' in exchange for investment requires that the offer and sale of securities must be filed with the Registrar of Companies (RoC), through the submission of eForm MGT-14, registering approval from all existing shareholders, and PAS-4 for return of allotment of shares. This Tax Guru article provides a step-by-step guide on the procedure for preferential allotment.

Under the SEBI (Alternative Investment Funds) Regulations, 2012, the following restrictions are applicable to angel funds investing in startups in India:

- **Conditions for the company: In order to be eligible to receive angel funding, an investee company has to be within 3 years of its incorporation, not listed, have a turnover of less than Rs. 25 crore, and are not promoted or related to an industrial group (with group turnover exceeding Rs. 300 crore).**
- **Deal ticket size/holding period of investments: The deal ticket size is required to be between Rs. 50 lakh to Rs. 5 crore and shall be held for a period of at least 3 years.**

If you are raising a fund in India, from foreign investors, this research paper published by Nishith Desai Associates provides key considerations for Startups and Venture Capital Investments. This YourStory article gives a brief overview of pre and post-funding compliances for startups.

DECIDE HOW MUCH MONEY TO RAISE

A funding round is a discrete round of investment in which a company offers securities to investors. Funding rounds are usually about 12-24 months apart. Anything shorter would mean that your team would have to start preparing for the time-consuming process of fundraising shortly after closing the previous round, and anything longer might require raising so much money in a single round that it would be difficult to attract investors or obtain favorable terms. Companies sometimes raise a bridge round, or a small funding round between two larger funding rounds, but this is usually only done if the company is running out of money. The chart below describes the different types of funding rounds and the typical timing, amounts, and sources.

Funding Round	Pre-seed or angel	Seed	Series A	Series B	Series C, D, E, etc.
Stage	Formation, business plan development	Founding to launch	Post launch	Growth	Growth and expansion to harvest event
Approximate Amounts	0- 1.5 crores	1 crore - 5 crores	3.5 crores - 30 crores	30 crores and upward	Single digit to hundreds of millions
Investors	Founders Family and friends Angel investors Accelerators	Angel investors VCs	VCs Strategic investors	VCs Strategic investors	VCs Strategic investors Hedge funds Private equity firms

Regardless of which round of funding you are raising, you should never raise an arbitrary amount of money. While the ranges can help give you a rough idea of how much money is typically raised at each stage, you should only raise as much as you are reasonably able to use in a way that adds value to your company. You should raise enough money to get your company to a defined "de-risking event," or a point where you have increased the value of your company more than the investment that was put in. Examples of de-risking events might include building a manufacturing facility, producing a prototype, achieving a measurable R&D accomplishment, launching a product, or generating revenue.

Questions to ask yourself include:

1. **What do we hope to achieve before our next round of funding?**
2. **How much money do we need to achieve those accomplishments?**
3. **What are the measurable milestones that investors can hold us accountable to?**
4. **What, specifically, will we spend the money on?**
5. **What is our contingency budget if things don't go as planned?**
6. **What will we have to show when the funding is deployed? In other words, how will this money add value to the company?**

Identifying a de-risking point and making a detailed budget for how to get there will help with your strategic planning and will also help to increase investors' confidence that their investment in your company will lead to returns.

CREATE A PITCH DECK

A pitch deck is a brief visual presentation (often created in PowerPoint) that provides more details about your company and includes sections that aren't in your elevator pitch. You will use your pitch deck to pitch your company to potential investors and business partners, including VCs, angel investors, and accelerators. You will likely be pitching in a variety of different environments, ranging from large pitch competitions to one-on-one meetings with VCs, so it's important to tailor your pitch deck to the appropriate length and structure for the audience. As such, you might have several different versions of your pitch deck that are tailored for different audiences. However, in general, pitch decks for early-stage companies are about 12 slides and should not exceed 20 minutes when presented. There are a bunch of well-written articles and guides that suggest ideal ways of writing, designing, and structuring your pitch deck.

You can also refer to GFI's Pitch Deck Guidelines for Startups.

This Forbes article outlines key sections of a pitch deck. The Food Innovators Network (part of FSSAI, India) has recommendations for a customised pitch deck for enterprises in the food sector.

Pitching Hacks suggests a similar structure and covers each of the following sections in more detail:

1. COVER
2. SUMMARY
3. TEAM
4. PROBLEM
5. SOLUTION
6. TECHNOLOGY
7. MARKETING
8. SALES
9. COMPETITION
10. MILESTONES
11. CONCLUSION
12. FINANCING

It is important that your pitch deck tells a story about your company and that puts your best foot forward. If your team is a perfect fit to solve your problem, if you already have impressive sales, or if your technology is highly dependable, feature that information in a prominent place in your deck. Don't forget to include the fundraising slide (usually last)-- every pitch deck should have a clear ask for how much money you're raising, what you intend to use it for, and what milestone that funding will enable you to achieve.

Language is important; a Harvard Business Review analysis suggests that startups who use "disrupt"-focused language raise close to twice as much money ($38 million more on average) as those that use "build"-focused language. Thus, there is an argument for plant-based and cultivated meat entrepreneurs to use "disrupt"-focused language in their pitch decks and presentations. However, if you're pitching to strategic investors or food and agriculture investors who are involved in the animal agriculture industry, "disrupt"-focused language might sound more like a threat than an opportunity. If you're pitching to these investors use "transformation"-focused language, with the potential for profit, risk mitigation, and portfolio diversification.

Fynd has made its pitch decks public - the one used for traditional VC and the one used to raise from Google's corporate venture arm. Alexander

Jarvis provides this database of over 100 pitch decks from VC-funded companies. Sidebean also has a number of pitch deck examples, as well as useful templates for creating your pitch deck. Presentation Hacks also provides tips for preparing and executing a pitch. While you should create the first draft of your pitch deck using software like PowerPoint, Keynote, Google Slides, or Canva, unless you have significant design experience, it can be extremely helpful to engage a graphic designer to help you refine this content into an aesthetically appealing deck. Hiring a designer makes your deck look more professional and lends credibility to your company. The cost of hiring a graphic designer is marginal when you consider the impact it could have on investor interest and your negotiation power during fundraising. Depending on your needs, you might hire an independent graphic designer or a design firm. You might also consider using a freelancing service like Freelancer and Upwork or a self-service platform like Pitchdeck.io.

You should use a PowerPoint version of your pitch deck when presenting live, but if you're sending it to a VC for reading purposes, you should send a PDF version. While most investors are professional enough to treat pitch decks as confidential by default, there is always a risk that it could be redistributed. There are some steps you can take to prevent this from happening. For example, you might include phrases like "CONFIDENTIAL/PROPRIETARY" and "Prepared for [Name of VC]" on the title slide of your deck. If there's any information that you absolutely must keep confidential, don't include it in your pitch deck.

IDENTIFY POTENTIAL INVESTORS

In identifying target investors, you need to understand each firm's investment mandate. In other words, what type of investments fall within their scope, and what types of things they value in making investment decisions. Each firm uses its investment mandate in much the same way that a product or service uses its USP. Understanding an investor's mandate prior to approaching them will help you to avoid wasting anyone's time (including your own) and target the most promising investors. You can find out information about a firm's investment mandate by looking at their website and researching their past investments. For example, on New Crop Capitals' website, you can find the four pillars that all of their investments must fit into (alternative proteins, food waste, food insecurity, and food safety) as well as a list of their portfolio companies. If your company doesn't fit into one of these four pillar areas or you're in a totally different stage of growth than their portfolio companies, it probably would not be fruitful to approach them. If there is alignment, then you will be better informed to tailor your pitch to what you know they are looking for.

Most broadly, VCs that invest in plant-based and cultivated meat companies can be categorized into four types of investors: impact investors, food and agriculture investors, generalist investors, and strategic investors.

Each type is described below:

1 **Impact investors** are mission-driven and financially-driven investors who might focus on investing in alternatives to animal products or on broader issues such as environmental sustainability, resource stress and public health. Some impact investors that invest exclusively in companies creating alternatives to animal products include New Crop Capital and Big Idea Ventures. Because of their highly-aligned mission focus, these investors are often the most willing to fund companies in their earliest (and therefore highest-risk) stages, though they will still expect companies to have some traction. Impact investors that have a broader focus beyond alternatives to animal products include firms like Omidyar Network, Lok Capital, LGT Lightstone Aspada, and Unitus Ventures

2 **Food and agriculture investors** are financially driven funds that primarily or exclusively invest in food and/or agriculture companies. Some examples of food and agriculture investors include Omnivore Partners, Ankur Capital and Aavishkaar Capital

3 **Generalist investors** are financially-driven funds that invest in a wide variety of areas, though usually in tech. Some generalist investors that may have invested in companies in our space include DSG, Accel, Fireside Ventures, Kalaari Capital, Blume Ventures, Sequoia Capital and Nexus Venture Partners among others.

4 **Strategic investors** (sometimes called strategics) are corporations or their affiliated funds that invest in or acquire startups to achieve strategic goals. These goals might include expanding their product line, boosting innovation, or mitigating the risk of being disrupted. Big food companies, suppliers, distributors, and importers/exporters can all make beneficial strategic investment partners, not only for the money that they invest, but for the services and resources they can provide, such as production space, vendor networks or distribution infrastructure. Strategic investors are usually not involved in seed rounds but rather invest in later rounds once the company has demonstrated substantial traction.

While there have been fewer investments in alternative protein companies in India and Asia, this new category is certainly gaining traction. FMCG and Biotechnology companies in India are increasingly seeing value in investing in small but growing premium segments within their respective industries. Just as consumer product startups encouraged legacy companies to invest in the sector, we foresee a similar situation played out in the alternative protein sector. Startups that are able to achieve product-market fit would convince big food companies to invest in and consequently drive scale for their products. Haldiram Foods' and Nestle India have recently been making these types of investments in India.

Crunchbase and Tracxn are great resources for identifying VCs, angel investors, and all types of investors who have made investments in plant-based and clean food tech companies, and therefore might be open to similar deals. AngelList and Let's Venture can also be used to identify angel investors in India. Prominent angel investor networks in India include Mumbai Angels or Indian Angel Network.

The Good Food Institute (GFI) India offers three types of fundraising support to startups that are currently fundraising and fall into a preview of GFI's work:

1. **Pitch deck review: where we review and provide feedback to help you strengthen your pitch deck**
2. **Practice pitch session: where you deliver your pitch over a video call and we provide feedback on your deck and your delivery**
3. **Access to the GFI India and GFI US Investor Directory: a list of investors who have expressed interest in plant-based, cultivated or fermentation-based protein companies. The directory contains information about each investor, including what types of investments they're looking for, at what stages they invest, how much they usually invest, and contact information. This allows fundraising startups to make connections to investors that may be interested in participating in their current round.**

If you're interested in taking advantage of one or more of these types of support, please complete the GFI India Fundraising Support Form and someone from our team will get back to you.

GFI INDIA FUNDRAISING SUPPORT FORM

GET INTRODUCTIONS AND PITCH TO INVESTORS

VCs can get dozens or even hundreds of inquiries per week, so getting yours to stand out is critical for opening a dialogue. Rather than sending an email cold, getting an introduction from a "middleman" who the VC trusts (like an entrepreneur they've invested in or a fellow investor) can be an effective way to get the VC's attention. This introductory email should be a written (<100-words) version of your elevator pitch, a 20- to 30-second speech intended to pique the audience's interest in your company. As outlined by Chris O'Leary in Elevator Pitch 101, the purpose of the elevator pitch is not to close the deal—it's to interest the audience in continuing the conversation. As outlined by Pitching Hacks, "Your middleman sells investors on reading your elevator pitch. The elevator pitch sells investors on reading your deck. And the deck sells investors on taking a meeting." We recommend using a structure similar to what Alexis Iskold outlines in his post on how to draft a forwardable introduction email.

We do not recommend asking the investor to sign an NDA in this introduction email– this can rub investors the wrong way and lead to your email being ignored. Depending on how novel your technology is, you may or may not want to ask the investor to sign an NDA later in the process. Refer to the NDA section for more information.

If you do land a meeting with a VC, you should (obviously) prepare by practicing your pitch. GFI is available to provide feedback on your pitch deck itself, and we can even schedule a virtual practice pitch session if you'd like feedback on your delivery. You can fill out our GFI India Fundraising Support Form and someone from our team will get back to you. You can watch pitch sessions from 2018 and 2019 Good Food Conference or the Innovators Showcase from the Future of Protein Summit 2019, as a reference point for pitching startups in the alternative protein sector.

It is important to learn how to articulate your vision for the company and to have a bird's eye view on the market and its potential. You should also prepare by researching the VC, including its investment mandate, its investment history, and the individuals involved in the deal. This can help you to tailor your pitch to be most effective to the audience. When you meet with the VC, make sure you bring product samples if you have them (or offer to send product samples if it's a virtual meeting)

This graphic from Presentation Hacks attempts to answer the question: what do investors care about most? Some of these terms are self-explanatory, but we'll spend some time on two that might not be: social proof and traction.

SOCIAL PROOF is the psychological phenomenon that people will conform to the actions of others under the assumption that those actions are reflective of the correct behavior. Social proof is a powerful tool for marketing to consumers, but it can also be powerful for getting investors on board. Some common ways of demonstrating social proof are customer testimonials, ratings and reviews, celebrity/influencer endorsements, media mentions, and follower counts. This article from Kissimetrics provides an overview of different types of social proof, as well as a list of considerations for social proof marketing.

TRACTION is a measure of your product's engagement with the market– in other words, your product-market fit. The most powerful type of traction is paying customers, which can be measured by profitability or revenue. If you don't yet have paying customers, the next best thing is demonstrated interest by potential customers. In the food industry, this might mean retailers, foodservice operators, and distributors who want to carry your product, or consumers who are interested in purchasing it. What types of traction you'll be expected to have will vary greatly depending on the nature of your company. A cultivated meat company, for example, would likely not be expected to be generating revenue or even have a prototype by the time they raise their seed round. On the other hand, a plant-based company creating a relatively low-tech product (e.g., baked goods) would likely be expected to have established sales and distribution prior to raising a seed round. This article from Fundable provides an overview of types of traction and how to demonstrate it.

> When it comes to investing in startups we always look at the same three things, we look at the 3 Ts: Team, Technology and Traction. The first, Team - the team ultimately makes or breaks the startup. I want to see a team that can build a big company and really understands the core disciplines [..food processing, FMCG, or B2B sales] that are going to be required to succeed. The second, Technology - you can be a first mover but if you have an undifferentiated product you can be pushed out of the market equally fast. Entrepreneurs need to build products beyond a formulation and consider the tougher questions: feed stocks, flavours, opportunity categories, etc. Third, Traction - this is subjective and the traction you require to do an angel round versus a seed round versus a Series A must all be considered differently.
>
> – Mark Kahn, Founding Partner, **Omnivore VC** - (on GFI India's Feeding 10 Billion podcast)

> When I look at companies for investment potential, I always take a hard look at the entrepreneurs. Do they have grit and perseverance? Can they lead others and be humble? Do they have heart? Leading a company is tough work. Almost all the companies in the Stray Dog Capital portfolio have gone through really tough spots at one time or another (despite what it may look like from the outside). They almost run out of money, got delisted from important retailers, had product issues– founders need to have grit to survive and thrive in these conditions. They have to be able to sustain themselves and their team through the tough spots and keep going against all odds. The great ones can inspire others to follow them– as co-founders, as customers, and as team members. They are contagious in their belief of their company and in their heart. They thirst for learning and are humble to admit mistakes, learn from them and then lean on others to level up. The really excellent founders look 20 years into the future and prepare for it. They know what they need to do to grow into a $50MM company. They persistently seek a diverse leadership team because they know it's what they need to win in the long term. They operate in the now but always, always with an eye on the future.
>
> – Lisa Feria, CEO of **Stray Dog Capital** and Leader of **Glasswall Syndicate**

TERM SHEETS

If the entrepreneur and investor decide to move forward, the first major step toward closing a deal is signing a term sheet. A term sheet is a document that lays out the terms of the proposed investment. In each funding round, the lead investor will typically draft the term sheet and negotiate its terms on behalf of all investors in that round. It is critical that you understand each term in your term sheet, and pay attention to how each term will affect your company's future, not just this immediate round of investment. You should work with your lawyer to review the term sheet, and later, closing documents.

It's important to note that signing a term sheet does not constitute a legal commitment to move forward with the funding. The transfer of funds does not occur until after due diligence is conducted and closing documents are signed. However, some provisions of the term sheet may be legally binding. Some terms that are usually binding are confidentiality provisions (which require that the company does not disclose certain information about the deal) and "no shop" provisions (which require the company to work in good faith toward the closure of the deal and not solicit offers from other investors for a period of time). Understanding which provisions of the term sheet are binding and non-binding will help avoid unwelcome surprises in the process of closing the deal. Another strategy for avoiding surprises is to be as detailed on the term sheet as possible without getting to the point of deal fatigue. Detailed term sheets are preferable from the entrepreneur's perspective, since vague term sheets give investors a large amount of wiggle room when drafting the definitive agreements that will close the deal.

Let's Venture provides a number of model legal documents, including a sample term sheet. Each section of a term sheet can contain alternate variations, each of which might present different advantages or disadvantages for investors or founders, and are potential points of negotiation. Riggs Davie's Guide to Negotiating a Venture Capital Round walks through a sample term sheet and explains each of these variations in detail. This book Venture Deals also goes into detail about what each term means and its relative importance, ranging from deal-critical items to things you shouldn't waste lawyer fees on negotiating. In this video, Avnish Bajaj, Founder & MD, Matrix Partners India, and Rajinder Balaraman, Director, Matrix Partners India touch upon the importance of a good lawyer among other things to take into account for first-time founders.

Here, we discuss a few of the financial terms of the control sheet (which deal with how money is distributed in a liquidity event) and control the terms of the term sheet (which deal with investors' decision-making power). However, the content provided here should not be treated as an exhaustive list—refer to the resources in the above paragraph for more complete information.

Financial Terms

The most basic financial term is the share price, or the price that investors pay per equity share. Multiplying the share price by the number of shares purchased equals the total amount of the investment. In order to set a share price (which determines the number of shares an investor gets for a fixed investment amount), the investor(s) and entrepreneur(s) decide upon a valuation for the company.

There are two types of valuation: **PRE-MONEY** and **POST-MONEY** valuation. Pre-money valuation is the value of the company prior to the investment, and post-money valuation is the value of the company after an investment has been made. Brad Feld's post on Venture Capital Deal Algebra explains in further detail the relationship between share price, number of shares, and pre- and post-money valuation. Although these equations describe the relationships between these variables, keep in mind that there is no formula for deciding what a specific company's share price or valuation should be. It would be in your best interest to understand different methodologies of valuation by reading this Inc42 article and this YourStory article but always remember that the process for determining valuation is subjective and arbitrary, especially for pre-revenue companies. To understand this from an investors perspective, be sure to read through this QZ article and this Medium post.

Typically, the entrepreneur(s) and investor(s) negotiate a post-money valuation, and then subtract the investment amount to arrive at the pre-money valuation. Alternatively, the entrepreneur(s) and investor(s) could negotiate the pre-money valuation and add the investment amount to arrive at the post-money valuation. When negotiating valuation, it's important to be on the same page as your investors about whether you are negotiating pre-money or post-money valuation. Why? Because this can lead to differences in expectations about percent ownership of the company. For example, if an investor were to invest INR 50 Lakh at a post-money valuation of INR 2 Crore, the investor would own 25% of the company.

In contrast, if an investor were to invest INR 50 Lakh at a pre-money valuation of INR 2 Crore, the investor would own 20% of the company (since the post-money valuation would be INR 2.50 Crore). If there's any ambiguity about whether an investor is referring to pre-money valuation or post-money valuation, just ask for clarification. During the process of negotiating valuation, it is important for entrepreneurs to understand that valuation does not equate to market value. Fred Wilson's 2004 blog post on valuation explains why.

Another important financial term is liquidation preference. **LIQUIDATION PREFERENCE** is one of the factors that determines who gets paid how much in a liquidity event such as the sale of the company. Liquidation preference is a protective term for investors. To explain what it means, recall from the Equity section that investors hold prefered stock while founders hold common stock. In a liquidity event, the holders of preferred shares get paid in full before holders of common equity shares get paid anything. In other words, in cases where the company is sold for less than the investors are owed, the entrepreneurs, employees, and all common stockholders get nothing. A 1x liquidation preference (which is common) means that preferred shareholders get repaid for their full investment amount before common shareholders get paid anything. Be very wary of multiples greater than 1x preference– a 2x preference means you must pay investors back 2x the amount they invested before anything is distributed to common stockholders, a 3x preference means you must pay back 3x the original investment, etc. Unless your company is extremely successful, it's easy to end up with very little money left over for common shareholders after an aggressive liquidation preference is paid out. Aside from preference (the multiple), other aspects of liquidation preference include participation and seniority structures. The Ultimate Guide to Liquidation Preferences from Medium explains each of these features in detail and their impact on who gets what in a liquidity event. Brad Feld's post on liquidation preferences, as well as the Founder's Guide to Liquidation Preferences and interactive case study, are also helpful resources.

