



Feasibility Analysis: Starting a Food Bank System

A Toolkit from
The Global FoodBanking Network



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Food banks change lives and change communities by reducing hunger and malnutrition, by creating jobs, by empowering individuals and enhancing their economic status, and by building the wealth of their communities.

Deciding to undertake the establishment of a food banking system involves several phases:

1. Assessment Phase
2. Planning Phase
3. Capitalization Phase
4. Implementation Phase
5. Adjustment Phase

In most situations, the process could take from 3 to 9 months before the project has advanced to the point that The Global FoodBanking Network (GFN) can add value. It will likely take another 6 to 12 months, or more, beyond that for a food bank to become operational.

The following defines the key activities and objectives of the five phases:

1. Assessment Phase (See Appendix 1 - Environmental Assessments)

This phase involves a serious review of the environmental issues related to the establishment and ongoing operation of the food bank system. During this phase, the parties involved will look in depth at defining the need (who is hungry and why; where they are in the country; what are the special issues that affect serving them, etc.). There will also be an in depth study of all existing feeding programs, whether operated by government, the private sector, or civil society.

Evaluating the results of the need analysis against the current services analysis will provide valuable guidance as to the gaps in service and will help determine the priorities for the potential food bank's program base.

There must also be an assessment of the resources base – in terms of food, funds, and volunteers. Finally, the parties working to assess the feasibility of a food banking system must analyze the legal and regulatory environment in which the food bank will operate. This would include a review of the existing laws and regulations relative to food safety matters, transportation issues, solicitation and distribution of in-kind resources, liability protection for companies making good-faith product donations, tax incentives or disincentives, etc. It is critical that the food bank be appropriately structured, governed, and managed in order to promote full transparency and trustworthiness.

Modest expenses are likely to be incurred at this exploratory phase. It will be important to define a budget and identify one or several lead sponsors to finance this initial phase.

2. Planning Phase

Assuming that the Assessment Phase leads to a decision to move forward with establishing a food bank system, it is critical to establish a planning process with the serious engagement of a broad cross-section of the potential stakeholders in the food bank system. Building a Planning Forum with committed representation from government, the private sector, and civil society is key to ensuring both the diversity of perspective and the connection to resources that will be needed for a fully transparent and responsive food bank operation. Typical participants would include high-level governmental agency heads, major food industry leaders, financial leaders, community group leaders such as Lions Club, Rotary, etc., relevant religious coalitions, United Way, Red Cross/Crescent, etc. Ideally, persons from influential and successful ancillary businesses (IT, logistics, nutrition, health care, transportation, real estate, law firms, accounting, academia, etc.) should also be included as their expertise and spheres of influence can be very beneficial.

The work of this Planning Forum should be guided by a Core Team that provides leadership, sets the tone and values of the project, and undertakes the responsibility for moving the project forward in a timely and effective manner. GFN can engage with the Planning Forum and the Core Team in a consulting capacity to help ensure that the process appropriately considers all issues relevant to the feasibility assessment. If necessary in the earlier stages of the process, GFN may provide more direct facilitation services, helping to build the Forum and the Core Team, with the understanding that its role will revert more to subject matter consultancy as the Forum and Core Team assume greater “local” management and ownership.

There should be a group dedicated to underwriting the expenses of this planning phase. There will be costs associated with gathering the Planning Forum and the Core Team (meeting rooms, meals, etc.) and additional costs for collecting and mining this data. In most countries fees are imposed to register a business, create a name, acquire appropriate licensing, etc. A budget for in-country expenses and a funding plan need to be established by and in support of the group charged with conducting the assessments and planning activities.

The end products of this phase include a Business Plan and a Resource Development Plan. The Business Plan will define the structure, governance, management, operations, and administration of the food bank system. It will include the necessary assumptions and decisions regarding staffing requirements, facility and fleet requirements, operating procedures, logistics demands, service delivery procedures, communications and media relations plans, and community outreach and partnership development plans. It will also include ongoing fund raising plans to ensure sustainability and appropriate growth and expansion of services.

Most importantly, the plan should define the goals and objectives of the food bank’s scope and scale of service:

- Will it serve the hungry directly or through other NGOs (or both)?
- Will it attempt to provide 100% of a beneficiary agency’s food needs or some smaller amount?

