

# Make Money Baking at Home - Legally

How We Put a Licensed Commercial Kitchen in Our Home



- How we followed all of the Health Department's regulations
- How we built a commercial kitchen in our home
- How we ran our business from home

*with Grace Becker*

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## Let me take a minute

to say thanks so much for purchasing this ebook. I hope it is helpful, answers some of your questions and gives you more of a start than I had when I dove into the renovation and legal work involved in putting a legal commercial kitchen in my home that enabled me to make money from home doing what I enjoyed and was good at. One word of advice, you will have to check the regulations of the jurisdiction where you live, because they probably will be different depending on where you live. I also want to encourage you to be persistent. Find out all the requirements, see if there is anyway possible to make it work, and then ask your questions.

## Chapter 1: Our Story

Before I get into all the details, I would like to tell you a little about myself. I am first and foremost a mom of a large family. I wanted to be able to contribute to the family financially, but I wanted to be a stay at home mom more. I researched all kinds of earning money-at- home and get-rich-quick schemes. I am embarrassed admit that I fell for a few of them, okay, more than just a few. Some were absolute scams, others I was simply not good at.

- I tried selling beauty products and ended up with a room full of makeup and I don't use much makeup.
- One of the biggies, my husband I went to a seminar where they told us how we could make tons of money with vending machines. It would require very little effort on our part, those machines just sit on site and collect money for you. Ha, the part they won't tell you about that is that the competition is fierce, so the machines will likely end up in your garage, ouch.
- I tried making jewelry for a company that sent the entry kit for a “small fee “ that they would refund when the product I made for them was approved....guess what happened.
- I got roped into multi-level marketing when I would make a zillion dollars because others that I lured into the system would do all the work for me.
- I tried selling phone service, setting appointments
- I did criminal background checks for a company that did not pay me.
- I cut wood for a tole painting shop, lots of fun and covered fees for my classes, but that did not help financially.
- I made and sold crafts, guess what the relatives and friends got for Christmas, birthdays, Easter etc..

- - I started a balloon bouquet business with my sister in law as a partner. Really BAD idea, avoid partnerships at all cost, especially with a friend or relative. If you only take that piece of information, it is worth way more than you paid for this ebook.
  - I sold things on ebay.
  - I cut mats for a picture framing business, now computers do that.
- Does any of this sound familiar?

Then I finally wised up and realized that the only way I was going to actually generate money was to do something I was good at. I was good at baking, had taken cake decorating classes, made wedding cakes for relatives and did a lot of bread baking. That was the obvious answer! Unfortunately, as you probably know, there is a definite problem associated with that with that solution.

I decided to check out baking at home and here is the catch, I wanted to do it legally. In most states it is illegal to bake commercially in your own home kitchen. If the Health Department discovers that you are actually doing that, you will be in trouble, not only with the health department, but also possibly with the IRS if you have not reported your earnings. It can get really messy, really fast. It simply is not worth the risk, don't do that. I could go into lots more detail, but what you want to know most is how to bake at home and stay out of trouble. The important thing is to focus on doing it right.

## Chapter 2: Do Your Homework

I started the process by making a visit to SCORE (Senior Corps of Retired Executives). It is free to talk to and work with them. They advised me to start researching at the library. There are volumes and volumes in any library in the business section.

My next step was to take a class offered by the Ewing Kauffman Foundation called Fast Tracs. It is offered in many cities. Otherwise, community colleges are great places to get classes on starting your own business. The tough part about a business isn't doing the part you love, it all the other stuff that goes along with it that can trip you up. Having a bookkeeper/accountant is a great idea, but you still need to understand basic cash flow, how to use the software, and reading the reports is a pretty critical thing to know if you are in business.

I would like to urge you not to rush into starting a business before you are ready. So many people don't really understand what is involved. You will hear that you should just concentrate on the things you do well, that is advice that I believe should be taken with a grain of salt. You should take a class on Quick Books or Quicken or what ever bookkeeping system you will use. Know at least the basics. Don't believe that you can just purchase advertising and people will start beating down the doors. Understand that your customers will become loyal customers if you provide great customer service.

The last piece of advice comes from my degree form the school of hard knocks. Lots of people want you to believe that business is based on using other people's money (OPM). I have learned the hard way, that it is much better to start small and save the money you need to purchase what you need to get started. If you do that

you won't have payments, and then when your business has slow times, your cash flow won't be such a critical issue. You are reading words of regret that we had from making bad decisions about how to run our business. But, if you must borrow money to buy commercial equipment one common way to do that is through an equipment leasing company. You need to understand that they charge extremely high interest rates, I do not recommend going that route. With one of the equipment purchases we made, we went that route and it was very costly.

I will give a plug for Dave Ramsey here, because he really does teach you how to function without credit, and his book "The Total Money Makeover" might be one of the best purchases you will make. It applies to living your life debt free and can be applied to running a profitable business.

## **Chapter 3 How We Got Started**

We started our catering business by making an arrangement with our church to use their licensed commercial kitchen. Though it helped us tremendously, it defeated the purpose of trying to do something that would enable me to work at home. It did not affect my husband or the kids too much, but it was really tough on me. I would take all the supplies with me and bake during the night, then load everything back in the car, go pick up the kids, take them to school and then deliver the breakfast. At that time all I did was breakfast. If the order was to be delivered down town, my husband would take it on his way to work.