The potential consequences of an aggressive liquidation preference demonstrate why it's important to understand every term in your term sheet and how it could impact you and your company in the future. Heidi Roizen's piece, How to Build a Unicorn from Scratch – and Walk Away with Nothing is a cautionary tale on this subject. Aside from share price and liquidation preference, other financial terms include pay-to-play, vesting, exercise period, employee pool, and anti-dilution. These terms are discussed more fully in Riggs Davie's Guide to Negotiating a Venture Capital Round and Venture Deals.

Control Terms

One of the important control terms of a term sheet is the board of directors clause. This clause typically sets the size of the board and the process by which each member will be elected. In most cases, the investors for any particular funding round will expect the right to select a member of the board of directors, and they may also request the right to select a non-voting board observer. Brad Feld's blog on the board of directors explains some of the key considerations. More information on building and managing a startup board can be found in this Kauffman Foundation Primer.

Aside from the board of directors clause, other control terms include protective provisions, drag-along rights, and conversion. These terms, as well as other terms that don't deal directly with either finances or control, are discussed more fully in Riggs Davie's Guide to Negotiating a Venture Capital Round and Venture Deals. Here, we'll dive into a further discussion of managing your board of directors.

MANAGING YOUR BOARD OF DIRECTORS

One of the critical roles of a startup founder– and one of the most overlooked– is the management of the board of directors. Done right, it will help the board to add value to the organization far beyond the financial investments they may have made. Done poorly, and it can lead to distractions and headaches that take time, attention and energy away from actually making the business work.

A startup's board of directors can provide numerous benefits:

- Mentoring and guidance through the business challenges faced (both expected and unexpected);
- Financial oversight to keep the business as healthy as possible;
- Strategic planning advice and ratification;
- Connections with their business and even personal networks;
- Objective "outsider" perspectives on your business

When assembling your board, consider what skills you would like to have available to you. Ideally these skills would be complementary to those of the founding team. They should also have experience that is relevant to the business– not necessarily in the same industry, but sufficiently similar that their experience can be applied to the business at hand. Also consider their network connections, as an expansive network can be very helpful as unexpected issues arise.

Managing a board involves more than just meeting management (although effective board meetings are very important). Ongoing, regular communication with board members between board meetings is at least as important. Actively seek advice, inform of developments, or just have check-in conversations. You want to have a strong, trusting relationship with your board members developed before challenges test those relationships. First Round Review and Forbes India provide further tips for running efficient and productive board meetings.

CAPITALIZATION TABLES

You should have a capitalization table (cap table) that lists your company's securities and who owns them. While your lawyer can help you create your cap table, it is ultimately your responsibility to ensure that your cap table is accurate and up-to-date at all times. Most startups use Excel to manage their cap table. There are software options for cap table management, but they are often less customizable than Excel. Cooley GO and Venture Hacks both provide free Excel cap tables that can be customized to meet your company's needs. Alexander Jarvis provides an example cap table that includes built-in waterfall analysis for many scenarios.

LIQUIDATION ANALYSIS

It is important to keep in mind that while cap tables show who owns what percentage of the company, they do not show how each of these shareholders will get paid in a liquidity event. If all shareholders owned common stock, the cap table would accurately reflect how funds are distributed in a liquidity event (the funds would be distributed according to percent ownership of common stock). However, in reality, investors (who own preferred stock) get paid out in full before founders (who own common stock) get paid anything. Using your cap table and term sheet (or hypothetical terms) as inputs, waterfall analysis is a tool that can be used to model who gets what in a liquidation event. Michael Dempsey's blog post on waterfall analysis and an example liquidation model are great resources for understanding waterfall analysis. The Ultimate Guide to Liquidation Preferences from Medium also shows a number of waterfall analysis examples that are visually depicted by a graph.

DUE DILIGENCE

After (or sometimes before) the term sheet is signed, investors begin to conduct due diligence on the company. During this process, investors will do a deep dive into your business and technical plans, financial statements and models, and various other legal, operational, and financial documents. CooleyGo and Rubicon both have sample due diligence checklists of documents that investors commonly request. You should have these documents ready prior to beginning the fundraising process so that you can provide them upon request without causing delays. If you take too long to provide these documents, it could indicate to the investor that you're unprepared, which could negatively impact your negotiation power or even kill the deal. You should also ensure that your documents are well-organized and founded in facts.

Be prepared to answer very specific questions about assumptions you made during financial modeling or the source for facts and figures you use.

During the due diligence process, the company should conduct due diligence on the investor, too. Investment is a long-term business partnership, and you should be confident that you're entering into this commitment with a competent, capable, partner who can add value to your company beyond just funding. This might include doing online research, talking to their portfolio companies or co-investors, and examining their funding source and investment history. This article from Angel Investment Network provides some tips on how to do due diligence on your investor. If this process raises any red flags, you should strongly consider walking away from the deal. It might be inconvenient to start over with a new investor, but you'll be better off in the long run with the right partner.

CLOSING THE DEAL

After the investors complete the due diligence process, lawyers (and sometimes investors themselves) will draft the closing documents to complete the deal. As in the due diligence process, you should continue to be responsive and make an effort to close the deal quickly. After the deal is closed, the funds are transferred. At this point, you've successfully completed a VC fundraising round. However, it's important to keep in mind that this is only the start of your journey with your investors. After the deal is closed, VCs often provide introductions and strategic guidance around distribution, branding, positioning, hiring, pricing, financial modeling, and more. Strategic investors might provide even more tangible services such as access to production equipment and infrastructure. As an entrepreneur, you should foster your relationships with your investors and leverage them to help your company succeed.

> "You can divorce your spouse, but you can't divorce your investor."
>
> VC Proverb

SECTION 4

CREATE YOUR PRODUCT

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YOU'RE NOW READY TO CREATE SOMETHING AWESOME – TO BUILD SOMETHING OUT OF NOTHING, TO FILL A WHITE SPACE IN THE MARKET, OR TO MEET A CONSUMER NEED IN AN INNOVATIVE WAY.

PRODUCT DEVELOPMENT FRAMEWORKS

OODA Loop and the Stage-Gate Process.

FOOD INDUSTRY PRODUCT DEVELOPMENT

A guide on how product development usually works in the food industry

SCALING YOUR PRODUCTION PROCESS

MANUFACTURING

PACKAGING

Considerations related to packaging materials and regulatory component of food labeling.

ENSURING PRODUCT SAFETY & QUALITY ASSURANCE

A guide on in-house and outsources tests for your alternative protein product.

CONSUMER TESTING

We share strategies for incorporating feedback from consumers to make your product better.

INTELLECTUAL PROPERTY(IP) PROTECTION

Information on patents, copyrights, trademarks, and trade secrets and non-disclosure agreements (NDAs)

REGULATORY CONSIDERATIONS

Affecting manufacturing, processing, selling of food for human consumption in India.

PRODUCT DEVELOPMENT FRAMEWORKS

In the alternative protein segment of the food industry in India, food innovation largely ends up in one of these buckets -

1. 100% in-house research a team of scientists & labs with food processing/testing/measuring equipment. Formulations made from scratch and sold.
2. Work with academia, research universities and institutions to develop proprietary products/formulations/functional ingredients, incorporate them into a formulation and sell it.
3. Use an existing formulation created by a third-party ingredient supplier (including Roquette, Biospringer, DuPont, Ingredion, Azelis, Avebe, etc.), modify as needed, private label it, and sell it.
4. Use an existing formulation created by a third-party food manufacturer also known as co-packers or a technical food consultancy, modify as needed, private label it, and sell it.
5. Use broadly commoditized recipes, manufacture products at a small scale, and sell it.
6. Reverse engineering an existing company's live product, modify to suit local needs/weather etc, or for the sake of differentiation from the original product, private label it and sell it. This is highly unethical and can lead to IP complications in the future as the brand grows. This approach must only be used to take inspiration and innovate locally to find product market fit.

The product development process will look different for different types of companies. For example, a cultivated meat company will likely begin product development in a lab, while a plant-based ice cream company might begin recipe testing in a home kitchen. Regardless of your end product, product development frameworks like the OODA Loop and the Stage-Gate Process can help guide your innovation process. You might be thinking that using a framework for innovation sounds a bit academic or contrived. In some ways, you'd be right, but to be clear, there's no one right framework, and we're certainly not recommending that you stick to any one religiously. These frameworks are tools to your entrepreneur toolkit, and they can be quite helpful.

Regardless of whether or not you utilize these frameworks, our number one piece of product development advice is to talk to your customers early and often. It's important to understand your consumers– what attributes are important to them? What ingredients do they avoid? What types of products are they looking for? Where do they do their shopping? You should use their feedback to influence your product development and marketing plan. If you ever find that there's a major disconnect between what your customers are telling you they want and what you're offering them, you will need to course correct, whether that means fine-tuning your approach or implementing a major pivot.

“

The focus for mylks has shifted from hero ingredients to functionality. At GoodMylk some questions we were asking ourselves early on during the R&D stages were - does it work in lattes? Can it lighten up tea adequately? Can it maintain integrity in acidic environments like coffee and not curdle? Can you make popular recipes with it? A delightful use case we’ve seen is consumers boiling over milk in housewarming ceremonies in India. They expect Goodmylk to boil over, too (and it does!).

Ideally, your sweet spot for any plant-based dairy products should be -

1. Works like dairy in applications
2. Affordable
3. Easily accessible
4. Minimum number of ingredients
5. Clean label

Abhay Rangan
Founder, **Goodmylk**

”

Recognising the role of indigenous food, and components of the product life-cycle that suitably adapt to Indian climate and market are all part of product development.

> **Soulfull was born out of my curiosity and intent to revolutionize the humble Indian grains – Millets. During my stay in the United States, I witnessed the rising popularity of superfoods, such as quinoa. It is then that I realized the need to explore the power of Indian superfood- millets. They require very little input to grow and can grow in harsh climates.**
>
> Parmeswaram
> CEO and MD, **Soulfull**

OBSERVE-ORIENT-DECIDE-ACT (OODA) LOOP

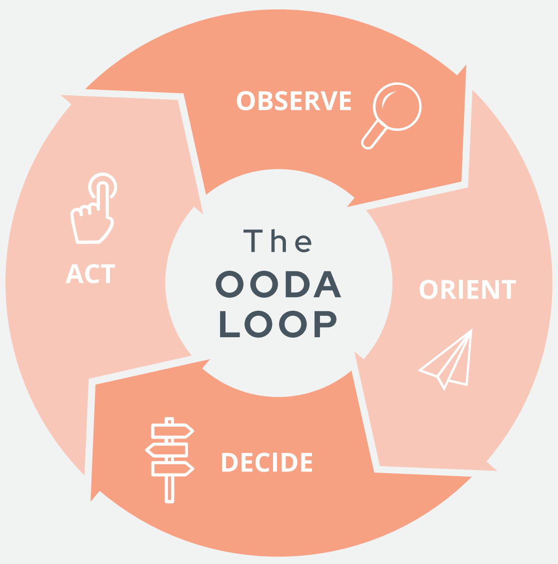
A common type of approach for technology startups can be classified by the names “Lean,” “Agile,” or “Lean/Agile.”

There are a variety of specific approaches that fall under such a classification, but they have some common themes:

- Focus on learning as quickly as possible;
- Achieve learning through experimentation;
- Plan your experiments to learn as much as possible while spending as little as possible;
- Be willing to adjust or even completely change your direction based on what you learn.

Eric Ries, author of The Lean Startup, recommends a three-step "Build-Measure-Learn"process, while other “Agile” advocates frame the process as the Plan-Do-Check-Act (PDCA) cycle.

A comprehensive model of these types of cycles and four main steps - observe, orient, decide, and act - can be found in the Observe-Orient-Decide-Act (OODA) Loop. While being comprehensive, it can be scaled easily to meet the needs of all sorts of decisions, big and small, short- or long-term. Every step of the OODA Loop provides feedback to the observation phase of the next trip through the OODA loop. Such feedback should not be limited to "hard" data, but should include intuition and qualitative data.



The steps of the OODA Loop are:

• **Observe:** Observations are the inputs that feed into your decision-making process. Such inputs include internal factors (mission; values; strategy; available resources, skills, capabilities, etc.) and external factors (environmental circumstances, trends, events, urgencies, opportunities, etc.)

• **Orient:** This step involves making sense of the available data. Data must be filtered, sorted, and processed into a cohesive story. There is great value in a diverse team analysis at this point blending multiple perspectives, experiences, and analytical methods to come to a common conclusion. Having people who think differently come together to make sense of ambiguous information is vital.

• **Decide:** In the context of the OODA loop, the "decide" step is to make a choice on which of several alternative actions to take. In essence, you generate a hypothesis that doing action X will lead to desirable outcome Y. This hypothesis follows from the sense you've made of the available data. A key question to ask yourself before moving on to the "Act" phase is, "what would prove to me that my hypothesis is wrong?" Asking this question helps to design the experiment (meaning the action you will take) and measurements you will be doing.

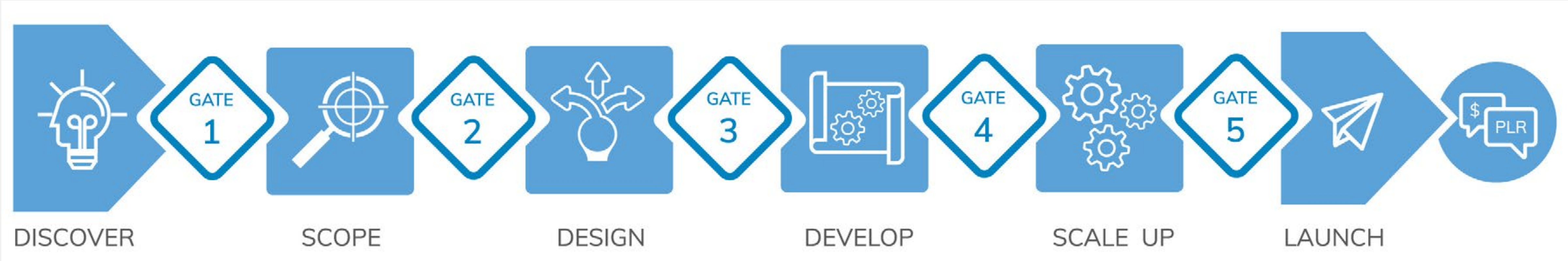
• **Act:** Test the hypothesis by taking action (conducting an experiment that tests the validity of the hypothesis) and measuring outcomes. Be as objective as possible in measurement and interpretation of the results. Every step of the OODA Loop provides feedback to the observations phase of the next trip through the OODA loop. Such feedback should not be limited to "hard" data, but should include the feelings of team members as they go through each stage. Those feelings can lead to new insights. Always consider what your intuition is telling you throughout the process, neither undervaluing nor overvaluing it. Just take it as part of the overall data you have available to you.

Every step of the OODA Loop provides feedback to the observation phase of the next trip through the OODA loop. Such feedback should not be limited to "hard" data, but should include intuition and qualitative data.

STAGE-GATE PROCESS

Another common process for product development is the Stage-Gate process. As organizations grow in complexity, and as investments they make become bigger or riskier, this process provides a set of strategic decision points that help to mitigate that risk. Open source content such as this YouTube video and a blog post on Designorate describe the process with reasonable detail.

The basic concept of a stage-gate process is to have a series of decision points ("gates") that determine risk and if further investment in a project is merited. Most product development projects will prove to be unviable, either financially or technically. The key idea behind the stage gate process is to only slowly commit funds to any particular project. Each stage involves investing as little as possible to learn as much as possible that will contribute to decisions on whether to continue investing in a project or not.



Courtesy Stage-Gate International™, used with permission.

The stages of this standard process are:

• **STAGE 0: Discover:** Before generating product ideas, you need to gather data about the world in which you operate. It involves observing a market space, collecting data, and making sense of that data, much like in the observe and orient phases of the OODA Loop. The key point is to generate insights on the target market that will allow you to create unique and valuable goods and services. The end of this stage involves generating a range of ideas to consider for development.

• **Gate 1:** Decide which ideas will receive further investment of staff time to refine and support. Eliminate ideas that are not worthy of investment.

• **Stage 1:** Scope: For each idea selected to pass through Gate 1, assess the market potential, strategic fit, and technical merits. This step involves minimal financial investment, as assessments are usually based on available data.

• **Gate 2:** Decide which ideas have sufficient strategic, financial, and technical merit to invest more staff time and external research in continued development. Eliminate ideas that do not meet minimum criteria for additional investment.

• **Stage 2:** Design: Invest greater time and energy in developing specific technical, marketing and business feasibility. Create a business case that addresses product and project definition, justification, and plans for development. Spend time and money conducting research to better address project feasibility and establish reasonable forecasts.

• **Gate 3:** Decide which projects have business cases that justify continued investment in
development. Eliminate ideas that do not meet the criteria for investing limited development resources in them.

• **Stage 3:** Develop: Design and develop the new product. This will involve significant investment in prototyping and evaluating the performance of those prototypes. Development will be an iterative process, following the OODA Loop or similar sorts of thinking. As this stage proceeds and the product becomes more clearly defined, you will create plans for manufacturing the good (or delivering the service), marketing the launch, sales strategies,
and overall operations plans.

Note: although the next stage is called testing and validation, don't wait until then to test the product concept and performance. That should be done iteratively throughout the development stage.

• **Gate 4:** Decide which projects deliver product performance, financial viability, and strategic fit worthy of further pursuit. Eliminate projects that do not meet the criteria for moving forward.

• **Stage 4:** Scale Up: Validate that the entire project is ready for launch: product performance,
customer experience, the production/manufacturing process, marketing plans, sales plans, and
the financials of the project. Validation can involve large-scale product testing, test markets,
and full-scale manufacturing trials. Investment at this stage is significant, and should be reserved for those projects that have a high probability of success.

Note: to reiterate the message of the previous stage, testing and validation should be conducted iteratively in the development stage as well. This separate stage 4 is the final test of the whole project to ensure launch viability in all aspects.

• **Gate 5:** Decide which projects are worth the final stage of scale-up to a full launch. Eliminate any projects that don't meet stringent launch requirements.

• **Stage 5:** Launch: This stage is the highest level of investment, and should be reserved for those projects that have met the most stringent of launch criteria. This stage involves full commercialization of the product-the full production,

• **Post Launch Review:** This is perhaps the most important long-term step; yet few organizations do it well, if at all. It is important to review the actual results of the launch, compare them to the expected results, and learn all you can about why there are any differences between the two. What you learn here will help to improve product development success in future generations.

In the final section of this manual we will take you through a sample product development journey and show you how to make these frameworks useful for you.

FOOD INDUSTRY PRODUCT DEVELOPMENT

The OODA Loop and Stage-Gate frameworks can theoretically be applied to any industry. However, it's also useful to understand how product development is typically conducted in the food industry. A food-specific variation on the Stage-Gate framework is provided by The Design Technology Blog, which is visualized in the graphic below. As with any model, it's important to note that these are not linear or hard-and-fast stages, but conceptual in nature. Inside each stage will be an iterative process of experimentation, testing, and refining.

Step 1
BRIEF

The first stage, the brief, involves stating the problem that needs to be solved by the new food product. For example, developing a low-cost plant-based chicken kebab.

Step 2
MARKET RESEARCH

The second stage, market research, involves evaluating the market for the new food product and assessing desired attributes. In addition to market feasibility, we also recommend evaluating technical and commercial feasibility of the new food product (see Conduct a Feasibility Study section for more information).

Step 3
DESIGN SPECIFICATIONS

The third stage, design specification, involves listing the needs and attributes of the product, which are referred to as its specifications. Examples of product specifications include:

- **Size**
- **Shape**
- **Shelf life**

  Note: When setting your specifications for shelf life, it is important to remember that distribution channels are slow. It is quite common for products to be warehoused at a redistributor for a number of days/ weeks before being transported to a distributor where they are warehoused again before being delivered to the retailer or foodservice operator. It is not uncommon for retailers and foodservice operators to refuse to accept deliveries of products unless they have at least 75-85% of their shelf life remaining.
- **Weight**
- **Sensory characteristics** (taste, texture, appearance, etc.)
- **Costs**
- **Ingredients**

  Note: When setting your specifications

for ingredients, it is important to keep in mind any ingredient restrictions enforced by retailers or foodservice operators or country specific regulatory agencies where you would like to sell your products.

- **Equipment**
- **Attributes** (e.g., organic, non-GMO)
  Note: GMO in food products is not permitted in India even if the final product does not contain GM proteins or are below a detectable limit.

Ready-to-eat food (RTE) is becoming increasingly popular and is something you should include in your decision making regarding the product, the packaging, manufacturing and marketing. Several types of preservation (ambient RTE, chilled RTE, and frozen RTE) lend different characteristics to the end product.

Step 4

SHORTLISTING AND TESTING

The fourth stage, shortlisting and testing, involves developing a number of different formulations (prototyping) and testing them to evaluate how well each idea meets the design specifications (see Product testing and quality assurance section for more information). You should also obtain consumer feedback during this step through product sampling and other forms of consumer testing like central location test and in-home use test, and use those findings to inform product development in an iterative fashion.