- Will it try to reach all of the hungry people in the country / community or will it target certain segments of the needy population?
- Will it provide only non-perishable, packaged foods or will it also provide refrigerated and frozen foods and fresh produce?
- Will it provide only food or will it also handle non-food grocery products (cleaning supplies, diapers, personal care items, food service items, etc.)?
- Will it handle only food and grocery products or will it also handle other items such as clothing, furniture, household goods, etc.?
- How will it define its target distribution activity and measure against those targets?

3. Capitalization Phase

Once all of the planning is complete and the food bank is ready to move from concept to reality, the project moves into the Capitalization Phase. In this phase, the appropriate representatives of the project solicit identified funding sources to generate the financial resources necessary to capitalize the start-up of the food bank system. The target funding levels should be defined to include:

- all capital costs (facility, equipment, fleet, office furniture and equipment, etc.)
- first year operating costs (occupancy, staff costs, logistics costs, insurance, administrative – see attached Sample Food Bank Operating and Capital Budget)
- potentially, food purchases (A newly established food bank may need to supplement its inventory to be fully ready to serve its beneficiary agencies. The volume of purchases ultimately should reduce as the food bank evolves its food donation partnerships.)

4. Implementation Phase

Having built a viable Business Plan and secured the necessary capitalization, it is time to launch operations. The Business Plan should include a definition of the launch process, including facility and fleet preparations, staff hiring and training, volunteer program definition, public relations and media engagement, initial procedures for service delivery and product donor engagement, etc.

It is important that serious consideration be given to the selection of staff. Presuming that in the Planning Phase the characteristics and skill sets of key management positions (i.e. CEO/Managing Director, Operations Directors, Development Directors, etc.) were defined, care must now be exercised to ensure that in the hiring process due diligence is performed to qualify and select the best possible candidates for these positions to ensure successful implementation and stability.

It is likewise important that that the Board of Directors be constructed with similar due diligence. Certain specific knowledge and skill sets are essential to the efficient and effective work of the Board, and Directors should be chosen based on these criteria rather than simply on perceived name recognition or networking capability.

It is critical that all aspects of operations be subjected to close oversight and frequent evaluation to quickly identify problems and concerns that evolve so they can be resolved expeditiously. It should be expected that various aspects of the plan will not

perform as anticipated and will require attention. For example, the procedures for beneficiary agencies to order and pick-up product may not work as planned due to some unforeseen traffic flow issues with the facility. Or the volume of donated product requiring some special handling by a volunteer labor force may exceed expectations, creating a problem with product getting backed up in the facility. Issues like these are not uncommon, nor are they terribly complex. But they can become critical matters if they are not identified, analyzed, and dealt with in a timely manner.

5. Adjustment Phase

Plans should be made to conduct full operations assessments at several points throughout the first year. At the least, these should be the 3-month, 6-month, and 1-year anniversaries of the launch of operations. These formal assessments will ensure that the issues referenced in the above paragraph are being appropriately dealt with in a comprehensive manner – that is to say that the resolution of one issue is not creating new concerns around another issue. Each “problem” must be dealt with in a way that ensures that the overall operations continue to run smoothly and effectively.

This phase should include the outside perspective of appropriate entities such as GFN, a public accounting firm to conduct a certified audit of the fiscal procedures and financial statements (after one full year), and other relevant entities. At the formation point, the Board members should commit to remain on the board and actively engaged at least 2 years following the launch of operations in order to ensure continuity and faithfulness to the initial Vision, Mission, and Values of the organization.

Environmental Assessments

Environmental Assessments to Address in Phase 1:

1. Assessment of Need

- How many hungry are there?
- Who is hungry?
 - Homeless
 - Unemployed
 - Working Poor
 - Families
 - Children
 - Seniors
 - Mentally / Physically Disabled
 - Other
- Why are they hungry?
- Where are they?
- What logistics / infrastructure issues relate to reaching them?
- Are there significant ethnic, religious, cultural diversity issues related to dietary requirements?

