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# **RESEARCH REPORTS & UPDATES**

## **Food Distribution: Structure and Practice**

Moderator: H. L. Goodwin,  
Texas A & M

## **REPORTS**

### **Foods and Crafts Cottage Business**

### **Marketing and Management Training**

by

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#### **Problem Addressed**

With more than two-thirds of the total income of farm families in Kentucky being earned from non-farm sources, the capacity of rural communities and of agriculturalists to absorb the shock of agricultural crises is directly related to the diversity and the health of the nearby economic environment. To assist Kentucky rural residents in increasing economic stability and adding economic diversity to their communities, any comparative advantage for these individuals needed to be exploited. Also, Kentucky is known for its food products and crafts, as well as horses,

fancy farms, tobacco and distilleries. This home-spun heritage needed to be turned into profitable businesses rather than just being tied to fairs, festivals and local events.

#### **Methodology Used**

Educational workshops were initiated emphasizing starting and operating cottage businesses that produced and marketed food products and crafts made from raw farm food and fiber products. Topics included in the workshops (resource notebooks were provided for the participants as well) were as follows:

## *Planning, Starting and Organizing*

- Conception to Grand Opening
- Business Structure
- Capital Needs, Acquisition and Use
- Strategic Management
- Writing and Implementing Business Plans
- Starting and Expanding
- Products and Services Selection
- Financial Planning
- Strategic Marketing

## *Fundamentals of Finance and Accounting*

- Cash Flow
- Budgeting
- Recordkeeping
- Risk and Decisions Analysis Tools
- Predicting Operating Results

## *Merchandising and Marketing*

- Sales Forecasting
- Advertising
- Layout or Design
- Market Analysis
- Budgets
- Pricing
- Customer Analysis

## *Personnel Management*

- Organization
- Recruiting, Hiring and Evaluation
- Motivation
- Job Description/Analysis
- Training/Ladder Climbing

## *Legal Concerns*

- Business Form
- Administration
- Consumers
- Liability
- Employees
- Product Liability

## *Evaluation*

- Goal Setting
- Mid-Course Corrections
- Feedback
- Monitoring Progress
- A Look Back
- Exiting

The workshop materials and instructors were tailored to the perceived needs of the participants, so the educational activities were not identical among workshops. Instructors in the workshops included representatives from local banks, media and advertising firms, area economic development districts, Cooperative Extension Service, Chambers of Commerce, Better Business Bureau, Kentucky Labor and Commerce Cabinets, Kentucky Department of Agriculture, Internal Revenue Service, and urban county Centers for Small Business.

## **Major Findings and Their Contribution To Food Distribution**

From these workshops arose an appreciation and understanding of retailing, especially foods retailing and food distribution; concerns about food safety, quality and consumer satisfaction; a confidence in seeking information and assistance from the appropriate agencies, offices or similar businesses; additional non-farm income sources; and community economic development and enhancement.