Step 5

MANUFACTURING SPECIFICATION

The fifth stage, manufacturing specification, involves developing a protocol for how the product will be manufactured at scale (see Manufacturing section for more information).

Step 6

QUALITY CONTROL

The sixth stage, quality control, involves ensuring that the product is safe and is being manufactured to consistently meet the design specifications (see Product testing and quality assurance section for more information).

Another resource that speaks to food product development specifically is Creating New Foods: The Product Developer's Guide by Mary Early and Richard Earle. A research paper published by Fadi Aramouni, Ph.D. of Kansas State University covers methods for developing new food products.

As explained in the Scaling Up and Hiring a Food Scientist section, food scientists specializing in product development (as opposed to QA) can help you develop and scale up your formulation. One alternative to hiring a food scientist for product development is to formulate your products through an ingredient supplier or technical consultants. Many suppliers provide formulation services in exchange for an agreement to source ingredients through them. However, if you do go this route, it's important to work with your lawyer to clearly define who owns the formulation IP and other terms of the agreement. Similarly technical consultants provide a range of services from product formulation to piloting to manufacturing of the product, and entrepreneurs can have an agreement with technical consultants to define the scope of services. UL Prospector's food ingredient database can help entrepreneurs find suppliers and source ingredients globally.

If you need specialized equipment like an extruder for plant-based meat production, you might consider doing product development through a pilot plant. A pilot plant is a small-scale food processing facility, usually within a university, that is used for research and training purposes and is sometimes available to the public for contract work. Pilot plants often have food scientists on staff to help with product development.

GFI India has established relationships with the research institutes and technical consultants listed in Annexure 5 to help with the product development process and piloting of new products.

SCALING UP AND HIRING A FOOD SCIENTIST OR TECHNICAL CONSULTANTS

Whether you're working on cultivated meat or plant-based shami kebabs, your production process will be very different at scale compared to the early stages of product development. Companies with a long timeline to commercialization might find that initially using processes that are not scalable might actually help speed up progress in certain areas. For example, a cultivated meat company might use non-food grade materials in its media to expedite the R&D process, then later phase out these components prior to commercialization. However, all companies should keep scale-up front-of-mind throughout the product development process. Otherwise, you might end up wasting a lot of time perfecting a process that ultimately isn't scalable and needs to be replaced with something else. While the specific technology involved in scaling up cultivated meat is beyond the scope of this document, we will discuss what's involved in scaling up a recipe developed at home or in a small-scale commercial kitchen.

When scaling up a food process, you will need to make various adjustments. For example, you may need to substitute or eliminate some ingredients or switch from a batch process to a continuous process. Oklahoma State University's Food and Agricultural Products Center provides this guide to scaling up your food process. Food Crumbles' Scaling Up Food Production Series also explains the steps you can take to scale up your food process, and notes areas where you'll likely require assistance from an expert like a food scientist.

> Due to the complexities of scaling up a food production process we recommend hiring a food scientist right from the product ideation stage to product scaleup stage.

Food scientists can lead the product development process from ideation to launch including working with novel plant protein ingredients, formulation & processing development, and pilot & manufacturing trials. They can also help navigate the regulatory and labeling requirements through the product development process as well as develop protocols for product testing and quality assurance. This is especially important in India as the alternative meat, egg and dairy product co-manufacturing ecosystem is still in its nascent stage and would require a lot more technical transfer to scale up the products."

- Siddharth Bhide, **GFI India Science & Technology Specialist**

Please refer to job descriptions at Impossible Foods and Beyond Meat to put together a good job description for food technologists specialising in the area. GFI India has also put together a sample food scientist job description for alternative protein startups looking to hire their first food technical employee.

If you decide to hire a food scientist, you can either hire an independent food science consultant or a food consulting company. Food consulting companies tend to be more expensive but have broader expertise since they have numerous food scientists with various areas of expertise working as a team. That being said, an independent consultant with deep expertise in one specific subject area like protein texturization etc. might be a great choice if you are developing a product in that area. GFI has a list of global food consulting companies and independent consultants, and professional organizations like IFT can also be helpful in identifying options globally and AFSTI in India. GFI India provides an illustrative list of organisations that can be contacted for product development & scale up purposes (Universities and R&D technical consultancies) in Annexure 5. Many universities have a technology transfer division which you can also consult for creating IP and then scaling it up.

An India specific database for food scientists can be found in Annexure 3. Also remember to keep a watch on LinkedIn for potential candidates with relevant expertise that your product needs. You might also try reaching out to global universities with food science programs (both undergraduate and graduate) to expand your search through their alumni networks.

MANUFACTURING

Once you have your formulation scaled up, you'll need to find a safe place to produce your products. Due to the high costs and regulatory requirements associated with setting up your own manufacturing facility, manufacturers usually choose to produce their products at an existing facility when they're getting started out. Aside from owning your own manufacturing facility, three other options worthy to evaluate are commercial kitchens, food incubators, and co-packers/ contract manufacturers. GFI has put together a list of common equipment needed to develop functional plant protein ingredients and plant-based meat, eggs, dairy products and for cultivated meat R&D. This demonstration video of a Coperion High Moisture Meat Analogues (HMMA) extruder will give you an idea of the scale of equipment required. Depending on the type and complexity of the final product, you might need to evaluate the use of a combination of the options listed below.

1 **A commercial kitchen** (also known as community kitchen or shared-use kitchen) is a facility that provides food processing space and small-scale equipment, usually for-rent on a time duration basis. In India, services like Blendhub (Chennai) and FoodCoworks (Mumbai) provide access to a co-working kitchen space with light food processing equipment. In the restaurant business, there are many options for more traditional commercial kitchens, either shared between two or more operators based on different shift timings or for use by one operator on a rental basis. If you're exploring the restaurant or delivery space, Kitchens on Rent or Zomato Kitchens might be able to help.
Remember to verify the food safety certifications of the commercial kitchen and to check if the products made at the commercial kitchen can be distributed via both food service and retail channels.

2 **A food incubator** is much like a commercial kitchen in that it may also provide food processing space and small-scale equipment, usually for-rent on a time duration basis. However, food incubators also provide various types of business development services.

3

At the moment, India does not have any food incubators specifically for the alternative protein food segment, but have relevant biotech, food-tech and ag-tech incubators across the country as listed in Annexure 4 that provide equipment for manufacturing and R&D testing. GFI's global map of accelerators and incubators can help you find a global food incubation program.

A co-packer (also known as contract manufacturer) is a production facility that uses your IP to manufacture and/or package products on your behalf in exchange for a fee, usually either based on the quantity of items produced or the amount of time it took to produce them. In contrast to commercial kitchens and food incubators, co-packers provide the labor to produce your product in addition to the production facility. Since co-packers usually have a minimum production quantity, most manufacturers start out in smaller-scale facilities like a commercial kitchen or food incubator before moving on to a co-packer and eventually building their own manufacturing facility. The co-packer is perhaps your most important partner, the production and, perhaps, fulfillment partner.

There are a number of co-packers in India who can be contacted for co-packing products as listed in GFI India's Smart Protein Ecosystem Database in Annexure 5. These include Shri Krishna Farms in Mumbai specializing in co-manufacturing dairy products, Pure Tropic in Tirupur specializing in manufacturing emulsion type beverage products, Organico based in Thane specializing in co-packing and contract manufacturing for beverages. Biotrex Nutraceuticals also provides a range of services in the protein powder domain.

Another way of finding a right co-packer is carefully observing the labels of food products from other startups in India. They highlight co-packers and their location. This should help you narrow your search to the right type of partners after studying their scale and volumes. Another way of reaching out to copackers is utilizing the services of technical consultants who can help you in not just connecting with co-packers but also give technical guidance to scale up.

"What's important to look for in a co-packer:

- The right equipment for your product and package
- Favorable location which will help you in procurement of ingredients and distribution of your product

Proper product storage facility for ingredients and final product (ambient/frozen/refrigerated)

- **Safety certifications and Licenses (e.g., FSSAI and ISO 22000)**
- **Minimum order quantity that's not too high for you**

Ability to scale up production in the future per the growth of your organization

- **Transparency (they let you see the facility, answer all your questions, protect your formulation / processing protocols / IP, and seem to communicate in an honest and straightforward way)**
- **Food certifications that you may need (e.g., Kosher, Halal, Organic)"**

– Siddharth Bhide, **GFI India's Science and Technology Specialist**

GFI has created a co-packer evaluation checklist to ensure you ask all the right questions.

PACKAGING

Like food production equipment, packaging equipment can also be highly specialized and expensive. Thus, most early-stage food businesses choose to package their products at an existing facility, preferably in the same place that manufacturing is performed.

PACKAGING DESIGN

When it comes to packaging design, consistency is of utmost importance and a good quality design can be modified and adapted to various types of packaging shapes, materials, and regulatory requirements. Innumerable brands and companies have started with simple packaging like a plastic pouch with stickers, etc. If your budget and scale allows it, a professional packaging design solution will last the company for a very long time. Here are some points to bear in mind while designing the packaging yourself or outsourcing it to a freelancer or agency. As rightly identified by a Forbes article your product's packaging is your first chance to delight the customer. An introductory video on food packaging is available on FSSAI's YouTube Channel.

PACKAGING MATERIALS

A number of recent innovations in packaging have provided increased shelf-life, sustainability, convenience, and food safety. For example, retort packaging is increasingly being used as an alternative to canning for shelf-stable products. The pouches use less than 5% of the packaging material of cans and help improve food quality, texture, flavor, and aroma due to shorter processing times at high temperatures. These articles from the Institute for Thermal Processing Specialists and Campden BRI describe the various heat processing techniques to ensure food safety of shelf-stable products. Kitchens Of India is an example of a brand using retort packaging technology. Your food scientist, co-packer, or manufacturing facility can help you understand what packaging options are available to you. Especially when starting, try to use stock packages as much as possible, which you can customize quickly and inexpensively with printed labels. IFT provides a summary of packaging options and what to consider when selecting packaging materials and methods. When selecting packaging materials, you should perform QA tests to determine how well different packaging options maintain your product quality in various conditions.

Your packaging needs will vary depending on whether you intend to enter the retail also known as Business-to-Consumer, B2C) or food service (also known as Business-to-Business, B2B) market. Retail packaging is consumer-facing, and therefore requires marketing efforts to make the product appealing to consumers (see the Food Labeling - Marketing Component section for more information). Consumption habits or frequency is also important as these factors play a vital role in the choice of packaging material as explored in this case study by DyWorks.

Foodservice packaging, however, is not consumer-facing. Foodservice buyers prefer no-frills packaging that prioritize function over form - sturdiness, ease of storage, and easy opening and discarding are desirable attributes. Another difference between retail and foodservice packaging is that foodservice products will typically be sold in bulk sizes. Whether you're selling in retail or foodservice, you should talk with your downstream supply chain customers (e.g., distributors, redistributors, retailers, foodservice operators) to make sure your product packaging sizes and case sizes meet their needs and the needs of their customers if they sell to them directly. It's important that your products fit appropriately on retail shelves, in warehouses, and in trucks and other forms of transportation.

Another note on foodservice pricing is that bulk sizing can easily obscure the value proposition of your product, so foodservice pricing is often quoted in different units of measurement depending on the type of product. It could be priced per serving, per litre, per 100g, per kg, etc. Per-serving pricing can help emphasize the profit potential of your products to foodservice prospects, and you should also note any labor savings that your products can provide. If your product can be stored more cheaply than its competitors, such as at ambient temperature instead of in a refrigerator or freezer, make sure to note that in your packaging and in sales collateral.

When designing your packaging and choosing materials especially for a mass-market product keep in mind the challenges specific to the supply chain in India, as highlighted in this KPMG report.

FOOD LABELING - MARKETING COMPONENT

As the first point of contact to consumers and branding for your company it's imperative that the package of your product highlights taste, price and usability. As described in this Food Crumbles article on The Basics of Food Labeling, food labels serve two primary purposes: 1) make the product look appealing and make people want to buy it and 2) tell the legal details of your food. Thus, food labels are both a marketing tool and a component of legal compliance. In this section, we'll discuss the marketing component of food labeling. Refer to the Food Labeling - Regulatory Component section for more information on that topic.

The average consumer looks at a brand for just a couple seconds before making a purchase decision. In the very short time that a consumer is scanning a shelf, how well will your packaging perform? Successful package design must clearly answer the following key questions for consumers: Who am I? What am I? Why am I right for you? We recommend hiring a professional designer to make your packaging as visually appealing as possible while ensuring the correct hierarchy of communication. You might also consider using focus groups, eye tracking studies, or other consumer testing techniques to evaluate the effectiveness of your packaging design prior to rolling it out. You should ask your packaging design firm to create mockups of your product on-shelf to examine how it looks in a retail context among competitors in the category and whether it creates an effective brand block. Adam Spriggs of Nucleus Maximus, a packaging design firm, gave a presentation on effective packaging design at Expo West 2017.

As with other forms of marketing, effective packaging is designed with your target consumer in mind. For many startup brands with limited budgets, your packaging is going to be one of your primary forms of marketing. The first consideration is the context in which the consumer will see your product. Will it be shown on a shelf at room temperature, displayed behind a freezer door, or lined up in a refrigerated case? What section of the store will it be in? What other products will be nearby, competing and non-competing? If you will be offering multiple items next to each other, such as different flavors, you will want to ensure that the package designs you use complement each other for visual impact when lined up on a shelf. Make sure your product fits – literally and figuratively – in the context where stores will display it.

The principal display panel is the front-facing side of your product where the only most important information goes, such as brand name, product name, statement of identity, product photos, and net quantity (see Regulatory component of food labeling section for more information on required components). You might also include attributes (e.g., organic, "free-from" claims) and certifications (e.g., vegan certification, Non-GMO project verification) that are important to your target audience, but be careful of including too much information and making the label feel cluttered. Good package design follows a clear hierarchy of communication, with the eye being drawn to the most salient information first, then guided to other supporting items. Packaging design should be extendable to other items as you grow your product line. Your packaging is effective if your target customers notice it on a shelf and quickly understand what it is.

It's easy to imagine your products being stocked and displayed in ideal conditions, but in reality, not every store will display them effectively. Many new products are stocked at floor level or on the top shelf, where less people are likely to see them. Getting placement at eye level often requires paying the retailer a fee, and can be hard to get since most established companies take the premium space. Sometimes your product will not be faced correctly; it could be pushed aside for other products, hidden behind pricing stickers or special displays, or not properly rotated towards the buyer. Try to make your packaging compelling from multiple angles, both a wide horizontal angle and the vertical angle (since your products may be on the highest or lowest shelf). Make sure it pops from 4-5 feet away, since most consumers scan shelves from that distance.

Research from Mattson shows that consumers respond much more positively to the term "100% plant-based" compared to the term "vegan." The reason might be that consumers who do not follow a vegan or vegetarian lifestyle might assume that products carrying those terms are not for them. Additionally, research from GFI supports the nomenclature of 'Cultivated Meat' when compared to many others names being used for it validated by focus grouping and quantitative studies.

What about local products? India is different from many global markets and vegetarian food is easily available therefore we recommend highlighting characteristics of the product itself - perhaps highlighting that the product is high in protein, is meat-free (meat-like but still vegetarian, a clear distinction), gluten-free, ete. Most meals in India are home cooked, eaten with the family and freshly made - that should be highlighted via visual and naming cues.

As the primary consumers of alternative protein products are likely to be meat-eaters it is best to highlight aspects like fragrance, indulgence and satiety to give consumers familiar cues. The biggest learning we have had is that "meat in India is not the meal, but a part of the meal." Therefore a 'meat replacement' may not be the ideal solution but replacement for specific preparations might work better. Any product that can fit into beloved dishes will find an audience. This of course comes into play within labelling. It makes more sense to market your product as a 'Plant-Based Chicken Tikka- perfect for your kebab craving' rather than as a 'Grilled Chicken Slices', for instance.

PRODUCT TESTING AND QUALITY ASSURANCE (QA)

Product testing has many different purposes, including informing product formulation, determining shelf-life, and ensuring product safety and quality assurance. Therefore, various forms of product testing are conducted during the product development process, as well as throughout the manufacturing of products to be sold to consumers. Your food scientist and/or production facility can help you understand when each type of testing is needed and which specific tests are appropriate for your product.

The four main categories of testing are analytical (including chemical and physical), sensory (also called "organoleptic"), microbial, and usage (also known as "product usage," "consumer use testing," "consumer in-use testing" or "in-use product testing").

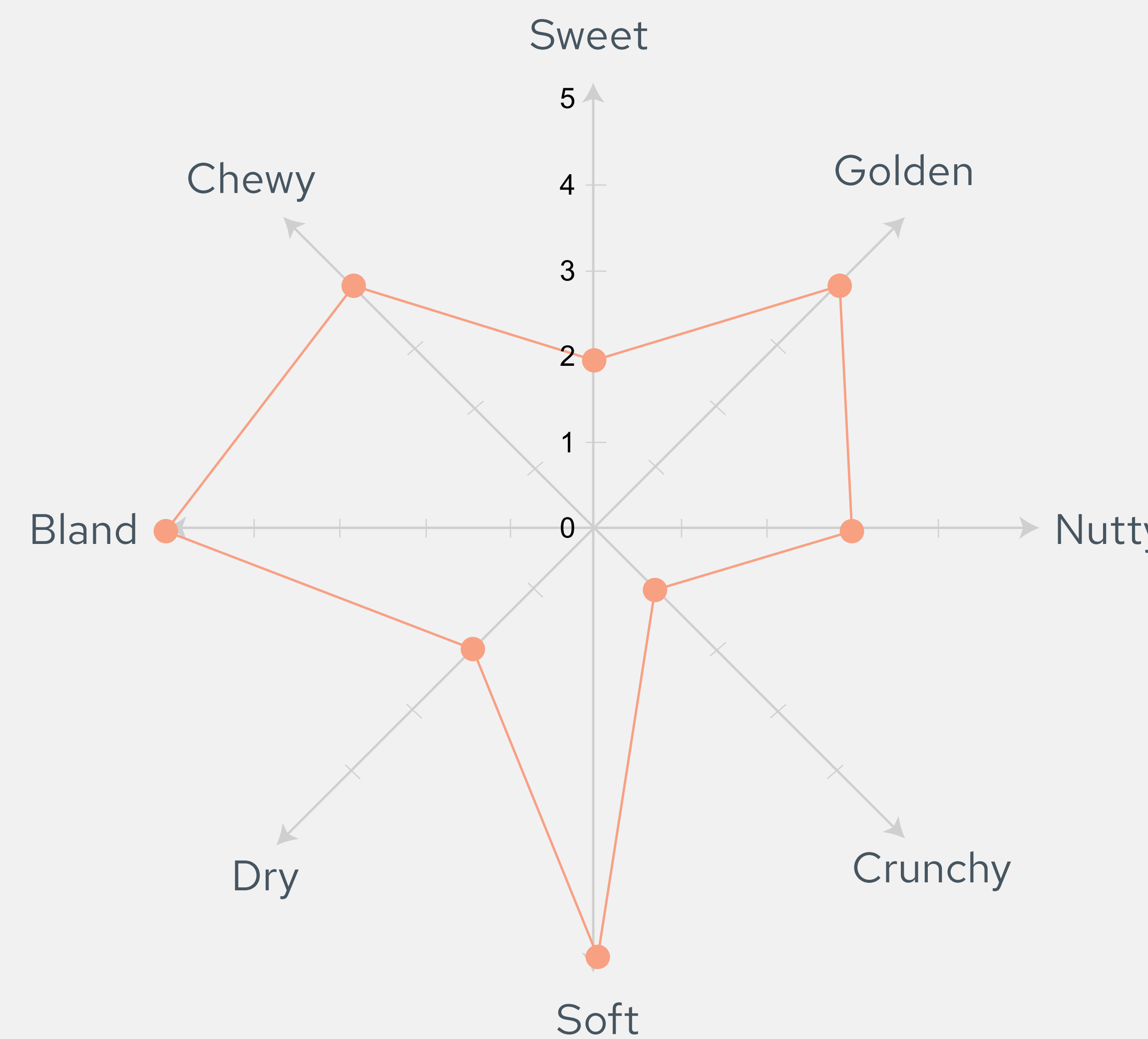
- Analytical testing: Analysis of chemical and physical properties of food (e.g., pH, %acid, %salt, %moisture, water activity, %fat, color, viscosity, hardness, density, allergen testing, nutritional analysis)

- Sensory testing: Analysis of sensory properties of food (e.g., sweetness, saltiness, chewiness, savoriness)

- Microbial testing: Analysis of microbial activity in food (e.g., total plate count (TPC), yeast and mold).

- Usage testing: Analysis of consumer perceptions and experience of food (e.g., in-home usage test (IHUT), consumer focus groups). This article from the Department of Food Science at the University of Massachusetts provides an overview of various food analytical procedures to determine different characteristics of foods.