2. Assessment of current service environment

- Who is currently serving people in need with food and meals?
 - Government – at all levels
 - Civil Society
 - Private Sector
- What kinds of programs do these groups operate?
- Who do they serve?
- What capacity do they have for expansion or consolidation?
- Which international NGOs have a local presence and interest in food security issues?
 - Do they interact with domestic NGOs? If so, how?
- How do existing feeding programs measure success or gaps in services?
- What are the gaps?
 - Geographically
 - Programmatically
 - In terms of capacity?

3. Assessment of available resources

Food banks rely on three core pillars for effective service delivery: food, funds, and friends. Food banks are a business, albeit a non-profit business. They must meet payroll expenses for their staff members, put fuel in the trucks, pay the phone bills, etc. Food banks also need a safe and secure facility to collect, store, and warehouse their product, and handle both donated and purchased food. For long term sustainability they must have a firm and consistent influx of funds to survive as a business and to meet the needs of those they serve. Donated funds from companies, other NGOs, individual donors, government, etc all need to be in place and confirmed before a food bank ever opens its doors.

▪ Food Resources Assessment

- How is the grocery products industry structured?
 - Are there manufacturing / processing plants in the country?
 - Are finished products sold to the retail industry directly by manufacturers / processors or is there a wholesale distribution infrastructure?
 - How is the retail sector structured?
 - Hyper markets
 - Supermarkets
 - Small product-specific shops
 - Produce / fish / meat markets
- How is the agricultural sector structured?
 - Few large corporate farmers
 - Many smallholder farmers
 - What issues face smallholder farmers regarding access to marketplace?
- What product types are available for donation throughout the supply chain (i.e.: fruits, vegetables, dairy, grain, finished products)?
- What quantities are available?
- What special handling, processing, logistics issues relate to potential donate-able product (i.e.: re-packing bulk product to consumer-sized packaging, re-labeling packages to comply with donor requirements or legal labeling requirements, etc.)?

▪ Funds Resources Assessment

- What is the environment of philanthropy?
 - Government funding programs
 - Corporate funding resources / practices
 - Private foundation resources / practices
 - Opportunities for direct support from the public
 - Diaspora remittances for humanitarian needs
- What is the environment relative to NGO fees for service (i.e., can / should the food bank system establish revenue-generating program services?)

▪ Volunteer Resources Assessment

- What is the common perception of volunteerism in the country / community?

- Assuming a positive inclination, what are the common approaches for successful volunteer programs of other NGOs (i.e., corporate groups, school groups, individuals, etc.)
- What are the most successful NGO volunteer programs doing relative to recruitment, training, management, recognition?
- Beyond direct volunteers in the food bank operations, what opportunities are there for other in-kind services engagement?
 - Board of Directors
 - Accounting / auditing
 - Legal services
 - Transportation services
 - Communications and media relations
 - Graphic design and printing
 - Community outreach and education
 - Agency relations and service support
 - Other

4. Assessment of legal / regulatory issues

- Does the current law-of-the-land favor the donation of food and funds to NGOs that serve the poor, or are there obstacles or disincentives that discourage the private sector from supporting a food bank?
 - Is there a law that limits donor liability for good faith donations?
 - If tax law is favorable (i.e.: a tax deduction for product donation; no Value Added Tax assessment on donated items, etc.), what is the economic benefit?
 - If tax law is unfavorable, what is the potential for legislative change?
- What permitting is needed at the community, state, or national level in order to establish a food bank? How should the food bank be legally structured, governed, and managed?
- Which regulatory agencies are responsible for food safety? Will they support the efforts of a food bank or view the food bank as a regulatory nuisance?
- What other regulatory agencies have potential jurisdiction over food bank operations? How will they all be contacted and engaged in a positive perspective?
- Will political powers support or hinder a food bank being established? While food banks normally try to refrain from becoming 'government run' it is critically important that the food bank be viewed by all levels of government as a community asset designed to help the people under its charge.

Involvement of The Global FoodBanking Network:

Valuable information on how to start a food bank can be found, downloaded by visiting www.foodbanking.org – click on “NEWS AND PUBLICATIONS” on the left-side navigation bar. The ToolKits on the GFN web site provide a good starting point on which to focus.