During product formulation, sensory testing is often used to compare different iterations of the product and select the most appealing one. Companies might perform sensory testing internally or use focus groups to solicit consumer feedback. Testers might rank products according to a specific characteristic, e.g., from most salty to least salty, or they might rate products on a scale of 1-5 for each characteristic. Ratings from multiple different characteristics can be visualized in the form of a star diagram, like the example below.



Source: BBC Bitesize

It is important to understand that the parameters and end goal for testing and testing methodology would be different for different products, this is a core competency a food scientist brings to the table. CII, Jubilant Bhartia Food and Agriculture Centre of Excellence have put together a comprehensive resource on how to proceed with sensory testing of a food product, various testing methods, and why sensory testing is important during product development, quality and shelf life determination of a product.

GFI's guidelines on sensory parameters test specifically for plant based meat, egg, dairy products.

During shelf-life testing, various types of sensory, analytical, and microbial tests are conducted at set intervals over a period of time. Weekly testing is common for refrigerated products, and monthly testing is common for shelf-stable products. In some cases, accelerated shelf-life testing can be performed, in which the product is held at a higher temperature than normal so that results can be determined sooner. In shelf-life testing, microbial and analytical tests like pH can provide an indication that spoilage is coming before it can be detected through sensory testing. Prior to beginning shelf-life testing, it is important to run separate tests to confirm the product is as expected before spending weeks or months on shelf-life testing a product that was not produced to specification. While the specific tests and specifications will vary based on the product, this example shelf life test provides a template for a vegan soft cheese product and a cracker product. In addition to performing shelf-life testing under normal conditions, you should also conduct testing to understand how your products respond to less than ideal conditions, ensuring food safety is critical. It is always possible that your products will be exposed to heat, humidity, and physical stress during transport and distribution. Entrepreneurs should understand how robust their products and packaging are to such conditions, and use this knowledge to inform improvements in product formulation and packaging design.

Another type of testing that incorporates various sensory, analytical, and microbial tests is Quality Assurance (QA) testing. QA testing is an essential component of food safety plans, which all food facilities are required to have under the FSSAI. QA tests are designed to safeguard food safety by detecting biological, chemical, and physical hazards that might be present within food, as well as establish that the product was manufactured as intended and meets the required specifications. We recommend that all entrepreneurs consult with a certified food safety agency by describing your process, and hav advise you on the microorganisms that you need to test for, the initial validation studies that you need to do, and the protocol for regular testing to ensure continued food safety of your products. Equinox Lab and SGS

Group are examples of labs that conduct such validation studies. QA testing can also help establish that your products are being produced consistently each time, and that there isn't any unexpected variation due to ingredient supply, manufacturing errors, or other causes. Some QA tests are intended for in-line testing (i.e., prior to packaging), while others are used for finished product testing (i.e., after product packaging).

Normally, products from each production run are QA tested. For continuous processing, one sample per hour may be evaluated. Alternatively, samples may be evaluated from the beginning, middle, and end of each production run. For batch processing, a sample from each batch is often tested. Weight checks, metal checks, and temperature checks are often automated, with every package being monitored and automatically kicked off the line if non-conforming. QA

Examples of different types of quality assurance tests include:

- **Weight checks to make sure the product is the required weight**
- **Visual checks to make sure it looks the way it should**
- **Temperature checks to make sure it is being kept at an appropriate temperature**
- **pH checks to make sure the food has the correct acidity/alkalinity**
- **Microbiological checks to make sure bacteria are not at harmful levels**
- **Chemical checks to guard against chemical contamination**
- **Metal checks to guard against contamination by metals (usually performed at the packing stage using a metal detector or x-ray)**
- **Organoleptic checks to check flavor, texture and aroma by sampling the food product**

Within any type of testing, the specific tests that will be most appropriate will depend on your product. For example, the tests that are industry standard for milk products are very different from those that are typically used for crackers. If you are working with a food scientist, they will help identify which tests are needed during which aspects of the product development and manufacturing process as well as help you determine which tests to perform in-house vs. outsource to a laboratory. Food consulting companies often have bulk discount pricing agreements with labs. Co-packers, commercial kitchens, and food incubators will also provide assistance with understanding which tests are needed and will often have the equipment and established protocols for performing tests in-house as part of their existing food safety plan. In many cases, co-packers and other manufacturing facilities will already have standard protocols in place for product testing. If there are specific quality control measures that you would like to implement beyond these standard measures, either on your own accord or upon your food scientist's recommendation, you should feel free to bring that up. For example, if you want to implement a specific quality control test or increase the frequency of a certain test, the facility should accommodate your request.

Entrepreneurs typically perform sensory testing in-house since you don't need fancy equipment to evaluate things like appearance, odor, taste, and texture. Even if you decide to outsource some aspects of sensory testing, you should still conduct your own sensory testing in-house since no laboratory will be as familiar with your products as you are. You should also conduct sensory and usage testing with consumers, whether that's through formal measures like focus groups or in-home usage tests (the gold standard) or through gathering informal feedback during product sampling at in-store demos, trade shows, or other events. Sometimes in-house testing can be biased away from what consumers really want, or overly sensitive in a way that consumers aren't. Getting your product in front of consumers to solicit feedback is one of the best ways to inform product development and continuous improvement.

Analytical and microbial testing require more advanced equipment, so entrepreneurs often choose to outsource these tests to laboratories. However, some analytical tests can be performed with relatively simple equipment (e.g., pH testing). Which tests entrepreneurs choose to outsource will usually depend on their access to resources. For the tests that you decide to outsource to laboratories, in addition to getting referrals through your food scientist or production facility, you can also look up laboratories through GFI India's Smart Protein Ecosystem Database in Annexure 5. FSSAI has also published a list of over 100 NABL accredited laboratories which serve as a good starting point for all testing.

The Government of India has been extending financial assistance under the Food Safety and Quality Assurance Infrastructure scheme, including to private sector organisations, under the following components:
Setting up / Up-gradation of Quality Control / Food Testing Laboratories
HACCP/ ISO Standards/ Food Safety/ Quality Management Systems

CONSUMER TESTING

Product development should be iterative, meaning that you should constantly be incorporating feedback from consumers to make your product better. While you might think that your product tastes great, your packaging looks great, and your product is 100% market-ready, consumers might have a different opinion. Unfortunately, our own intuitions and feedback from those in our circle doesn't always match up with how consumers perceive your brand or product. Consumer testing is a useful tool for figuring out whether your product is meeting consumers' desires and expectations, and using that information to inform the development of your product is invaluable. In addition to providing insights about your product itself, consumer testing can also be used to provide insights into your branding and messaging.

Launching without conducting market intelligence exercises is a cardinal sin in all sectors, but more so in a new and evolving one such as, alternative protein. The biggest food company in the world, Nestle says: "Nestlé is really investing a lot of money and making a big bet in this space (plant-based meat), so we're always at the drawing board and continually improving." There are a number of consumer testing methods, but perhaps the most powerful is getting your product in front of people through product sampling and gathering their feedback. You can also use methods like focus groups, online surveys, social media, eye tracking studies, or other experimental designs. For useful results, you should ensure that you conduct testing only with consumers in your target market.

Using open-access research as a starting point is a must but very little is currently known about how India actually eats. A recent survey published by Frontiers in Sustainable Food Systems illustrates the theoretical acceptance of plant-based and cultivated (or 'clean') meat across India, China, and the United States. India contains complex and often unique characteristics due to its diversity. It seems entirely possible that the Indian story for the plant-based and cultivated meat eggs and dairy industry will play out differently from how it did in the West. Initial studies show that Indian consumers are willing to pay a premium for alternatives and that the first set of consumers will in fact, be meat-eaters. Alongside this, there is another reality to acknowledge - very little is known of how India prefers to eat meat.

We recommend conducting product-specific research using focus groups with diverse stakeholders to carve out your own 'early adopter' audience sets and not relying entirely only on market data that may be incomplete or irrelevant for your unique product. To truly ascertain who the best possible target audience for this sector is, we must start at the very basics - how is India currently eating? What is meat seeking behavior influenced by? Does there exist a true demand for protein? Consumer surveys can appear daunting and expensive as a young brand but there are ingenious ways to test brand names, price etc. with simple yes / no statements or a scale of '1-5 rating' format. Platforms like Survey Monkey have been used by industry leaders like JUST Inc. to tap into consumer sentiments - in a way that's cost and time effective.

While developing products for a B2B audience it is important to treat them with the same care as you would your end-consumers. Try and conduct interviews with all stakeholders: chefs, kitchen managers, merchandising executives and establishment owners to really understand their key considerations. Aspects like storage, handling, kitchen equipment being used are important to learn about while launching your product. Even if you have a B2B sales strategy it's important to invest in learnings and have iterations of your product fashioned around the same. Most of your client brands will later conduct their own tests in select outlets or cities to estimate how well your product is performing and incorporate those learnings into their sales strategy, like Kroger's, America's biggest grocery chain just did. Approaching them with your initial insights will help accelerate their efforts and will provide you with an edge in negotiating.

GFI India is gathering data through extensive consumer research studies that will lead to clear strategies for the marketing and positioning of plant-based and cultivated meat, eggs and dairy in India. These insights will be published in the form of open-access consumer research that when applied, can influence buying behaviour across demographics. We have spent the last year talking to almost every big food corporation and relevant start-up in India and they have all collectively expressed a clear need for this consumer sentiment analysis. They recognize the potential of disruption this new technology offers and are also impressed with the number of problems it can solve. Key questions like how does one price these products, and where does one sell them, to more nuanced details like what colours should feature in packaging, would be answered as part of this effort. This information would be key to the success of a food company launching plant-protein/ cultivated meat products.

To validate food products, consulting firms in India can use customer focus groups and market research to assess food products taste, brand, design, price point, buying behaviours and many more specific validation points. In India there are both local and international marketing research companies specialising in customer data validation.

INTELLECTUAL PROPERTY (IP)

Intellectual property (IP) is defined by the World Intellectual Property Organization (WIPO) as "creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce." Although this definition might sound abstract, IP has real monetary value, and therefore it's important for startups to have a strong emphasis on protecting it. This publication from Nishith Desai discusses various Legal, Regulatory and Tax implications of Intellectual Property Law in India.

Registered startups under DPIIT can avail benefits under the Scheme for Facilitating Start-Ups Intellectual Property Protection (SIPP). Start-ups will only be required to pay the statutory fees to file applications for patents, designs and trademarks through registered facilitators.

OWNERSHIP

It may sound obvious, but it's important to ensure that your company owns its IP. Any IP that was created prior to incorporation will need to be transferred to the company either temporarily through a license or permanently by way of an assignment. You should also ensure that any IP created by an employee belongs to the company, not the employee. In India, the Copyright Act, 1957 specifies that typically an employer becomes the owner of a copyright-able article created by an employee during the course of and within the scope of employment. However, other forms of intellectual property rights still need to be specifically assigned. To this end, an Employee Proprietary Information Agreement form is typically entered into by an employee with the employer to protect the company's IP. The same concept applies to independent contractors, who should also sign a written agreement.

PATENTS, COPYRIGHTS, TRADEMARKS, AND TRADE SECRETS

In India, measures of protecting IP include patents, designs, trademarks and copyrights. The Controller General of Patent, Designs & Trademarks explains the differences between patent, design, and trademark. The Copyright Office explains what is included under a copyright.

Broadly,

- Patents protect inventions or discoveries.
- Industrial design protects the ornamental or overall visual appearance of a product
- Trademarks protect words, phrases, symbols or designs identifying the source of the goods or services of one party that distinguishes them from others.
- Copyright protects original works of authorship

A fifth category, Trade secrets protect information that is secret, has commercial value because it is a secret, and has been subject to reasonable steps by the rightful holder of the information to keep it a secret (e.g., through confidentiality agreements). However, it is not legally recognised as IP but still holds value.

India has tremendous crop biodiversity, with crops such as pulses, millets, hemp, etc offering huge promise to diversify the raw materials for the entire global alternative protein sector. Of specific importance to plant-based ingredients suppliers is the Protection of Plant Variety and Farmers Right Act, 2001. This was enacted to provide protection for plant varieties, rights of farmers and to encourage the development and cultivation of new varieties of plants, under the aegis of the Ministry of Agriculture.

Of these options, patents and trade secrets are the two that are used to protect technical innovations. There are a few key differences between patents and trade secrets. One important difference is that patents expire after twelve years, and since patents are in the public domain, the information in your patent application could be used by someone else if your application is denied or when your patent expires. In contrast, trade secrets can be kept indefinitely.
Another important difference is the eligibility criteria. While a trade secret can be any type of commercially valuable information that the company has made an effort to keep secret, the eligibility criteria for obtaining a patent is more strict. According to Indian Patent Act, 1970, an invention "is patentable if it is a new product or process involving an inventive step and capable of industrial application," Examples of patent-able IP within the clean meat industry might include a method for modifying the cell lines to increase their accumulation of muscle proteins, a platform for large-scale scaffold fabrication, or a biomaterial composition of the scaffold that enhances differentiation efficiency. On the plant-based side, examples of patentable IP include the use or production of novel ingredients, e.g., Impossible Foods' technology to use leghemoglobin in plant-based meat. Unique texturization methods may be patentable if the process is sufficiently novel, though very few patents on extrusion techniques have been approved to our knowledge.

After you've considered all of the pros and cons of different IP protection methods, you should develop an IP plan that details the specific methods you will use to protect specific proprietary information. This IP plan should be detailed in your company's technical plan. WIPO provides information about how to incorporate your IP strategy into your business and technical plan. Internationally, WIPO has further resources, particularly about the Patent Cooperation Treaty, which allows companies to file for international patents that provide protection in 150+ countries.

NON-DISCLOSURE AGREEMENTS (NDAS)

A non-disclosure agreement (NDA) is a contract that protects the sharing of specific confidential information. Startups often use NDAs to protect IP that must be disclosed for business reasons. For example, it is common for manufacturers to implement an NDA with their co-packer prior to disclosing their formulation. Keep in mind that NDAs protect specific information (for example, a product formulation) but are usually not enforceable if they are too broad or used incorrectly. You should work with your lawyer to implement NDAs as appropriate. An NDA template can be found on the Startup India website.

It's important to note that VCs usually prefer not to sign an NDA unless they believe there is a compelling reason to have one in place, such as exceptionally unique but not yet protected IP. In other words, if you're a new cultivated meat company with a novel technical approach, it's acceptable to ask investors to sign an NDA (though we still wouldn't recommend doing so upon first contact). If you're commercializing your grandmother's pasta sauce recipe, it will likely make you look inexperienced to ask for an NDA.

REGULATORY CONSIDERATIONS

As you develop and produce your product, you must comply with regulations related to the processing and handling of food. If you are using a novel ingredient or creating a novel product (e.g., cultivated meat), you also need to consider the appropriate regulatory pathway to introduce your product to the market. If you don't comply with all of the appropriate regulations, your company will be at risk for legal action and reputational damage.

FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA (FSSAI)

As per the Food Safety and Standards Act, 2006, FSSAI is mandated to regulate the manufacture, storage, distribution, import and sale of food and lay down science-based standards for articles of food sold. In addition, it also facilitates the implementation of safety regulations. The FSSAI website has information on food standards, licensing and enforcement, imports, credible food testing and codified food safety practices including information on how to ensure your company is compliant.

FOOD SAFETY AND STANDARDS REGULATIONS

New food business operators must obtain a FSSAI Registration or FSSAI License before starting operations as per the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011. FSSAI has divided registration/ license based on turnover limits of the company - Base Registration, State License, Central License. You can apply for a registration/ license online on the food licensing and registration system. The portal also has information about the latest regulations and advisories pertaining to the food sector.

All food products must comply with food product standards as per the Food Safety and Standards (Food Product Standards and Food Additives) Regulation, 2011. FSS Act allows the use of vitamins and minerals in amounts not exceeding the Recommended Dietary Allowance (RDA) for Indians for functional foods, foods for special dietary uses, nutraceuticals and health supplements. Please refer to the India RDA factsheet.

If your company is looking to manufacture traditional sources of proteins and ingredients, including ayurvedic, unani, or herbal health supplement products, you must obtain an AYUSH Manufacturing License under the Ministry of AYUSH. However, any food products must always be FSSAI certified before retailing as per the Food Safety and Standards (Food or Health Supplements, Nutraceuticals, Foods for Special Dietary Uses, Foods for Special Medical Purpose, Functional Foods and Novel Food) Regulations, 2016.

If you intend to import or export raw material or finished products, you should be aware of the export import policy and guidelines in India. For any food product being imported into India, clearance will have to be sought as per the Food Safety and Standards (Import) Regulation, 2017.

In addition to all of the above, to understand the implications on your unique product you can browse through the extended list of Food Safety Standards and Regulations and decide what might be applicable to you. A more simplified version of this information can be found on the Invest India website.

FSSAI also recommends that all licensed food businesses must have at least one trained and certified Food Safety Supervisor under Food Safety & Certification (FoSTaC) Program for every 25 food handlers in each premise.

FOOD LABELING - REGULATORY COMPONENT

FSSAI regulates labeling of food products as per the Food Safety and Standards (Packaging and Labelling) Regulation, 2011. Packaged food products sold in India are required to be labelled with a mandatory mark in order to distinguish between vegetarian and non-vegetarian food products. According to the law, lacto-vegetarian food should be identified by a green symbol and non-vegetarian food with a brown symbol. It is mandatory for a food business operator to declare the preservatives used on the label of a packaged food product. For more information on the other purpose of food labeling, refer to the Food Labeling - Marking Component section.

FSSAI regulates food packaging as per the Food Safety and Standards (Packaging) Regulations, 2018. Packaging 360 blogpost on Packaging Design in Times of FSSAI provides an overview and case studies regarding compliance with FSSAI packaging and labeling requirements

RECALLS

A recall is the removal of a product from the market. While the FSSAI has the authority to issue mandatory recalls as per the Food Safety and Standards (Food Recall Procedure) Regulation, 2017, recalls are almost always voluntarily issued and executed by companies. While food safety issues are one reason why a recall may occur, recalls can also be issued due to noncompliance with FSSAI labeling or manufacturing laws such as packaging defects or improper labeling.

The FSSAI provides Guidelines for Food Recall. Your recall plan should identify steps to take in the event of a recall, including procedures to notify consignees (i.e., recipients of the product), to notify the public when necessary (i.e., if there is a food safety risk), to conduct effectiveness checks to confirm that the product was removed successfully, and to appropriately repurpose, divert, or dispose of the recalled product. The recall plan should also identify who is responsible for carrying out each step.

In addition to having a well-prepared recall plan, manufacturers should investigate recall insurance.

TRACEABILITY

An important component of any recall plan is traceability. Traceability is the ability to track food through all stages of production, processing, and distribution. Traceability is important for being able to determine which products need to be recalled. If the affected products cannot be identified, you might have to broaden the scope of your recall, which could result in greater financial losses.

Lot Codes

As outlined in this article from Safe Food Alliance on the fundamental requirements of traceability, the first step in traceability is identification. You should have a unique identifier called a lot code for each product in your facility, including raw materials, finished products, and cases of raw materials and finished products.

On finished products, lot codes indicate the date/time of manufacture, the production facility location, and the equipment line that was used. Rather than listing the date of manufacture in the lot code (which might turn off consumers if the product has a long shelf life), manufacturers usually list the expiration date and use the product's shelf-life to calculate back to the production date. For example, a lot code of EXP030518A2 could be used to indicate that the product expires on 3/5/18 and was made at facility A on line 2. In this example, if the product has a shelf life of two months, the manufacturer would know that it was produced on 1/5/18. More information and guidelines on expiry date and best before date can be found in the Food Safety and Standards (Packaging and Labelling) Regulation, 2011.

In addition to using lot codes on final consumer packaging, you should also use lot codes on cases of the product. This is important for ease of traceability (so downstream buyers don't need to open every case to check the lot code) but also for inventory management (e.g., first-in first-out (FIFO), expirations).

Lot codes should also be used to label raw materials (e.g., ingredients, packaging). This is important because if you find out that a raw material is contaminated or defective, you need to be able to determine which products it was incorporated into and where they were distributed. Raw materials will arrive to your facility already labeled with the supplier's lot code on the case and the bin. In other words, the supplier's finished product lot code will be your raw material lot code.

Recordkeeping

In addition to assigning and labeling products with lot codes, you also need to implement recordkeeping procedures to keep track of all this information. ERP software or inventory management software may be used to keep track of lot codes. Before you're ready to implement one of these systems, you might use a simple spreadsheet. Information that's tracked includes ingredient lot codes that go into each finished product lot, finished product lot codes, how much product of each lot code was produced, and where it was shipped (distributors, supermarkets, restaurants) so they can all be notified in case of a recall and advised to return or destroy the product.

Barcodes are another tracking tool that are not required by any federal regulations, but are usually expected by retailers and distributors. Barcodes identify the type of product, but unlike lot codes, they do not provide any information about where/when/how they were made. In other words, two different packages of the same type of product will share the same barcode, but they may not share the same lot code.

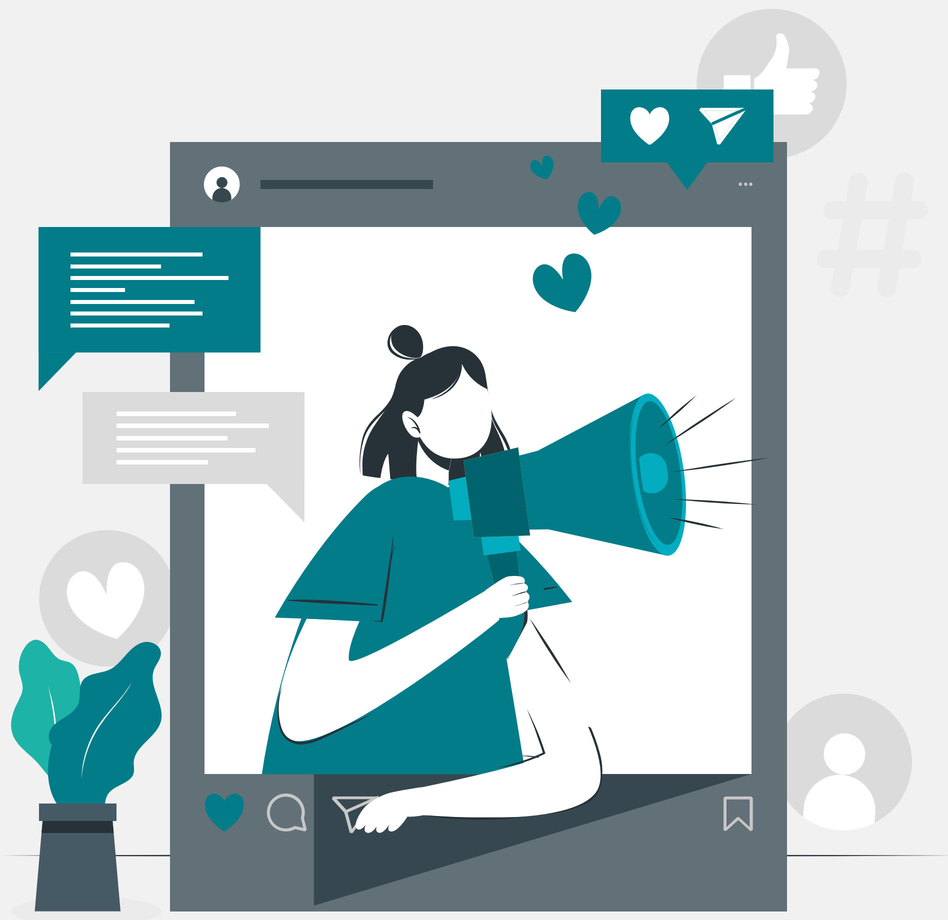
GS1 is a nonprofit organization that develops and maintains barcodes, and GS1 India is the GS1 Member Organization for India. GS1 standards facilitate unique and universal identification and sharing of information on products and services, from point-of-origin to point-of-sale or dispensation. Most commonly, GS1 standards are used in barcoding of consumer items and they enable important applications such as product authentication, track & trace, product recall, real-time stocks monitoring, online selling and more. When industries use GS1 standards, consumers benefit from enhanced product availability, safety & security and making better purchasing decisions whether shopping online or offline. Barcode can be obtained easily in India by submitting the following documents along with requisite fee to GS1 India for allocation of GS1 Company Prefix to be used for barcoding of products.

DETERMINING THE REGULATORY STATUS OF NOVEL FOOD INGREDIENTS

If you are using a novel food ingredient within your product (e.g., Impossible Foods' soy leghemoglobin or JUST's mung bean protein isolate), you should take steps to determine the regulatory status of that food ingredient. In addition to food ingredients, any novel substance intended for use in producing, manufacturing, packing, processing, preparing, treating, packaging, transporting, or holding food should be considered if it becomes a component of or otherwise affects the characteristics of the food. You can apply for a new ingredient approval from FSSAI under the Food Safety and Standards (Approval for Non-Specified Food and Food Ingredients) Regulations, 2017. These regulations are constantly evolving in India and we strongly recommend keeping in touch with the latest notifications from FSSAI around this.

SECTION 5

SELL YOUR PRODUCT



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MARKETING ENCOMPASSES ALL ASPECTS OF CREATING AND SELLING YOUR PRODUCT, AND YOU WILL NEED A SOLID MARKETING PLAN TO TAKE YOUR PRODUCT FROM THE PRODUCTION LINE TO CONSUMERS' PLATES.

BUILDING YOUR MARKETING PLAN

The first step in building your marketing plan is to set your marketing goals. You can move on to defining your marketing strategy, which includes conducting a situation analysis and defining your competitive positioning and brand strategy. Then, you're ready to choose the specific tactics that will make up the promotion component of your marketing mix. You can then compile all of this information into a written marketing plan that will help guide all of your marketing decisions.

BUILDING YOUR MARKETING MIX

In this section, we'll take a more detailed look at the four main components of a company's marketing mix:

1. Product
2. Price
3. Place:
    - Channel Strategy
    - Distribution
4. Promotion:
    - Advertising
    - Public Relations (PR)
    - Sales Promotion
    - Direct Marketing
    - Personal Selling

Let's start out by defining the difference between goals, strategy, and tactics. Your marketing goals define what you'd like to accomplish, your strategy is a high-level idea of how those goals could be achieved, and your tactics are the specific actions you take to implement that strategy. For example, if your goal is to "disrupt traditional food systems through the introduction of an alternative protein product," then your strategy is to "create a product that tastes the same or better, and costs the same or less,"and your tactics are: "accessing taste profiles," "building ingredients supplier networks,""developing channel partner relationships," etc. When building your marketing plan, you first develop your goals, then your strategy, then your tactics.

> **"While picking an idea it is imperative to consider it from a consumer perspective - your consumers could be other businesses and also the market at large. But identifying the needs states via conducting small scale surveys and interviews will help you sharpen your offerings as a company. Clearly identified long-term and short-term plans and a holistic consumer-centric methodology will give investors confidence in your team."**
>
> Dhruvi Narsaria **GFI India**, Corporate Engagement Specialist

DEVELOPING YOUR MARKETING PLAN

This section walks through steps for developing your marketing plan and implementing that plan to sell your product in the real world. Note that different companies will decide to outsource different aspects of this process. For example, some companies might decide to outsource their social media management, while others will do this in-house. Most companies will outsource things like logo and packaging design. Depending on your level of comfort with brand building, you might also want to outsource defining your brand strategy, though it's always a good idea to think through all of these steps in-house before hiring someone.

GFI India, Corporate Engagement Specialist, Dhruvi Narsaria, has put together a checklist of considerations for developing your marketing plan that you can download here.

Since you'll likely need to hire outside creative talent for at least some aspects of the marketing process, the question is not whether but when to hire a creative agency. In making this decision, there are three tiers of support you might consider:

Tier 3: A freelancing service produces a specific deliverable (e.g., logo, package design) on a one-time basis. Brand strategy support is not provided. This is a low-cost option, but is only recommended if you have a clearly defined brand strategy and vision for the end result. Quality of results may vary.
Tier 2: A marketing agency that helps define brand strategy and provides specific services but not the full breadth of services that a full-service creative agency would provide.There are also marketing firms that focus on different aspects of digital marketing. A quick search on the internet or referrals from others can lead you to firms that focus on different aspects such as digital marketing, offline marketing, social media management among others.

Tier 1: A full-service creative agency that helps build the entire brand, from defining brand strategy to designing packaging, website, social media, print collateral, videos, etc. This is the most expensive route, but the benefit is that it does not require coordination between different agencies and can often lead to a more unified brand.

While choosing agencies to work with, it is important to work with the team that you're most comfortable with. It helps if the team has done prior work in the food sector, but that is not mandatory.

Step 1
Set your Marketing Goals and Objectives

Step 2
Conduct a Situation Analysis

Step 3
Define Your Competitive Positioning and Brand Strategy

Step 4
Develop Your Marketing Mix

Step 5
Build Your Marketing Plan

Step 1: Set Your Marketing Goals and Objectives

The first step in developing your marketing strategy is to define your marketing goals, including creating brand awareness and preference, inducing product trials, encouraging repeat business, and growing sales. Marketing goals are very high-level, but defining them at the onset can help inform all of your marketing decisions. After you've defined your goals, you should define measurable and time-bound objectives that can be used to gauge whether you've achieved your goals.

Step 2: Conduct a Situation Analysis

With your goals and objectives in place, you're on your way to developing your marketing strategy. The next step is to conduct a situation analysis. The purpose of a situation analysis is to evaluate the current state of the market, including its size, projected growth, and consumer trends. You should also identify internal and external factors that might affect your company's ability to succeed in that market. The Balance provides this overview of situational analysis. Another helpful resource is Cleverism's guide to market situation analysis.

Another useful tool for situation analysis is SWOT analysis, which evaluates your company's Strengths, Weaknesses, Opportunities, and Threats. The Balance and Volusion each provide an overview of SWOT analysis.

Step 3: Define Your Competitive Positioning and Brand Strategy

After you conduct your situation analysis, your next step should be to develop your competitive positioning and brand strategy.

It is important to remember that you will likely be creating an entirely new product category with your alternative protein product. The first thing to consider while building any new category is creating awareness and demand for the category. The next step is to create accessibility for consumption, including creating the right products at the right price points and channels. It is critical that your products suit the Indian palette and are convenient to make at home.

Some pitfalls to avoid while introducing new product categories:

- **Assuming consumption patterns are driven only by culture. Affordability has a huge role to play. The belly of FMCG goods is middle and lower income, 70% of Indians eat meat but per capita consumption shows that affordability is key.**
- **Pigeon-holing in terms of format. Try having adaptable formats for diverse applications**
- **Imitating Western ingredients : Indigenious crops and indian superfoods are here to stay**
- **Going in it alone! Collaboration is key. Incubation centres, universities, QSR chains, all have a role to play in ensuring the success of your product.**

COMPETITIVE POSITIONING

Competitive positioning defines how you will differentiate your product in the eyes of consumers in your target market. Your situation analysis should inform your competitive positioning. However, there is additional pre-work involved before you can develop your competitive positioning, which includes segmenting your market and determining which market segments to target. To accomplish this, the Segmentation, Targeting, Positioning (STP) model uses three steps (you guessed it): segmentation, targeting, and positioning. If performed correctly, these steps will allow you to more effectively reach the consumers who are most likely to purchase your product.

The idea behind market segmentation is that consumers respond better to direct, targeted communication compared to vague and generic messages, and consumers who share traits such as interests, needs, or qualities are likely to respond similarly to marketing messages. By identifying groups of consumers that are most likely to buy your product and developing messaging that appeals to each of these groups individually, you'll get more out of your marketing dollars to increase your marketing return on investment (ROI). In other words, market segmentation allows you to personalize your marketing campaigns toward your target market in a cost effective manner.

When segmenting your market, you will want to find a good balance between being too broad and too specific. If you focus your marketing efforts on too few or too specific consumer segments, you might be missing out on entire markets. For example, if you market your plant-based cheese exclusively to vegans but fail to target lactose-intolerant, health conscious, or flexitarian consumers, you could be severely limiting your potential market. In contrast, if you try to include too many segments or make your segments too broad, you could be wasting marketing dollars on people who are not likely to be interested in your product. To state it simply, if you're trying to target everybody, you're going to have a difficult time reaching anybody.

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In India, the language changes after every 10kms and so does the taste of food. When developing a particular product, it is extremely important to target and tailor it according to the beach head market you have identified. The sensory attributes of the product should match the consumer application preferences because 20% of the people who love your product will be responsible for bringing in 80% of the revenue. For an egg substitute aimed at baking it could be foaming ability, for a milk substitute it could be nutritive values, for a chicken substitute it could be high protein content, soft texture, low fat etc and so on.

Kartik Dixit
Co-Founder, **EvoFoods**

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Segmentation

The segmentation process involves dividing the market into groups of consumers that have important features in common. The four main types of market segmentation are:

1. Demographic
2. Geographic
3. Psychographic
4. Behavioral

There are a variety of new and old tools you can use to segment your market, from interviewing consumers to using advanced data analytics tools. You can also use techniques like consumer profiling and persona development to better understand each of the segments you identify. Medium provides a list of market segmentation tools, and The Bridge provides more information on how to segment your market and this published research paper provides insights of psychographic analysis in India.

Targeting

The targeting process involves evaluating market segments to determine which ones you would like to target. In other words, targeting involves identifying the specific segments that are most likely to become your next customers, and equally important, determining which segments you should not focus your efforts on. Market segments should be evaluated according to their potential for profitability, including segment size and growth, as well as their accessibility. For example, will the consumers in this segment be receptive toward your marketing messages? Will a large financial investment be required to educate consumers in this segment or otherwise make them receptive to your messages? Are your competitors already targeting this segment?

Once you have your segments demarcated it's best to develop relevant targeting strategy for each segment and stage. There are various tools you can use to target ads to your desired consumer segments. Most social media platforms have built-in functions that utilize user and third-party data for ad targeting. For example, Facebook ads allows you to target ads based on demographic, geographic, psychographic, and behavioral data. Instagram, LinkedIn, Twitter and other social media platforms offer similar functionality. Search engines also provide ad targeting abilities. For example, Google Ads provides various targeting features, including remarketing, i.e., targeting users who have interacted with your ads before.

While ATL (TV, Radio, Print, FB ads) and BTL (direct email marketing, in-store promotions) activities are standard norm try to go above and beyond and really think about how best to get in touch with your customer. A popular method includes partnering with established brands to leverage familiarity and generate buzz. KFC recently partnered with Beyond Meat to pilot offering a plant-based menu-item at one of its locations in Atlanta. That plant-based chicken sold out in just five hours! Burger King piloted the Impossible Burger, a plant-based version of their hamburgers, in partnership with Impossible Foods. They've since rolled out a release of the meatless burger across the United States. Some brands like THIS have tried to conduct filmed experiments with their food for shock value and trendy targeting strategies.

Positioning

Market position is the consumer's perception of a brand or product relative to its competitors. While you can't entirely control your brand's position since it ultimately lies in the eyes of the consumer, you can influence how consumers perceive your brand or product. This act of establishing the image or identity of a brand or product so that consumers perceive it in a certain way is called positioning. Cult Branding and CFI each provide more information on how to develop your market positioning.

You should define your brand's positioning in a concise positioning statement. There is a helpful formula for developing your brand's positioning statement:

For X, we are the A who does B, because C. X=target audience, A=competitive frame of reference, B=unique value you offer, and C = reasons to believe. Or you could simplify it to: For [target audience], we offer [unique value], because [reasons to believe]. EquiBrand describes how to use this formula and offers a free positioning template.

To craft a compelling and differentiated positioning, you want to find the sweet spot where what matters most to your target consumers intersects with your unique brand attributes. When considering your brand's attributes, keep in mind that there are attributes that every brand in a given category must deliver on (points of parity), and unique attributes that will set your brand apart (points of difference). Your positioning, messaging, and marketing in general should focus on your points of difference, since that is how you will differentiate your product and brand from its competitors. In the food industry, since price, taste, convenience are key factors that consumers consider when choosing what to eat, it's essential that your brand be at least at parity with the category on these attributes. However, if you develop a product that, for example, tastes significantly better than the competition, then exceptional taste could actually be a point of difference. Points of difference should be closely associated with your brand in consumers' minds and set it apart from competitors. One way to test the ownability of the positioning is to use the brand substitution test. If your brand could be replaced by a competitive brand in any marketing tactic, such as an ad campaign, and work just as well, then the positioning is not distinctive enough.

GFI has done detailed studies on the attributes that must be highlighted front and centre in the plant-based category: here.

A concept that is closely related to positioning is your unique selling proposition (also known as unique value proposition), which Entrepreneur defines as "The factor or consideration presented by a seller as the reason that one product or service is different from and better than that of the competition." In defining your unique selling proposition, it can be helpful to think in terms of jobs to be done. For example, what job is that product doing for the consumer? Or what problem is it solving?

While a unique selling proposition is broad, a positioning statement is more specific in that it communicates to a particular customer segment the aspects of the value proposition that are most important to that audience. Depending on what attributes are most important to consumers in each target market, you might position your products by specific attributes, benefits, usage occasion, or more. Since different consumer segments might value different things, you should develop messaging for each targeted consumer segment. It's imperative to assign 'aspiration' to new food categories in India where like other lower-middle income countries, food is often associated with income and cultural cues and accelerated by social-media led consumption.

Perceptual mapping (also known as competitive mapping) is a useful tool for visually depicting your brand's positioning relative to its competitors. It can also be used to map the competitive landscape in a category to determine white spaces for your brand to fill. A similar tool is a competitive matrix. While a perceptual map uses an X-Y axis to compare brands across two features, and a competitive matrix uses a table with check marks to compare brands across more than two features. The competitive matrix is a particularly useful visual for the Competition slide of your pitch deck.

Impossible Foods positioned their products as 'the next big thing' by partnering with TV chefs and premium restaurants before they approached the Burger King route. This helps in creating a trickle down effect like this article highlights. Wild Type (cultivated meat start-up) made a huge press uproar when they served a tasting menu to guests at Olympia Oyster Bar in Portland, Ore., of which each course featured the clean salmon, created from cultivated meat technology.

BRAND STRATEGY

Once you've developed your competitive positioning, you're ready to start developing your brand strategy. But first, let's define what a brand is. Most people associate the term "brand" with things like logos, fonts, color schemes, brand names, and slogans. A brand encompasses all of these things, but it also includes much more. A brand encompasses the entire experience your consumers and customers have with your company and product. It's not just a one-way communication with your audience– it also includes how your audience perceives and engages with you.

A strong brand strategy will help you to create brand equity, or the value created by consumer perception of your brand. Always remind yourself about your core identity as a brand and ensure you communicate with your audience in a way that resonates the same. See, for instance this commercial by Lightlife where the fact that their product is 'juicy', 'meaty' and 'good tasting' is being highlighted in a commercial using a script. Do notice how the 'we are now available in the meat aisle' cue at the end reinstates the idea that the brand believes their product is meant for meat eaters. Marketing MO provides a guide on how to create your brand strategy. Here, we've covered some of the key topics to consider when developing your brand strategy.

Naming

One aspect of defining your brand strategy is selecting a name. Your company name is an important aspect of your brand identity. As such, your company name (and names for specific products and product lines) should be selected to fit in with your overall marketing strategy.

Creating names that resonate with region specific audiences is key. For example, plant-based milks aren't an established product category in Hong Kong, so Oatly made up a Chinese character for them. The invented pictogram is not a brand name; the Swedish company intended it as a conceptual signifier for plant-based milks. And it already shows signs of catching on. Oatly essentially created a whole new word while entering the Hong Kong market. Even if you are working with an ingredient solution do think about naming as a crucial piece of your strategy. Parabel subtly rebranded the humble 'duckweed' to waterlentils for broader appeal while working on a new protein ingredient. This article gives a candid account of the stories behind the names of 36 Indian Startups you might know of.

Igor, a naming agency based in California, uses the following process for choosing a name:

- Competitive analysis
- Brand positioning
- Name/brand development
- Trademark screening and domain search

In addition to the steps above, GFI also recommends using consumer testing to determine how consumers respond to the name. Marketing MO provides a guide on how to select a brand name.

Logo Design

After you've developed your brand strategy and selected your name, you're ready to develop your logo and brand identity (e.g., business cards, letterheads). Because good logo design is fundamental to a successful brand launch, we recommend consulting with an individual graphic designer or design firm. If you have a clear concept but limited budget, you might consider using a freelancing service as discussed in the previous section.

A few questions to consider when you're having a logo designed include:

1. **You want a logo for the long-haul. Will it be as relevant in 10 years as it is today?**
2. **Have you considered color symbolism carefully?**
3. **Have you chosen a font that expresses your company's personality?**
4. **Does the logo reproduce well at small scale (on a business card) or large (a billboard)?**
5. **Does the logo work in black and white? Can it be "knocked out" in white?**
6. **Does it work well in digital as well as print?**
7. **Is the logo offensive to any particular religion, caste, or ideology?**
8. **Is the logo easily identified as belonging to a food item but at the same time not easily confused with similar products or competing products?**

A vector-based program such as Adobe Illustrator should be used to create your logo. Be sure to ask for your logo in three formats: .EPS (this is the source file with vector-based artwork), .JPG (for use digitally), and .PNG (for use digitally where a transparent background is required).

Brand Architecture

After you develop your brand name and logo, you should focus on building out your brand architecture, which includes your brand story, brand personality, and brand messaging. When considering these elements, remember that it is essential to create an emotional connection with the consumer. As an entrepreneur, you're in a position to deliver something that the big food companies can't fabricate: authenticity. Make sure you're taking advantage of your story by letting it shine through in your brand. Lean Labs provides a list of questions to consider when creating your brand identity.

One aspect of your brand messaging is your elevator pitch. This presentation and exercise from Adam Spriggs of Nucleus Maximus, a CPG marketing and packaging design company, is useful for developing an elevator pitch that can be used at expos and trade shows, in your pitches to wholesale customers like retailers, foodservice outlets, and distributors, as well as in other B2B contexts.