We are happy to provide some assistance in thinking through the process of your Feasibility Analysis. You can be in touch with our Network Development Department if you have any questions. Once the assessments are complete, GFN will be happy to work with you to identify appropriate next steps and possible directions.

ATTACHMENTS:

- 1a. Sample Food Bank Operating and Capital Budget
- 1b. Sample Food Bank Organizational Chart
- 1c. Principles of Business Planning

Appendix 1a

Sample Food Bank Operating & Capital Budget



Line Item	Category	Budget
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OPERATING COSTS

Salaries & Wages		
Other Personnel Costs		
	Total Staff Costs	_____

Rent/Mortgage		
Electricity		
Natural Gas		
Warehouse Supplies		
Equipment Rental/Lease		
	Total Occupancy Costs	_____

Telephone & Fax Lines/Service		
Cell Phones		
Internet Access		
Office Supplies		
Equipment Rental/Lease		
Office Supplies		
Volunteer Recruitment & Recognition		
Audit & Accounting Fees		
Membership Fees		
Postage & Shipping		
Outside Printing		
Website Hosting & Maintenance		
Legal Fees		
Software		
Depreciation		
	Total Administrative Costs	_____

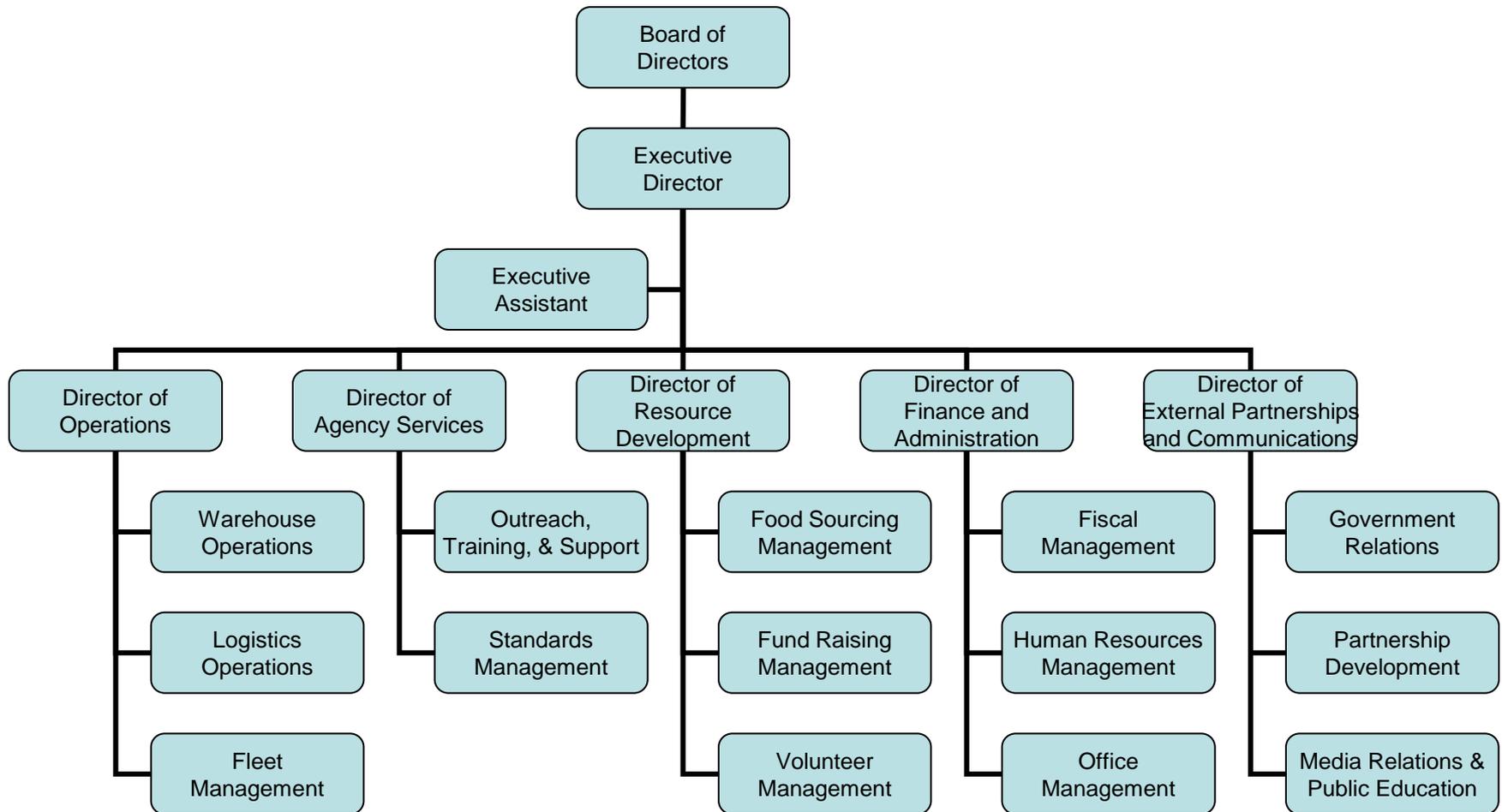
General Liability Insurance		
Product Liability Insurance		
Vehicle Insurance		
	Total Insurance Costs	_____

Fleet Maintenance		
Fuel		
3rd Party Freight Fees		
Staff Mileage Reimbursements		
	Total Transportation Costs	_____
	Total Operating Costs	=====

CAPITAL COSTS

Warehouse Acquisition		
Warehouse Equipment (racking, forklifts, cold chain)		
Vehicles (trucks, vans, cars)		
Office Furniture		
Office Equipment		
Computer Equipment		
Repairs and Renovations		
Signage		
	Total Capital Costs	=====

Sample Food Bank Organization Chart



Principles of Business Planning

Introduction

This document sets out some broad guidelines for a business planning process as a tool to guide the efforts of the Core Team and the Planning Forum.

Shared ownership by all stakeholders in the business plan and the process that creates it is essential. The link between the fundraising / fund development function and the mission and programs it supports need to be clearly recognized and reflected in the business planning process. Any lack of communication between the two areas can hinder fund development. Involving as many stakeholders as possible builds organizational understanding and ownership.

It is not a prescriptive process – the most important part is that no matter what method is used or how imperfect it may be, the right service for the right folk at the right time must result.

What a Business Plan Is – and What It Is Not...

A Business Plan is a management tool that sets short-term objectives and defines the steps necessary to achieve them.

Although business planning is sometimes confused with strategic planning, a strategic plan is a leadership tool that sets the future direction for the organization. It has a broader focus and spells out the organization's vision, mission, primary goals, and strategies.

In the context of food banking, non-profit "business" includes mission-related programs, products, or services that are delivered to a target population, at no charge or for a fee, to accomplish a specific social objective – namely, the alleviation of hunger for the short-term or for the long-term in the community, country, or world.

Feasibility Analysis

Before an organization begins developing a business plan, a feasibility analysis should be completed to determine if the business concept is solid. In the feasibility analysis the organization gets the answers to questions like those listed in Appendix 1 – Environmental Assessments. The only way to answer those questions is through effective research, interviews, data review, and partnership development. It is not safe to make assumptions about the answers.

Essentially, the outcome you are looking for from the feasibility analysis is to be able to answer the following questions:

- Who is your target group?

- How will you reach these folk? Or how will they reach you? (The rationale behind your push/pull system.)
- What is it that your target group wants, and how do you know this?
- How do you provide what your target group wants?
- Do you know your own expertise and limitations?
- How should you operate?
- What are the current trends in the market?
- How are you qualified to do what you want to accomplish?
- Do your assumptions make sense to someone unfamiliar with your 'business'?
- Are your financial projections believable and do they make sense?
- How will you measure your progress (financially and in other ways)?
- What will you do to make it easy for people to work with you?
- Why would a food donor use your services as opposed to anyone else or destroying the product?
- Why would a beneficiary or agency use your services as opposed to any other service provider or retailer?

Developing the Business Plan

Once you have completed the feasibility analysis and believe that the new service or product can be successful, the business plan can be developed.

A business plan for a non-profit organization should have as its purpose a series of objectives under headings with the steps needed to achieve them.