Step 4: Develop Your Marketing Mix

After you develop your competitive positioning and brand strategy, you should determine the marketing mix that will be most effective for reaching your targeted consumers in each segment. Marketing mix refers to all of the marketing tools and tactics that a company uses to elicit a desired response in its target audience. Your marketing mix should be informed by your situation analysis, competitive positioning, and brand strategy.

The original model for conceptualizing the marketing mix is the 4 P's (product, price, place, and promotion). More recently, some models have added additional P's like people and process to account for changes in the marketing landscape. Cleverism and Fieldboom each provide an overview of marketing mix. Refer to the Marketing Mix section for additional information about each of the main 4 P's.

Step 5: Build Your Marketing Plan

After thinking through your marketing strategy, you're ready to write a marketing plan that details how you will implement it, including the specific tactics you will employ. It should also outline how resources will be allocated between different aspects of your marketing mix, and more specifically, how you will divide resources between different types of promotions to create your promotional mix. This includes creating a marketing budget and calculating return on investment (ROI) for all activities identified. Cleverism also provides this guide to creating a marketing plan. The Balance provides additional advice on how to write a marketing plan.

ELEMENTS OF A MARKETING PLAN

OVERVIEW

Brief summary of the goals, recommendations and key considerations that drove the final plan.

SITUATION ANALYSIS

Describes the current marketplace category and how your product is positioned relative to competitors and consumers across the four 4Ps.

SWOT ANALYSIS

Summarizes the key areas of strength and opportunity (relative to competitors or consumers) that should be exploited in the marketing campaign; also clearly captures areas that are potential threats.

OBJECTIVES

State the marketing objectives that your strategy will achieve; be sure to note any key issues that could affect the overall achievement of the strategy (e.g. dependent on securing distribution partner). For example: Grow YOY revenues by 10%

STRATEGY

State the actual strategy you will employ to meet each stated objective and clearly explain the logic by which you have arrived at this strategy.

TACTICS RECOMMENDED

Outline each tactic (e.g., advertising, social media, videos, press releases) that is being proposed. It's useful to have a clear sense of how success is measured for each tactic. Once you're clear on your goals, build a plan to track persons responsible, timing, costs, etc.

BUDGET

The overall marketing budget is essentially a P&L statement of marketing activities. It should include costs and expected return on investment (ROI).

ONGOING CONTROL

Detail how you will receive/monitor the success of the campaign as it is being implemented. It's very important to have the ability to modify the strategy as per an undesirable or unanticipated outcome.

Model adapted from Strategic Planning for Public Relations, 4th edition, by Ronald Smith. To commemorate India's Independence Day, Cadbury launched a limited edition chocolate bar. The development framework behind this chocolate bar is well explained in an article here. This example is just to indicate the thinking behind such a campaign - the success of which will depend on other factors in your marketing plan as well.

MARKETING MIX

Your marketing mix is a key component of your marketing strategy. Refer to the Marketing Mix sub-section to understand how the marketing mix fits into the rest of the marketing strategy process. In this section, we'll take a more detailed look at the four main components of a company's marketing mix: product, price, place, and promotion. To add some perspective as you think about the 4 Ps for your company, also consider the recent update to the 4 Ps - the 5 Ps consisting of precision, purpose, partnerships, pace, and personalisation.

The 4 Ps of the marketing mix are often conceptualized as how you get the right offer in front of the right person at the right place and time. By carefully crafting your marketing mix, you can help make this "right" scenario happen to achieve your marketing goals.

PRODUCT

Product is one of the four main aspects of the marketing mix. Product refers to the product or service that your company delivers to customers. Needless to say, the nature of your product will have an impact on your overall marketing strategy. Fieldboom provides a list of questions to consider about your product to help shape your marketing mix.

Formats like 'Ready to Eat' 'Frozen', 'Ready to Cook' are all marketed very differently and the product must dictate the overall direction of your strategy to a great degree. It will also influence 'price' and 'place' to a large extent. For instance : you may want to place your 'ready to cook' product in women friendly aisles at the supermarket while 'frozen' products may find appeal in cloud-kitchen procurement lists (B2B) or millennial friendly placements for the ease of eating.

PRICE

Price is one of the four main aspects of the marketing mix. Price includes the cost that consumers pay for your product, as well as the cost your wholesale customers like retailers, foodservice operators, and distributors pay for your product. 75% of the households in India are in the lower middle /low income population. Therefore, affordability plays a very very important role in mass adaptation.

Your price should be aligned with other aspects of your marketing mix. For example, if your product is a B2B commodity, it needs to be priced competitively with similar commodity products. In India, the younger audience (15-24) are the segment which drives footfalls for most QSRs. Affordability is the key driver for them when choosing a place, too. Creating products which fit their budget is critical from a QSR stand point of view. Owing to the low frequency of eating out, health/

nutrition is not one of the things that the consumers look for when eating out. Hence products have to meet the consumer expectations on taste, fillingness and affordability of the benchmark products .

In contrast, if your product is a specialty good with strong brand equity, consumers will likely be willing to pay more compared to other items in your product category. Your distribution and promotional strategies should be informed by these differences in product and pricing strategy. Creating awareness around protein and creating conditions for consumption in terms of right product, pricing and right channels are going to be important for the uptake of alternate protein in India.

So how should you go about setting a price for your product? Most broadly, there are three types of pricing strategies:

1. Cost plus pricing
2. Competitor-based pricing
3. Value-based pricing

In order to ensure that your product is appropriately priced, you should utilize aspects of all three of these pricing strategies. Shelf Life's four part series on pricing walks through a framework that incorporates each of these strategies. This process can help you arrive at your Maximum Retail Price should you choose to sell your product in India. The MRP should cover your cost of goods sold (COGS) (including ingredients, packaging, labor), overhead costs (both fixed and variable), a margin for you, and margins for brokers, distributors, redistributors, retailers, and any other downstream business partners as required. The Balance provides more information on how to calculate COGS. Note that margin is different from markup, and the food industry generally speaks in terms of margins. Be sure to be meticulous about accounting for all of your costs in your pricing– including trade promotions, taxes, travel, and more. Any operating expenses that you don't account for in your pricing will end up coming out of your profit. Gredio provides insight into how to price food products and Marketing MO provides this guide on developing a pricing strategy and Sequoia Capital provides another guide here.

PLACE

Place is one of the four main aspects of the marketing mix. Place refers not only to the place (either physical or digital) where your consumers purchase your product, but the entire logistical supply chain that gets your product to the end consumer.

Channel Strategy

The highest-level decision that you'll have to make about the place aspect of your marketing mix is determining your channel strategy. Your channel strategy determines which sales channels (sometimes called distribution channels) you will use to sell your products and how much of your overall sales volume you expect to move through those channels. There are four main sales channels in the food industry—retail, foodservice, direct to consumer, and business to business. In determining your channel strategy, you should consider the pros and cons in the table below, as well as the behavior of consumers in your target market. Where do they tend to do their shopping, and where are they most likely to purchase your product?

In India, we continue to rank high on traditional trade (local retailers or kirana stores) with 80-85% of sales of essential items still coming from this channel, vis-a-vis the US or UK where the majority of the sales come through organised retail and a few very big players. While this is changing with many new e-commerce shoppers, especially in a post-covid era, one must continue to keep a tab on traditional trade. An article in Entrepreneur India describes The Future of Retail in India, and this article from Medium describes how this Omni-Channel approach has recently worked in the Indian markets.

Consumers need to see adaptability and get familiar with novel products through food service before they commit to buying them in retail. For example, pasta was first introduced through foodservice and B2B channels, prior to its introduction through retail. Startups with an innovative product offering should consider focusing on B2B markets to get product validation and generate initial revenues crucial to demonstrate the traction. Note that due to the demands of introducing a product into a new channel, manufacturers often find it best to focus on one sector (e.g., foodservice) or even one sub-sector (e.g., HoReCa) while starting out, then expand into other sectors if desired.

Particulars	Description	Segments	Pros	Cons
Retail	CPG products are sold through brick and mortar retailers to be eaten by the consumer at home.	Grocery stores, big box stores, natural markets, convenience stores, drug stores, dollar stores, club stores. Note that products may either be branded or unbranded, the latter of which is known as white label or private label	• Established sales and distribution infrastructure • Access to retailer's audience for customer base • Opportunity to build brand loyalty since branding is consumer-facing	• High trade costs (e.g., slotting fees, trade shows) • High marketing costs (e.g., packaging design, advertising, brand building, distributors' marketing programs) • Low margins due to markup by retailers, distributors, and redistributors
Foodservice	Products are served at foodservice establishment; includes all "food away from home."	Non-commercial (institutions such as schools, universities, business & industry, hospitals, prisons) and commercial (restaurants, hospitality, grocers serving prepared foods).	• Established sales and distribution infrastructure • Access to foodservice establishment's audience for customer base • Lower marketing and trade costs compared to retail	• Low margins due to low price points (especially in non-commercial foodservice), markup by retailers, distributors, and redistributors. • Little opportunity to build brand loyalty since branding is usually not consumer-facing (the exception would be brands like Impossible Foods, featured prominently in restaurants, though this requires investing in marketing)

Particulars	Description	Segments	Pros	Cons
eCommerce/ Direct to consumer (D2C)	Products are sold online and delivered to consumers.	Third-party eCommerce websites like Bigbasket and Amazon; or self controlled own-branded eCommerce websites.	• Opportunity to test new products before launching in other market segments • High margins due to lack of middlemen • Opportunity to build brand loyalty through direct interaction with consumers • No trade costs	• No established sales or distribution infrastructure (unless selling through a third-party website) • No established customer acquisition methods (unless selling through a third-party website) • High investment in marketing is required to build customer base.
Business to business (B2B)	Products are sold to other businesses to be used as ingredients within other products.	Sell through B2B suppliers or directly to other manufacturers.	• Very low marketing and trade costs • Fewer customers are needed since purchase volumes are usually high.	• No established customer acquisition methods (unless selling products through an existing supplier) • No established sales or distribution infrastructure (unless selling products through an existing supplier) • If product is a commodity, margins will be low and competition will be high.

Source: Food Business Models and Channel Strategies presentation by David Benzaquen of PlantBased Solutions, delivered to the GFIdeas community in December 2017.

Distribution

This section primarily refers to distribution in the retail and foodservice sales channels. If you are selling direct-to-consumer, you will likely not interact with the distribution partners described here. Refer to the Selling via eCommerce section for more information about eCommerce distribution.

Manufacturers who are just getting started typically choose to deliver their products to retailers or foodservice operators through agents. In retail, this system is called direct store delivery (DSD). DSD can be an economical way to get your products into distribution in a local area, but you will outgrow it pretty quickly. If you want your products to be widely available, eventually, you will likely need to work with distributors/ agents. It is good to note that the more distribution layers you add, will increase your distribution costs - so conduct a cost benefit analysis before onboarding any distribution channel.

GoodDot, for example, has decided to serve its product in its own restaurants.

Food aggregator platforms and apps have given consumers a wide variety of products to choose from and this coupled with the convenience of getting the food delivered has contributed to the growth of the entire food service industry in India. You may choose to list your product on platforms like Swiggy, Zomato, and BigBasket, or other local delivery platforms to reach a wider consumer base. Alternatively, the rise of B2C logistic services, like Delhivery, have enabled startups like GoodDot and GoodMylk to deliver nationwide.

Distributors

The role of distributors in the food industry is to warehouse products, take orders, and deliver products from multiple manufacturers to retailers and foodservice outlets where these products will be sold to consumers.. Distributors also simplify the invoicing process on behalf of retailers by compiling invoices from multiple manufacturers. Without this service, manufacturers would be responsible for processing orders and billing each retailer separately rather than simply sending invoices to the relatively small number of distributors they work with. Similarly, retailers would be responsible for paying separate invoices from each manufacturer whose products they carry.

Overall, distributors provide valuable services to manufacturers and retailers. However, it's important to account for the costs associated with these services. Retail distributors usually take a 20-30% margin, and foodservice distributors usually take a 10-12% margin. Distributors also usually expect trade promotions as well as separate allowances for slotting fees, spoilage, and promotional activities. These costs need to be accounted for in your P&L/income statement and should be reflected in your product's price and written agreement with the distributor. Exclusive distributorship arrangements can be achieved based on geography, type of product.

Nationwide distributors operate on a national or even international scale, while regional distributors focus on a particular region or even a single metropolitan area. Regional distributors typically serve small and independent supermarkets or kirana stores due to their lower order minimums. In India, many large retailers like More, Reliance Fresh, Spar and others have their own distribution companies and necessary infrastructure. While this makes things simple for you as a manufacturer, this gives these large chains significant bargaining power over pricing and store placement - so be mindful!

Between product line, regionality, segments served, and sales capacity, there's a lot to consider when selecting a distribution partner. Perhaps the easiest way to single in on which distributors might be the best fit for you is to think about what retailers and foodservice operators you'd like to sell your products through and determine which distributors they use.

Super Stockist

In India, there exists an additional layer in distribution called the super stockist. A super stockist purchases goods from manufacturers and sells to distributors. Super Stockists typically only exist for large multinational companies and you will likely not require one as you startup. With technologically advanced supply chains, the super stockist is also slowly losing its relevance in India. Super stockists charge a commission ranging from 5% to 15% which would affect the bottom-line of your company.

International Distribution

If you feel that international markets are a good fit for your product, there are various ways to sell your product internationally, either through exporting, setting up a production facility abroad, or licensing your technology to a co-manufacturer abroad. There are various considerations for exporting, including taxes, tariffs, currency risk, logistics, and more. Pay special attention to import rules in your target country as this will carry additional costs, and an increased regulatory, and compliance burden.

The Ministry of Commerce and Industry's How To Export is a step-by step guide to exporting your products yourself. Additionally, the website of the Agricultural and Processed Food Products Export Development Authority (APEDA) is a useful resource.

PROMOTION

Promotion is one of the four main aspects of the marketing mix. Promotion encompasses all of the ways that a company communicates with its target audience to achieve its marketing goals. Cornell University provides an overview of promotion for food companies.

The promotional mix (also known as marketing communications mix) is the combination of various communication elements that a company uses to reach its target audience. Within each of these promotional elements, there are a variety of specific marketing tactics you may use.

The five main promotional elements are:

1. Advertising
2. Public relations
3. Sales promotion
4. Direct marketing
5. Personal selling

Since you won't have an unlimited marketing budget, you will need to decide how to allocate the budget between these different promotional elements to create your promotional mix. This decision should be informed by your promotional goals and overall marketing strategy. The Balance and Udemy both provide overviews of the promotional mix.

It's important to note that promotions can be directed toward consumers or customers as the target audience. The consumer is the person who consumes your product. Depending on your channel strategy, the consumer might purchase your product in a retail store, a foodservice establishment, or through an eCommerce website. The customer (also known as account or wholesale partner) is a business that purchases your product at a wholesale price and resells it to make a profit. In other words, customers are businesses in your downstream supply chain (e.g., distributors, redistributors, retailers, foodservice outlets). Some types of promotions will be more effective at reaching customers, while others will be more effective at reaching consumers. Unless you're using a purely direct to consumer channel strategy, reaching your marketing goals will require that you use various methods to reach your target consumers and customers. One relevant example is shopper marketing, which involves leveraging insights into how consumers shop at retail to inform your marketing plan and in-store tactics, thus growing sales both for yourself and your retail customers.

This section includes information on the five main promotional elements and specific channels within each of those promotional elements. This should not be interpreted as an exhaustive list of marketing channels—rather, we've highlighted some that might be of particular interest to entrepreneurs. Storm81 provides this extended list of marketing channels, but keep in mind that no list can be completely comprehensive since marketing strategies are only limited by creativity. Depending on its level of complexity, a marketing campaign might include one channel or multiple channels, however, it's important to consider the holistic plan.

Advertising

Advertising is a form of promotion that involves paying for space to promote your product or brand. At one point, advertising was thought of as a highly impersonal, mass marketed approach. Today, most advertising methods are highly targeted based on consumer data.

Most broadly, advertising can be broken down into traditional and digital approaches. The Balance describes the differences between traditional and digital marketing, as well as pros and cons of each.

Traditional Advertising

Traditional advertising channels include broadcast (e.g., TV, radio, cinema), print (e.g., newspaper, magazine, and industry publications), and public channels (e.g., billboards, posters). In this day and age, few food startups choose to devote significant resources to traditional advertising channels since digital advertising simply gets you more bang for your buck in terms of reaching your target audience.

Digital Advertising

Digital advertising includes all forms of advertising on the internet. This YourStory article gives an overview of the digital marketing landscape in India for marketers and businesses. As mentioned previously, digital advertising is highly targeted, meaning that you can choose with a high degree of specificity which types of users you would like to see your ads based on who you think will be most likely to purchase your product. Sprout Social provides this list of digital marketing tools that can help you more effectively reach your target audience.

There are three main pricing models for digital advertising:

1. **Cost Per Mille (CPM) - The publisher is paid based on how many times the ad is viewed**
2. **Cost Per Click (CPC) also known as Pay Per Click (PPC) - The publisher is paid based on how many times the ad is clicked on**
3. **Cost Per Action (CPA) - The publisher is paid based on how many times the ad is clicked on AND some additional action is taken (e.g., completing a transaction, signing up for a newsletter)**

This article from BluAgile explains how these three main pricing models work, as well as a few less commonly used models. Wordstream also takes a deep dive into the cost of digital advertising on various platforms, including Google, Facebook, and Instagram.

Here, we've outlined a few different digital advertising channels, including search engine optimization, search engine marketing, display advertising, email marketing, content marketing, social media and website.

Search Engine Optimization (SEO)

When you use a search engine like Google, Yahoo, and Bing, you'll see two types of results: organic (unpaid) results, and sponsored ads that appear at the top of the search results. Search engine optimization (SEO) is the methodology of obtaining a high-ranking placement in the organic search results. If your website link is high on the list of organic search results for keywords associated with your product, you'll receive a greater amount of unpaid visitors through search. This type of organic (unpaid) traffic is considered highly valuable as the person searching for your search terms is more likely to be interested in your product and further along the purchasing funnel. Moz provides a guide to SEO and StartupResources.io provides a list of SEO tools.

Search Engine Marketing (SEM)

In contrast to SEO, which involves optimizing to get to the top of organic (unpaid) search results, search engine marketing (SEM) is the process of purchasing the sponsored ads that appear at the top of the search results. The most commonly used paid search platform is Google Ads (formerly Google Adwords), which is used to serve ads on the Google search results. Niel Patel provides this guide to using Google Ads. Like unpaid traffic, paid traffic is also considered valuable as the person searching for the desired search terms is likely to be further along the purchase funnel.

Display Advertising

Display Advertising is another paid form of advertising that appears throughout the web and mobile. Ads exist in many different formats such as text, images, flash, video, audio, and more. The main purpose of display advertising is to deliver general advertisements and brand messages to site visitors and to drive web traffic and brand growth. Display advertising can also be used to drive consumers in-store, and even highlight specific retailers where your product is available, or be geo-targeted based on regional availability. Adding a digital coupon to a display ad is another way to help drive consumers to retailers to purchase. Facebook, Twitter, and Google Ads represent a significant portion of all display ads online. Google Ads provides more information on display advertising.

Email Marketing

Email marketing is the act of sending emails, typically to groups of people, for commercial purposes. In its broadest sense, every email sent to a potential or current customer can be considered email marketing, whether the message aims to build trust, promote a purchase, share third party services, etc. Messages usually deliver advertisements, requests for business, solicitation of sales or donations, and are meant to build loyalty, trust, or brand awareness. Email addresses are often acquired through your website, at events, and through content marketing. Kissmetrics provides a guide to email marketing.

Content Marketing

Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience and ultimately to drive profitable customer action. Content does not explicitly promote a brand but is intended to stimulate interest in its products or services, build brand equity and trust, and grow a community of brand followers, among other things. Relevant content includes blog posts, videos, podcasts, ebooks, and social media (see section below.) Niel Patel offers a guide to content marketing. Shopify's collection of e-commerce guides, which we've linked elsewhere in this document, is an example of content marketing.

Social Media

Social platforms have allowed for new and creative approaches that allow brands to interact directly with their consumer base and enact their corporate "personality" in real time in the public sphere. This technology provides a critical tool for receiving immediate and actionable feedback on messaging and products, activating early adopters and influencers, and learning more about the motivations and purchasing habits of your core consumers. Ideally, your company's social media is seamlessly interwoven into your marketing approach, encompassing media relations, PR, customer service, and more. Many consumer brands have tweaked their marketing budgets to make space for this new and crucial aspect of sales. As the alternative protein product category is relatively new for India, direct customer interaction is essential to dispel myths and inspire confidence.

To determine your tone and social media platform(s) of choice, consider the demographics and interests of your target consumer. The Centre for the Study in Developing Societies (CSDS) in partnership with Konrad Adenauer Stiftung (KAS) conducted a sample survey-based study on The Attitudes, Anxieties and Aspirations of India's Youth, in the 15-34 age group, provides insights into the economic, political and socio-cultural, and technological changes that impact India's youth. Key findings from the report are summarised in an article from The Quint.

Once you've identified your medium, it's your job to deliver content that not only communicates your brand ethos, but that speaks to your customers and mirrors their story and desires. When creating and/or curating content for social media, consider making your primary goal to clarify the purpose of your content for your consumer, not for you.

By considering this first principle, your marketing efforts on social media can create brand ambassadors that will market for you and amplify your own efforts. In addition, feeling like they are a part of your brand's mission, you can support your online fanbase with loyalty rewards like discounts, giveaways, and advance access to products and company news.

But you don't need to confine your online presence to your own channels: You can also leverage partnerships with online influencers that your customers already follow and trust in order to increase your reach and credibility. In India, many influencers have started focusing on themes like wellness, veganism, sustainability, conservation, and have built up massive followings on Instagram, Facebook, and other social media. Celebrities from the world of fashion, cricket, and bollywood, have been vocal about following plant-based diets and can be tapped for strategic endorsements and support. On a past GFIdeas global call, CJ Bruce of Chuck Joe, a natural foods digital marketing agency, presented on how to engage with social influencers. Additionally, many journalists turn to social media to keep track of the latest news and find unique stories. Engaging with journalists' work directly on their prefered platform is a low-cost and high-value way to cultivate media relationships that could lead to story placement in mainstream outlets.

While optimal social media use requires real-time attention, tools like HootSuite and Crowdfire allow you to easily create and schedule content while monitoring your online channels. Moz, SproutSocial, and HootSuite's blog are good sources of information on best practices to optimize your business's social media presence.

Website

Before creating your website, it is important to consider the intended purpose of your website. When you first create your website as an early-stage startup, the purpose might simply be to professionally represent your brand to target audiences like consumers, wholesale customers, and investors. In this case, a simple landing page and contact field might suffice. You can always build out additional features later. Additionally it is a great idea to take some secondary inspiration from the 350+ plant based and cultivated meat, eggs and dairy startups across the world. A lot of them have amazing websites rooted in their mission!

Depending on your budget and overall strategy, you might also decide that you want your website to serve different purposes like generating sales leads or selling products. Once you decide what you want your website to achieve, you can build a site that optimizes for the conversions relevant to that purpose (e.g., an eCommerce website would want to optimize for conversions such as purchasing a product or adding a product to the cart). Moz and Neil Patel both offer guides to conversion optimization.

There are a number of services that can help you build a business or eCommerce website, such as Shopify, Weebly, Wix, and Squarespace. If you'd like to add a further layer of customization, you might benefit from hiring a UI/UX designer to design a custom website. Web designers and marketing agencies can be found through your personal network, through online research, and through freelance services.

Once you have your website up and running, you should use tools like Google Analytics or the hosting company's available tools to understand wh\o is visiting your website, how users are finding your website, what content resonates most with users, and more. Since Google Analytics can provide you with demographic and psychographic information about your website users, it's an important tool for segmenting your market. Moz provides this beginner's guide to Google Analytics.

Public Relations (PR)

In order to understand how PR fits into the rest of your promotional mix, it's helpful to understand the difference between owned, earned, and paid media. Owned media includes original content that is created on channels your company controls such as your website or social media platforms. Companies often use content marketing to create owned media content like articles, e-books, videos, and webinars. Paid media includes paid advertisements like search engine marketing or promoted social media posts. Earned media includes content and conversation that has been voluntarily created by others. Examples of earned media include reviews, testimonials, social media engagement (e.g., likes, shares, mentions, retweets), media coverage, and word-of-mouth. Owned, paid, and earned media can often be combined to create better results. For example, you might write a blog post (owned), share it on Facebook to generate engagement (earned), and make it a sponsored post to increase its reach (paid).

One way to conceptualize PR is the practice of monitoring and managing earned media. In other words, PR is a form of promotion that manages the spread of information between an organization and the public. Your public relations strategy should aim to identify and influence how key stakeholders feel about your brand/product.

Why is PR important? For one, consumers view earned media as the most authentic form of marketing. Thus, earned media is a powerful tool for building trust and credibility among consumers and other key audiences. Reviews, testimonials, media coverage, and word-of-mouth recommendations are powerful forms of social proof that can help advance consumers down the purchasing funnel. Due to the ubiquity of social media in our society, earned media is a powerful way of expanding your reach and brand awareness. It can also lead to better conversion rates and ROI compared to paid forms of marketing. And besides the benefits that good PR can bring to your company, it's also worth noting the negative effects that bad PR can have on your company. For all of these reasons, it's worth devoting time and resources to developing a PR strategy, which should be outlined in your marketing plan. You should also develop a strategic plan for each PR campaign you plan to implement, including identifying how the success of the campaign will be evaluated.

Further, there is a huge ongoing shift in public relations and marketing communication as brands move away from loyalty and towards relevance. This trend is also examined in depth by David Perell and is a must read.

When it comes to PR, you have two choices: hire a PR firm or do it in-house. As a startup, there are a number of compelling reasons for doing PR in-house. The obvious benefit is that it saves money, but it also can lead to better outcomes in the long run. No matter how informed they are, a third party PR firm can't authentically represent your story as well as you can, and authenticity goes a long way when trying to engage reporters and consumers. Fortunately, there are a lot of tools that can help you learn how to do your own PR. In crafting your PR strategy, craft a powerful narrative that aligns with your target customers. Kissimetrics provides this guide to startup PR and Niel Patel offers this list of PR tools. Media Mantra summarises handy tips for running a successful PR campaign - whether in house through an agency.

PR Monitoring

Across all types of PR, you should have a focus on monitoring and evaluation. Monitoring what's being said about you on social media, in the news, and in other outlets serves a number of purposes, including providing insight into what types of messaging and content resonates best with your target audience, gathering consumer feedback about your product and brand to inform future product development, and staying on top of issues that if left unchecked could turn into full-blown PR crises.

There are various metrics you can use for PR monitoring, but PRSA defines these five key metrics:

Engagement
Impressions
Item
Mention
Reach

In conjunction with quantitative metrics, you'll also need to use qualitative metrics like sentiment– that is, the attitudes, emotions, and opinions that your audience expresses about your product or brand. Social listening involves monitoring online conversations to understand what consumers and other audiences are saying about your brand. Hootsuite provides this guide to social listening. Additionally, iProspect provides this overview of sentiment analysis tools that can help you capture and analyze these metrics, and Hootsuite provides a list of tools that are specific to social media sentiment analysis. Since Google Alerts is free, you should at the very least set up alerts for your company (including common misspellings and abbreviations), your key competitors, and key words that describe your market. Then, you can determine what additional paid tools you might need for PR monitoring.

Media Relations

One type of PR is media relations, which involves activities like writing press releases, building relationships, pitching stories, guest blogging, conducting interviews with journalists, and participating in events like pitch competitions that are likely to generate press coverage. As a form of earned media, press coverage is important for getting on consumers' radar and earning their trust, as well as demonstrating traction to key stakeholders like investors.

Dmitry Dragilev provides this 10 step process for startups to get press, Beckah Grant provides tips for pitching reporters about your startup, and Niel Patel offers this guide to startup PR. GFI also has expertise in PR strategy for plant-based and cultivated meat startups, and can help you think through your approach.

Corporate and Social Responsibility (CSR)

As per the CSR Policy, CSR is referred to as a corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. While provisions of CSR is only applicable to companies having a net profit of INR 2 crore of more, CSR is considered a type of PR because it doesn't occur in a vacuum– consumers take notice of brands' ethical practices, and are increasingly factoring this information into their purchasing decisions. A Deloitte report commissioned by FMI and GMA found that evolving value drivers, including health & wellness, safety, social impact, experience, and transparency, are becoming more important drivers of consumer behavior.

Successfully implemented CSR efforts can help raise brand awareness, build trust with consumers, increase your competitive advantage, and ultimately improve your bottom line. A report from Unilever found that the global market for sustainable goods is $2.7 trillion, and more than one in five (21%) consumers said they would actively choose brands if they made their sustainability credentials clearer on their packaging and in their marketing.

For most plant-based and cultivated meat companies, having a strong focus on CSR is a natural fit. That being said, your CSR efforts must be implemented in a way that's smart. For example, if you go overboard with environmental messaging or imagery, you could end up being perceived as a niche hippie product and alienating more mainstream, flexitarian consumers.

Ripple is an example of a plant-based brand that has a strong focus on CSR. This focus is a core component of their brand identity—their website, social media, and overall messaging strongly reflect their intent to improve sustainability. They even commissioned a life cycle assessment to determine the environmental effects of Ripple compared to other plant milks. However, notice that the environmental information is presented in a way that is well-balanced with other attributes. For example, the product description for Ripple Original uses environmental language in combination with indulgent words like "rich," "creamy," and "satisfying." In other words, good CSR is a core part of their strategy, but it's not the only thing they bring to the table.

Public Affairs

Public affairs is a type of PR that involves managing the company's relationship with politicians, governments and other public decision-makers. Public affairs strategies might include building relationships with government officials and conducting lobbying activities around particular issues. While a relatively upcoming function in India, many startups now have full-time public affairs employees on board. A LinkedIn search will help you understand what background or prior work experience employees in this field have.

Key stakeholders such as trade organizations, think tanks, and nonprofits often engage in public affairs activities in conjunction with or on behalf of companies or industry sectors. For example, GFI is currently working on a number of issues relevant to startups, such as labeling of plant-based and cultivated meats and the inclusion of plant-based foods in child nutrition programs. It can be helpful for companies to build relationships with these partner organizations to help strengthen engagement with policymakers.

Crisis Management

Crisis management is a type of PR that involves strategically managing issues that have the potential to seriously impact your business. Examples of situations that might require crisis management include regulatory hurdles or scrutiny, food safety issues, product flaws, product availability issues, lawsuits, valuation cuts, leadership departures or scandals, attacks from issue groups (e.g. anti-GMO activists criticizing the way a company's product is produced, human rights activists calling out issues in a company's supply chain, or vegans calling for a boycott after a company's acquisition by a non-vegan company or after featuring photos of the company's product served alongside animal-derived foods), or anything that could be viewed negatively by the public.

Jonathan Bernstein outlines the 10 steps of crisis management. Since prevention is always better than damage control, the first step in crisis management is to take steps to anticipate crises before they happen. This includes using PR monitoring tools like social listening to constantly monitor and assess risk to your product or brand. That way, you can monitor sentiment and online conversations to catch a potential PR crisis before it escalates. Other steps in the process include establishing a crisis management team, training spokespeople, determining how information will be disseminated, and identifying key stakeholders. For additional information, refer to Forbes' guidelines for crisis management. If crisis management is executed well, you may even be able to turn a potential crisis into an opportunity to connect with your consumers and encourage brand loyalty.

Employee Relations

Employee relations is a type of PR that involves managing the relationship between a company and its employees. Maintaining open and honest communication with employees is critical for ensuring staff happiness, retention, and peak performance. However, employee relations isn't just about making sure things run smoothly internally. It's also a powerful tool for reaching your other audiences through your employees. By training employees to be true ambassadors of your brand, you can help strengthen consumer perception of your brand and and avoid customer service issues that could drive customers away. Harvard Business Review discusses how to create a living brand to help ensure that your employees reflect the brand's core values in everything they do.

Sales Promotion

Sales promotion is a type of promotion that is used to promote a product for a limited amount of time. While consumer sales promotions are directed toward consumers, trade promotions serve to motivate your retail, foodservice, and distribution partners to purchase and sell your products.

Consumer sales promotions include price promotions (also known as price discounting), coupons, gift with purchase, samples, contests, sweepstakes, money refunds (or rebates), frequent shoppers or loyalty incentives, and point of purchase (POP) materials.

Trade promotions include allowances and discounts, cooperative advertising, sales force training, and free goods. Trade promotions may be introductory (to generate interest in a new product), recurring (to stimulate the market on a regular basis), or tied to a specific activity (to encourage that activity). In a blogpost, Splash Copyrighters covers the meaning of trade promotion, its origin, and the rationale for trade promotion. The blog post also goes on to provide an overview of the different elements that together build a company's trade marketing strategy: trade shows, trade promotions, magazines and websites, strategic partnerships, and digital marketing.

Marketing91 provides an overview of trade promotions, and Retail Path provides a great overview of trade promotions in retail. Nielsen also provides insight into how your product's category and other features might affect the effectiveness of different types of trade promotions.

In retail, trade promotions like cooperative advertising allowances, in-store demos and sampling, consumer promotions, coupons, and POS materials are often expected by buyers. Most retailers also charge some sort of product introduction fee or recurring placement fee when food manufacturers want to place products on their shelves. However, recent research from Nielsen across US, UK, Germany, France, Italy, Spain and Canada suggests that most grocery trade promotions lose money for manufacturers

You will need to develop a variety of printed and digital sales materials to present your brand to your wholesale customers (e.g., retailers, distributors), and in some cases, consumers. It's important that your sales materials appear professional and reflect positively on your brand. Therefore, we recommend hiring a professional photographer to take high-quality photos of your product, as well as hiring a graphic designer to design the materials. Shelf Life provides this overview of sales materials, including catalogs/brand books, point of purchase (POP) materials, samples packs, and more.

Catalog/Brand Book

Like your sell sheet, the intended audience for your catalog/brand book will be buyers (not consumers). While an order sheet with details of SKUs provides only the necessary information for ordering your products, your catalog provides a more in-depth look at your brand. Not every company has a full-size catalog– sometimes companies use alternative formats like multi-fold cards that can be easily handed out at trade shows or other events. Shelf Life provides this overview of catalogs.

Point of Purchase (POP)

POP is collateral that is distributed or displayed at the consumer's point of purchase (usually in-store). Shelf Life provides this overview of POP materials. POP materials might include posters, signage, tags, standees, LED lighting, or other forms of POP displays. Some may serve a dual purpose: to stock your product and serve as a prominent in-store advertisement to consumers. POP materials are most commonly used in retail, but they can also be used in foodservice. For example, Impossible Foods and Beyond Meat have both been known to serve their burgers with branded toothpick flags.

Product Sampling

Product sampling is an important type of sales promotion, not only for building consumer sales, but for gaining customers like retailers, foodservice operators, and distributors, as well as securing investment. It's also a useful tool for obtaining consumer feedback that you can use to inform product development. For all of these reasons, you should have a substantial sampling budget in your marketing plan, even though it may seem expensive.

You should always use good food safety practices when sampling products. Food safety mistakes like touching a product with your bare hands or improper temperature control could easily turn off consumers from your product or ruin an otherwise productive sales meeting with a buyer.

Trade Shows

Trade shows (or expos) bring together virtually all of the players in the food industry, from food manufacturers like you to buyers, investors, brokers, distributors, co-packers, product developers, ingredient suppliers, investors – you name it. Exhibiting at trade shows provides you with an invaluable opportunity to meet these key players, get your product in front of them, form partnerships, and drive sales. It can also help create buzz around your products, especially if you win an award or pitch competition during the event. Another benefit is that most trade shows provide educational sessions featuring key industry players as speakers.

Trade shows are expensive, and costs can add up quickly between the show fee, booth design, product samples, printed materials, travel, accommodation, and more. When determining whether to attend a trade show, it's important to carefully weigh the costs vs. benefits. You might not immediately recoup your costs, but keep in mind that just one key connection could make the entire event worthwhile in the long-term. When determining which event to attend, you should consider your goals for the show and how the audience for that event aligns with those goals. You should select an event that focuses on the market you seek to capture. Some worthwhile exhibitions for you to consider would be SIAL India, FI India, World Food India, Keep an eye out for specialist plant based protein and cultivated meat themed events by following some thought leaders in this space.

It is not always necessary to only attend events related to marketing or selling your product. You might find trade shows useful for your own company, to find suppliers, innovative manufacturing techniques, etc. For this, trade shows such as the Contract Manufacturing & Private Label (CMPL) Expo or the PackEx Expo may be relevant to this sector.

This article from Entrepreneur provides advice for getting the most out of trade shows, as does this blog from Both Sides of the Retail Table about how to maximize your success at trade shows. Expo West also provides some tips for first-time exhibitors.

Direct Marketing

Direct marketing is a type of promotion that involves communicating with consumers directly through mail, email, or phone marketing. Direct marketing is often used to send coupons and other sales promotion materials directly to consumers. Shopify provides a guide to direct marketing, and The Balance provides more information on direct marketing.

Personal Selling

Personal selling is a type of promotion in which a salesperson proactively approaches customers to make sales that would otherwise not have been made. For early-stage startups, it's often the founder who takes on this salesperson role. In comparison to some of the other types of promotions, personal selling is time- and resource-intensive since it involves researching prospects (i.e., potential buyers), fostering one-on-one relationships with buyers, delivering sales presentations either virtually or in-person, and performing follow-up as needed to close the sale and continue the relationship.

Since it is expensive, personal selling is not commonly used to sell products to consumers. However, personal selling is an essential tool for reaching high-volume customers like retailers, foodservice outlets, and distributors since the return on investment can be worth it.

Boundless Marketing provides this overview of personal selling, and Marketing Teacher provides a five-step approach to personal selling.

Here, we discuss some considerations for personal selling in the retail, foodservice, and eCommerce channels.

Selling to Retail

Before we proceed, let's define another term from this glossary from Shelf Life. A buyer (also known as purchaser) is a representative of a wholesale customer (e.g., retailer, foodservice operator, distributor) who is responsible for purchasing within a specific product category. Buyers can be classified by their sales channel– for example, a buyer within retail might be referred to as a retail buyer.

Retailers typically have individual buyers or teams focused on particular food categories such as dairy, eggs, pet food, etc. Retailers manage each category as its own business unit, seeking to maximize the profit from that category by finding the ideal mix and placement of products. Most stores will have a particular target for turnover (how much of each product is sold per store on a daily or weekly basis) per category.

Larger retail chains often have specific category review periods once or twice per year when the category is evaluated and the product mix and positioning strategies are adjusted. Be sure to note when the retailers you want to sell to are doing their relevant category reviews; if you miss the review, you might have to wait for months before you have another chance to get your product on their shelves. Smaller retailers are usually more flexible, and may not even have scheduled category reviews.

Before you contact a potential retail buyer, it's important to do your research on them. You should research the company as well as the individuals who are the retail buyers for your product category. Some questions to ask yourself include: Who are their distributors? What are their sales volume requirements? Who are their competitors, and what makes them different? You should also visit their stores to understand what products they carry in your category and how your product fills a gap in that lineup. You should also make sure that you know the answers to common questions that buyers ask about products. For example, what is its wholesale price, MRP, and gross profit margin? What is its shelf-life? What is its sales history in other stores? How many units do anticipate it will sell per week? Gredio provides a list of other questions that retail buyers will likely ask.

The retail buyer's job is to find products that will lead to increased sales for their category as a whole. If your product will only source sales from competitive products, it doesn't help the buyer meet their goal to grow category sales. Thus, when you meet with the prospective buyer, it's your job to convince them that your product will increase the total category sales. There are three main ways to do this: bring new buyers into the category, get existing category buyers to buy more, or increase the average dollar ring of products in the category. You should prepare a retail sales pitch deck for this meeting (note that this is not the same as the investor pitch deck). This article from HAX provides insight into how to pitch to a retail sales buyer, including what information should be in your retail sales pitch deck. The Both Sides of the Retail Table Blog provides some helpful suggestions on how to prepare for a retail sales pitch, what to include in your retail sales pitch, how to capture buyers' attention, and what not to do when pitching to a retail buyer. The SFA Basics textbook provides additional information about preparing for a retail sales pitch. Make sure you bring samples to your meeting with the buyer, including prepared products for tasting as well as packaged products for viewing, holding, etc.

If the retail buyer is impressed with your pitch and product, you will move forward into negotiations. Retailers typically ask for trade promotions like markdowns, exclusivity, and slotting fees, which are usually negotiable. After you strike a deal with the buyer and successfully obtain shelf space, you need to make sure your product stays on shelf. If your product isn't selling enough to meet the expectations of the retailer, they will likely drop your product to make room for something else. You need to have a strong marketing plan in place to ensure that your product turns at least as fast as other products in the category. This data can be obtained by Nielsen, IRI, or SPINs. If you see it's not selling as fast as it needs to, you can increase the consumption focused tactics in your marketing plan. Another risk is that your product sells too well and you can't keep up with out-of-stocks. This situation will also likely result in your product being dropped, since empty shelf space means lost sales for the retailer. Before you even approach a retail buyer, you should ensure that you have forecasted accurately and that you have sufficient production capacity to meet anticipated demand. This article from the authors of Both Sides of the Retail Table provides additional advice on how to keep your product on the shelf.

Most major retailers provide information on their website for potential suppliers. For example, BigBasket, Future Retail and Reliance provide information on how to become a supplier, including contact information, meeting request procedures, policies and guidelines, and required forms. Be sure to thoroughly review this information before approaching the retailer and follow all required procedures. Other ways to become a supplier is to look for buyers at supermarket headquarters or store managers for individual stores who are tasked with sourcing products for stores.