Suggested headings could include (This is not an exhaustive list – additional sections can be added or ordered differently depending on your needs and profile):

- Finance / Funding – for a non-profit organization this needs to be a separate plan in itself – see below.
- Human Resources / Key Positions / Organizational Structure
- Food Sourcing Management
- Beneficiary Management – target profile, needs, reporting, and accountability
- Operations Management – logistics, food handling and safety, storage, facilities, tracking and tracing, and reporting
- Marketing / Profiling

Fundraising / Fund Development Planning

The fundraising / fund development planning process should result in a comprehensive written document that outlines the organization's fundraising / fund development goals, as well as the resources and action steps required to reach the goals.

Essential elements of a fundraising / development plan:

- Recognition that fundraising goals are linked to the organization's mission and projects, and are part of the organization's ability to meet its mission
- Development of a shared organizational vision among all stakeholders that informs the process and is articulated in the fundraising plan

- Information gathering regarding specific goals, including the amount of money to be raised aligned with identified organizational goals
- Approval by all relevant stakeholders

Implementation and Evaluation

If appropriately developed, the plan will ultimately prove to be a useful and effective tool for moving the organization forward from initial implementation through its first couple years of operation. Certainly, there will need to be adjustments and modifications along the way. Once implemented, the execution of the plan shifts from the Planning Forum and Core Team to the Board of Directors and Management of the new organization. It will be critical that active regular monitoring, review, and evaluation be conducted to ensure the long-term sustainability of the organization.

Appendix 2:



Roles and Responsibilities of Core Team and Planning Forums

An effective planning process for the establishment of a food banking system requires that all potential stakeholders in the system have a voice regarding the system design. To ensure that the process is as efficient as possible while remaining open and comprehensive, each participant must have clearly defined roles and responsibilities.

This document assumes that the system to be developed will include a national network with multiple independent member food banks serving discreet geographically-defined service areas. This is the most common model of food bank systems currently operating around the world. Accordingly, it defines two types of Planning Forums:

- The National Planning Forum, which focuses on defining the National Network
- The Community Planning Forum, which focuses on defining an individual food bank in a specific community. There would likely be multiple Community Planning Forums simultaneously engaged in multiple communities.

In a country where, due to geographic and/or population factors, it is anticipated that there will likely be only one food bank serving the entire country, the functions of the National and Community Planning Forums would be merged (as applicable) to define the role and responsibilities of that single Forum.

The following defines recommended roles and responsibilities:

Core Team

The Core Team is responsible for the overarching definition of the National Food Bank System. This includes defining the:

- Vision, Mission, Values
- Key service components (urban, rural, self-sufficiency programs, etc.)
- Overall infrastructure framework
- Legal structure
- Governance structure
- Management structure

National Planning Forum

The National Planning Forum is responsible for the operating and administrative design of the National Food Bank Network (the National Office). This includes defining the:

- Functions of the National Office
- How service territories will be delineated
- The implications of service territories – rights and restrictions on community food banks
- The food safety and operating standards, and administrative standards and procedures

- Authority of the National Office for compliance management
- The services to be provided to the food banks
 - Liaison to national government / working partners
 - Single point of contact for general resource development for larger donors with national market focus
 - Food
 - Funds
 - Logistics
- Plan for equitable allocation of food, funds, other nationally generated resources
- The economics of the system, including fund raising
- Plan for defining and managing programs related to
 - Rural service
 - Self-sufficiency
 - Particular target populations
- Recommendations for board membership, business plan, capitalization model

Community Planning Forums

Community Planning Forums are responsible for the operating and administrative design of their respective community food banks, which will be Members of the National Food Bank Network. This includes defining the:

- Location of the food bank
- Capital requirements
 - Size, layout, equipping of the facility
 - Vehicle needs
 - Staffing component
 - Program needs
- Operating systems needs
- Inventory control, donation receiving, order fulfillment
- Community focused distribution logistics
- Fund raising goals, strategies, and operation
- Community outreach plan
- Food sourcing from local donors

The National Forum and the various Community Forums may establish sub-committees to help work through their responsibilities. These committees would be responsible to their respective Forums and would be expected to progress through their charges in a timely manner, keeping their respective Forums apprised of their activity and their recommendations.