Selling to Foodservice

Broadly, the foodservice industry is divided into two sectors: commercial and non-commercial. Commercial foodservice includes for-profit ventures such as restaurants (full service and limited service), business and industry (e.g., corporate cafes), travel and leisure (e.g., resorts), and retail foodservice, which includes restaurants or prepared food counters within grocery stores, convenience stores, and other retailers. Non-commercial foodservice includes venues where food is served as a secondary function of an organization.

The overall food service industry in India is estimated to be Rs 5.99 trillion by 2022-23, growing at a CAGR of 9 percent, a National Restaurant Association of India (NRAI) report states. A FICCI-PWC Report on the Changing Landscape of the Food Service Retail Industry describes in detail the changing retail landscape in India and explores future trends that could shape the industry, including an increasing focus on health and wellness. These reports act as a primer for any startup looking to service customers through this channel.

Now, onto sales. The process for personal selling in foodservice is similar to retail. You should start by doing your research on the potential buyer. Among other things, you should study their menu and come prepared with ideas on how your product could fit into it. If the account is an independent restaurant, you should schedule a meeting with the owner, chef or manager. Be prepared to discuss the product, pricing, ordering, delivery, and other logistics. As always, don't forget to bring product samples.

GFI India, Corporate Engagement Specialist, Dhruvi Narsari, has put together a Survey for Gauging Perceptions and Adoption towards Plant-Based Meat via Foodservice Partners and Chefs.

If the buyer is a larger account like a chain restaurant, stadium, resort, cruise line, etc. you should find out who the food and beverage buyer is and schedule a meeting with them. Try and ask brands to let you display your brand on their menus, especially if you have retail plans, as this will allow customers to recall their favourite dishes at a restaurant and then pick it up at a supermarket. For example, the JUST frittata first featured on the menu at Le Pain Quotidien outlets in 2019, and is now being rolled out as a 'Ready to Cook' item in the freezer section of 5,000 retailers.

If the account is a non-commercial venue, find out who manages operations at that institution. Non-commercial foodservice establishments can either be independently operated or operated by a third-party foodservice management company. If a foodservice management company is responsible for operations, you should follow their procedures for scheduling a meeting to pitch your product. This option is most relevant to startups looking to manufacture a product specifically targeted for consumers at the bottom of the pyramid providing some nutritional intervention.

Selling via eCommerce

In eCommerce, most of your promotional mix will likely consist of consumer-facing marketing strategies such as digital advertising. However, if you're planning to sell your products on a third-party eCommerce website, you'll need to perform some personal selling to get that website to sell your product.

eCommerce is the buying and selling of goods and services online. eCommerce is becoming an increasingly important channel as more consumers are purchasing more food and beverage products online. Bain & Co in collaboration with Flipkart, examine current e-retail consumer trends and draw a future roadmap for the sector in a report that provides insights into How India Shops Online.The report points towards very high growth in e-tail with smaller cities emerging as volume heavy geographies, and should be a key point of considerations for all startups looking to sell online.

While some companies might choose to sell products exclusively through eCommerce, others might choose to sell online in addition to traditional channels like retail and foodservice to help boost sales. GoodDot, for example, has decided to serve its product in its own restaurants. You can use different platforms for selling your products online, including your own eCommerce website or third-party platforms. Some third-party outlets purchase products wholesale from manufacturers, while others never take ownership of the inventory, but rather rely on manufacturers to dropship orders to consumers.The rise of B2C logistic services, like Delhivery, have enabled startups like GoodDot and GoodMylk to deliver nationwide.

Food aggregator platforms and apps have given consumers a wide variety of products to choose from and this coupled with the convenience of getting the food delivered has contributed to the growth of the entire food service industry in India. Aggregators like Swiggy and Zomato have dedicated sections on 'Healthy Food' / 'Premium Food' etc and can be partnered with to expand reach. Or direct to Consumer websites, like Licious and Tender Cuts, whose audience may want added protein options. Alternatively, *Selling to Distributors*

There are many different types of distributors, and you'll need to decide what kind of distributors would make the best strategic partners for your company. Once you've gotten in touch with the relevant person, the buyer for your product category will set up a meeting if they are interested in learning more. At this meeting, you will be expected to give a presentation to the buying committee and/or sales staff. Note that your distributor pitch deck will be different from your investor pitch deck and your retail sales pitch deck since it should contain the most important information for distributors– e.g., information on your product line (including ingredients, certifications and distinguishing factors from other products in the category), retail and consumer demand, marketing and promotional strategy, packaging, shelf life, minimum order quantity, pricing, discounts, payment schedule, and production capacity. Don't forget to bring product samples to the meeting. Navigating the FMCG distribution channels in India can be a bit tricky, here is an overview to get you started.

While this might seem like a lot to cover, it's important to remember that distributors are ultimately looking to carry products that will sell. Their goal is to achieve a high level of inventory turnover, which results in a higher return on investment (ROI) on the cash that is tied up in their inventory. During this meeting, it is your job to convince the buying committee that your product will sell. Since retailers are distributors' customers, the strongest testament that a product will sell is retailer interest in your product and intent to buy. Thus, we usually recommend that companies pitch to retailers first then pitch to the interested retailer's distributor once they can prove that there is demand either in the form of expressed interest or written commitments to purchase a certain amount (the same is true in foodservice distribution). Another way to convince the distributor that your product will sell is to show that you have a strong sales, marketing, and promotions strategy. While distributors do have sales staff, their ability to drive sales is limited since they have so many different manufacturers and products to represent. As outlined in this article from Gredio, distributors won't sell your product for you.

If the distributor is interested in carrying your product, you can negotiate terms such as an exclusivity period, trade promotions, and more. The SFA Basics textbook provides additional information about key terms of the relationship that are up for negotiation. After you have an agreement in place, your job is to ensure that the product sells and continues to meet the sales expectations of your distribution partner. Your other job is to ensure that you don't run out of stock. Before you start expanding your distribution too much, it's important to ensure you have sufficient production capacity to meet demand within your current points of distribution. If distributors have empty room in their warehouses or retailers have empty space on their shelves because you can't keep up with demand, they might end up dropping you.

SUMMARY OF AN ALTERNATIVE PROTEIN STARTUP'S JOURNEY

Through the India Good Food Startup Manual, we've laid out an extensive guide to the steps involved in setting up a smart protein company and bringing you closer on your journey towards commercialising your product. We've shared an in-depth understanding of activities ranging from incorporating your company and securing funding, to developing your product and expanding distribution. It is crucial that you take up the right activities at the right time to increase your likelihood of success when your product is launched in the market.

Through this final section, we summarize activities from previous sections of the manual to map out your startup journey. Using a product development framework, we will create a checklist across each function, thereby enabling you to determine the right time to kick off a particular activity and help you move your company closer to launch.

IDEATE

Ideation is the first step towards the conception of your company. This stage typically involves identifying a market need or gap which your company wants to address. Clearly articulating the problem statement and need identification is crucial as it defines product attributes, positioning, sales channels, communication and brand messaging. Exploring resources in the alternative protein space will be helpful to come up with new ideas and identifying white space opportunities in this sector. Finding a co-founder passionate about your idea is the next step. It is not enough to come up with an idea. Preliminary validation through market research, networking with industry players and feedback from potential customers at this stage helps in refining ideas and prevent potential failures at a later stage.

Depending on your commitment to take your idea forward and confidence in your idea, you may raise funds for conducting market research, consumer surveys, and initial product development. At this stage, pre-seed funding can be availed through angel investors, friends and family, crowdfunding, and investment of personal wealth.

DISCOVER

Once you have identified which problem to work on, the next step is to explore your idea in depth. A preliminary exercise to determine your brand architecture is imperative at this stage. Competitive positioning based on analysis of competition, segmentation to define your consumer base to be targeted, and defining your brand proposition to shape brand messaging will enable decision making on product and pack attributes.

Another key activity at this stage is to evaluate the strengths and weaknesses of your team. You need to hire employees or utilize consultants who can support you with functional activities like product development, sales and marketing, legal compliances, finance and accounting and HR. You may choose to hire different functional experts at different stages of evolution of the company. For example, food scientists for product development will need to be hired at an early stage for companies intending to develop a product in-house. However, sales executives can be recruited at a later stage when the product development is complete and close to launch in the market.

Determining your company structure, incorporating your company, issuing founder's stock, getting business insurance, hiring employees and setting up accounting and compliance measures are other activities that need to be taken care of before proceeding any further.

At this stage you should consider raising pre-seed funding for building your initial prototype and demonstrating proof of concept.

SCOPE

Having brought together experts, financial resources, infrastructure and a company structure, the next step is to dive into product development activities. With an understanding of the problem to be solved, a potential solution needs to be identified through brainstorming and scoping activities. A typical scoping exercise would require zooming out and zooming in on potential solutions. In the brainstorming exercise, you can explore wild ideas and subsequently evaluate the feasibility of a broad spectrum of ideas based on constraints determined by the operating context of your company. Constraints can be market acceptability, regulatory requirements, consumer preferences, infrastructure, financial resources, technical capability or market price points. At the end of this stage, you will have a set of potential solutions which can be explored further.

An initial proof of concept can be demonstrated to identify technically feasible solutions and will help avoid excessive iterations and resource utilization at the design phase.

With potential solutions on the horizon, it is critical to estimate resource requirements for design and product development. Resources include manpower, infrastructure, raw materials, etc. Once the resource requirements are known, you can focus on raising seed investment from venture capitals or angel investors.

DESIGN AND DEVELOP

At the design stage, the focus is on product development, R&D activities, and regulatory approvals (if applicable) to arrive at a suitable alternative protein product. The ideation and scoping stage would have yielded information on key product attributes and performance metrics that will determine the success of the product. These metrics will need to be translated into design parameters which food scientists will need to keep in mind while developing the final product. For example, if one of the performance metrics is easy to cook, the food scientist needs to ensure a post processing step involving some extent of pre-cooking.

Prototypes developed at this stage can be evaluated on the basis of cost, consumer acceptability, quality and shelf life testing. The lead prototypes can then be tested for pilot level feasibility. Issues which don't get captured during lab scale production can be addressed at this stage. Pilot trials help determine feasibility of the process before jumping to a large scale production operation. A pilot trial to demonstrate medium scale operation will help arrive at optimal processing parameters relevant for large scale production.

At the design stage, the specification of final product and ingredients need to be locked. The choice of supplier will be determined at this stage after playing around with different ingredients from various suppliers for prototyping purposes. The Create your product section gives a detailed description of all activities involved at this stage of product development.

Various product testing including analytical, sensory, microbial and consumer testing will need to be carried out at this stage and be continued into the next stage for internal monitoring of product development as well as generating data for meeting safety and quality standards.

In case you develop a novel product mix or process, you should apply for patents and design to ensure you can protect your IP.

SCALE-UP AND PRE-LAUNCH

Scale-up is the obvious next step after pilot scale validation of prototypes. The section on scaling up and manufacturing describe the various routes available for scaling up production of the product. As you work on demonstrating manufacturing at a commercial scale, regulatory and safety considerations and marketing and sales strategy should be charted out in parallel.

Applications for appropriate FSSAI licenses, approvals and registration for manufacturing, sale, and labelling of food products should be initiated in advance to ensure you meet the anticipated launch timelines. At this stage the packaging format and SKU (stock keeping unit) size needs to be identified. To be ready for scale and launch, work on appropriate packaging material, design, artwork, communication and labelling should get started at this stage.
Marketing activities like finalizing the product name, logo, brand messaging, pricing and test market, and designing and implementing social media and trade activations, demos, promotions, and advertising should be initiated to prepare for launch. Similarly on the sales side, identification of distribution networks and channels and test market and liaising with them in advance is crucial for smooth launch of your product in the market.

LAUNCH AND POST LAUNCH

At this stage, you are ready to launch your product in a test market as your product is ready to be manufactured commercially, having positive feedback from preliminary consumer studies, all safety and regulatory approvals in place and advertising and sales strategy ready to be deployed and channel partner ready to launch.

Launching is just the beginning of the iterative process to improve your product. As more consumers get exposed to it, you have the opportunity to learn from their reviews, their experiences, and their feedback. It is therefore important to be ready with a post-launch evaluation strategy to identify and address pain points across product, packaging, marketing, sales, and supply chain strategy. Doing a root cause analysis on consumer feedback is key to continuous improvement of your product as well as the process of selling your product to the consumer.

Depending on the success of your product and plans to expand into other markets or new portfolios, you may prepare to raise funding from venture capital firms or strategic investors. With more investment coming in, you may begin at the ideation stage again and move towards launch of new products and innovations on existing products.

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	IDEATE	DISCOVER	SCOPE	DESIGN & DEVELOP	SCALE UP	LAUNCH	POST LAUNCH
R&D PRODUCT DEVELOPMENT	Identify a market need or gap	Conduct a situation analysis to evaluate the current state of the market, including its size, projected growth, and consumer trends Understand market need in depth and technical challenges to address the need	Identify potential prototypes. Conduct ingredient characterization experiments and establish structure-function relationships. Build a proof of concept for prototypes. Determine the infrastructure required for design and development of product. Determine target design parameters	Identify lead prototypes Conduct sensory studies. Conduct quality, safety, microbial and consumer testing of lead prototypes. Apply for patent and design for IP protection if novel product or process is involved		Launch product	Gather consumer feedback on product quality. Identify potential improvements in product properties
PACKAGING DEVELOPMENT					Identify type of packaging, size of product and packaging material required. Determine design, artwork, communication and labelling on pack		Gather consumer feedback on pack quality and clarity of messaging on pack. Identify potential improvement in packaging material and artwork

	IDEATE	DISCOVER	SCOPE	DESIGN & DEVELOP	SCALE UP	LAUNCH	POST LAUNCH
MANUFACTURING & SUPPLY CHAIN			Build relationships with and actively work with co-manufacturers on pilot scale, including iterating on the samples coming off the line, negotiating rates, and forging part-nerships for co-invest-ment in equipment where necessary	Finalize co-manufactur-er for scale up Finalize supplier for ingredients	Work with co-manufac-turer to demonstrate commercial scale pro-duction or manufactur-ing of product	Start commerical pro-duction of product	Ensure demand is consistently met, on time and quality standards are met during manufacturing
MARKETING	Preliminary market research of alterntive protein sector Identify market need or gap	Competition analysis Positioning Segementation Identify value proposi-tion, channel	Determine consumer preferences. Define success and perfo-mance metrics	Validate prototypes with consumers. Define marketing goals, in-cluding creating brand awareness and building product preference	Develop a complete brand strategy, which includes brand story, brand personality, and brand messaging. Finalize the product name, logo and pricing. Design and implement social media and trade activations, demos, pro-motions and advertising	Launch marketing cam-paigns, advertisements, social media buzz etc	Gather consumer feedback on brand messaging and story. Identify trends, areas of improvement in brand communica-tion and out reach to target audience.

	IDEATE	DISCOVER	SCOPE	DESIGN & DEVELOP	SCALE UP	LAUNCH	POST LAUNCH
SALES			Conduct analysis and determine the appropriate channel strategy, across retail, foodservice, direct to consumer, and business to business sales channels	Determine launch channels.	Identify distribution networks, develop relationships and manage logistic networks to serve B2B or B2C customers	Launch product, demos and activations in channels.	Gather feedback from customers (distributors, retailers,ecommerce platforms). Ensure product visiblity in target channels and keep distributors engaged.
FUNDRAISING	Prepare preliminary business plan Identify opportunties to get pre-seed funding		Raise seed funding for R&D activities	Raise seed funding for scale-up activities			Raise funding to expand to more markets and extend product portfolio
TEAM BUILDING	Find a co-founder	Expand your team - hire food scientist, lawyer, accountant etc		Expand your team - hire marketing, sales and business development executives			Expand team based on performance and success in marketplace
LEGAL AND REGULATORY ASSESSMENT	Identify potential legal and regulatory hurdles		Identify novel plant protein ingredients, if any	Identify regulatory approvals required and generate safety data for use novel food ingredients and processes	Apply for FSSAI and state FDA licenses, approvals and registration for manufacturing, selling and labelling.		

ANNEXURE 1

GET INVOLVED WITH THE STARTUP ECOSYSTEM IN INDIA

The Good Food Institute India is continuing to expand our entrepreneur database across plant-based, cultivated, and fermentation-derived proteins.

Broadly the database covers the following aspects -
1. Company focus area: Plant-based, Cultivated, Fermentation
2. Technology Area
3. Product status: Distribution/Scale up, Market testing, Prototype/ Proof of concept, Ideation
4. Funding status: Incubator/ Accelerator, Pre-seed, Seed, Series A, Series B, Series C+, Self funded, Other (grant funding/ angel investment)
5. Support required: Contract manufacturing, Distribution, Fundraising, Hiring Talent, Ingredient Sourcing, Licensing, Market Testing, Product Development, Regulation

GFI INDIA ENTREPRENEUR DATABASE

To be included or to update your entry with new information, please write to Nicole Rocque (Innovation Specialist) at nicole.rocque@gfi.org or fill the form below.

JOIN GFI INDIA ENTREPRENEUR DIRECTORY

ANNEXURE 2

SCIENTIFIC RESOURCES DATABASE

The following is a comprehensive list of scientific resources, both internal and external to the Good Food Institute, developed for food-technologists looking to innovate in plant-based, fermentation-based of cultivated meat, eggs and dairy.

GFI SCIENTIFIC RESOURCES DATABASE

ANNEXURE 3

TALENT DATABASE

At the Good Food Institute India we are building a talent database consisting of professionals, scientists, and students wanting to get involved in the alternative protein sector in India. The database contains information about a stakeholders background, interests, and the desired level of involvement.

The information provided, including personal information, is accessible to companies, startups, founders, and GFI global staff seeking mission-aligned talent, including employees, contractors, advisors, in the alternative protein sector. We actively promote the database within our network of companies and founders, which will be reviewed by them based on their needs. If you are a potential employer and looking to hire talent please reach out to Shardul Dabir (Innovation Specialist) at sharduld@gfi.org for access to GFI India Talent Database.

GFI INDIA TALENT DATABASE

If you are a stakeholder interested in working within the alternative protein sector in India and would like to be included into GFI India's Talent Database fill the form below.

JOIN GFI INDIA TALENT DATABASE

ANNEXURE 4

ACCELERATORS AND INCUBATORS DATABASE

The Good Food Institute India is putting together a list of accelerator programs open to startups in the alternative protein sector to obtain pre-seed funding, workspace, business training, mentorship, and access to a network.

There are multiple new accelerators and incubators being created for alternative protein startups across the world, like Big Idea Ventures, Brinc, and IndieBio, etc., that are opening calls for applications to international startups. In India, there are a number of private and government-based accelerator and incubator programs with a focus on Agtech, Biotech and Foodtech that may be relevant for alternative protein startups. The database contains information about funding, startup requirements, application deadlines, request for proposals and contact information

ACCELERATOR & INCUBATOR DATABASE

This is a non exhaustive list and we will be constantly updating it going forward. If you are managing an incubator/ accelerator program that is open to accepting applications from alternative protein startups, please reach out to Nicole Rocque (Innovation Specialist) at **nicole.rocque@gfi.org**.

ANNEXURE 5

SMART PROTEIN ECOSYSTEM DATABASE

The Smart Protein Ecosystem Project is an open access initiative between The Good Food Institute India and the Association of Food Scientists and Technologists - Mumbai Chapter. It aims to expand the stakeholder database GFI India has been building over the past two years specific to plant-based, fermentation-based and cultivated meat, eggs and dairy often referred to the 'smart protein' or the 'alternative protein' sector. The sector is growing rapidly globally, with billions of dollars committed in venture capital, corporate investment, and even IPOs. The aim of this comprehensive stakeholder database is to match smart protein businesses with partners and vendors crucial to the success of their venture.

Contacting People

You are welcome to reach out directly to contacts in the database. Please refrain from sending mass messages as this tool was created for facilitating specific individual connections. PLEASE DO YOUR OWN DUE DILIGENCE BEFORE ENTERING INTO BUSINESS RELATIONSHIPS WITH ANY OF THE STAKEHOLDERS.

GFI INDIA SMART PROTEIN ECOSYSTEM DATABASE

Sharing Database Information

Please request permission from GFI India (scitech.india@gfi.org) before sharing the link to this database with any other people or employers as this can lead to privacy concerns.

Registering for the database

This section is for professionals who would like to get listed on GFI India's Smart Protein Ecosystem Project with regards to resources for and within India. There are specified categories with a designated intake form which once filled would enable yourself to be listed. Please do note that this is a live document and will be updated over the next few months. Once you have filled the form below, kindly allow us 10 days to include your details on this database.

We appreciate your support as we aim to create a more comprehensive database to accelerate the smart protein sector - if you have any further questions on the database or if you are an interested stakeholder and would like to be included in our database, please write to Siddharth Bhide (SciTech Specialist - Plant Based) at siddharthb@gfi.org or fill the form below.

JOIN GFI INDIA SMART PROTEIN ECOSYSTEM DATABASE

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The India Good Food Startup Manual

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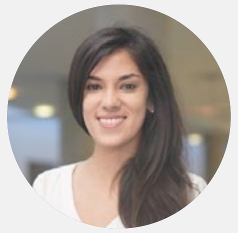

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For more, visit gfi-india.org