After eight months of working in the church , we decided to pursue putting a kitchen other options. We checked out some of the available retail locations, but they were really expensive and then I would have to work full time, and that was not our objective. Where I live, the health department required that food for public consumption be prepared in a licensed commercial kitchen. We began to look at our home as a possibility. In some parts of the country, there may be some other options. You may be able to rent some restaurant's kitchen during hours that it is not being used for their business. Some schools might be willing to rent space in their kitchens when they are not using them. There are also kitchens that are available to rent by the hour. They are called incubator kitchens. You have to hunt for that options, because it is a fairly new concept, but it is catching on, so there may already be one located in your city, or there might be plans for one in the near future. Those options may help you get an inexpensive start so that you can raise the money you need to fund the initial costs of installing a commercial kitchen.

## Chapter 4: Contacting the Health Department

We started by contacting the Health Department to see if we could even put a commercial kitchen in our home. The first person we talked to said NO, end of conversation-according to them, there was no way they would even consider letting us putting a commercial kitchen in our home. I was so disappointed. My husband was not willing to give up without a fight.

He called again and asked for the requirements for a licensed commercial kitchen. At that point, he didn't mention putting it in our home. When we got the information we carefully read all the requirements. They seemed pretty basic, but as we all know, things are not always as they seem. The basics for our health department were:

- A three compartment commercial sink (in our case a bakers sink was required so that full sized baking pans could lie flat in the sink and be washed).
- The three compartment sink had to be connected to a grease trap.
- A hand washing sink, separate from the three compartment sink.
- A separate mop sink
- The walls had to be totally washable, including the window sills and doors
- There had to be a separate exterior entrance complete with a commercial sized door.
- An interior door separating it inside from the rest of the house.
- If you were using refrigerated items, your refrigerator had to be able to keep food at safe temperatures (40 degrees)

We looked at our house to see if there was any way we could possibly meet the requirements. We considered the basement, but there was no reasonable way to get

the commercial equipment down the stairs. That equipment is extremely heavy and there was no way it would have gone down the stairs. It is not simply a matter of putting it on a dollie and taking it down the stairs. One company that looked at the situation even suggested cutting a hole in the floor and lowering it down with a hoist. The best solution would have been putting it in our garage, however the neighborhood association would not allow that.

We were ready to concede defeat when one day I was in our laundry room. It is a pretty small room, only 14'x9'. It did however have an exterior door, as well as an interior door separating it from the rest of the house. It was so small, I couldn't imagine it would work.

Then I made a visit to the used equipment dealers and got information about the dimensions of the basic equipment, the sinks, the oven and the refrigerator. I also checked the prices and sizes of the stainless steel tables. After I had all the information, I took it all home .We got some graph paper. After measuring a square scaled to the size of the laundry room, we cut out pieces scaled to the size of all of the equipment. There was only one possible layout that we could make work. There was however a critical problem. The mop sink wouldn't fit. Then we made another call to the Health Department. We explained the situation and asked if we could put the mop sink in our garage. It was adjacent to the laundry room and was connected by a door. They said that would be acceptable. We had scaled a huge obstacle and we were on our way. What we did not know, was there were more things to consider.

## Chapter 5: Electrical Issues

The next step was to look at the electrical capacity. Most of the large commercial equipment is three phase, and residences do not have that type of electricity. That took me back to the equipment dealers with more questions. In some cases, three phase equipment can be converted to single phase. In my case, I was able to find what I needed and it was single phase. I purchased a double Blodgett Bakers convection oven and a 30 quart Hobart mixer and they were both single phase. The good news was that the refrigerator did not have to be commercial grade. Now, I have both a regular and a commercial fridge.

We found out that we could have had three phase electricity run to our home because our house backs up to a fairly busy street that has businesses down the road. In hind sight, we should have done that, but it was expensive. If I had a do over, I would have done that. Warning: make sure that you double check to make certain that the equipment is compatible with what you have the ability to run. If you have the option of installing three phase electricity, it will be expensive, however, it will make it easier to find the equipment you want. Later on I would have loved to install a small walk in freezer, but they are all three phase to my knowledge.

## **Chapter 6: Buying Equipment**

Unless you are dead set on purchasing brand new equipment, I would strongly recommend looking for used equipment. Since the failure rate of restaurants is fairly high, your chances of finding great equipment is high. Commercial restaurant equipment is built to last a long time, and in my experience, I have owned two double stack convection ovens, two of the biggest names in the business. The older one with less bells and whistles was in my opinion, better. Once they add electronics, the price tag to fix them quadruples.

There are two avenues to find the equipment, and I have done both. You can look for a restaurant that is going out of business, or you can find a company that deals exclusively in used equipment. If you go the route of a dealer, just be sure to check out their reputation, and see if the service what they sell. An advantage to buying from a dealer is that they deliver and will set things up and connect the equipment. There may be a fee for that. In our city, there is a junior college with a culinary school, and occasionally they have equipment auctions. That is where I found the best prices I have ever seen. They also take good care of equipment, so if there is anything like that near you, call and ask if they ever liquidate their equipment and how they do that. Shop around and compare price and service. Don't be afraid to bargain. That is how these places operate, they frequently purchase their wares at going out of business auctions or directly from someone who is going out of business and they always offer bottom

dollar, so don't be afraid to do a little wheeling and dealing. All they can do is say no, but it could save you big time. Make sure if you are buying from a equipment dealer that you negotiate delivery and set up in the deal. Finding and hiring someone who moves that type of equipment is pretty expensive.

Do your homework, compare the brands and their track record, just like you would do with any major purchase you make. Check and see what brands are available in single phase. If you are buying used, that will narrow the field quite a bit. Take some time, ask people in local restaurants and bakeries what they own, and what they like and don't like about their equipment.

Make sure that you determine what you really need. When you are working in a small space, less is definitely more, you need room to move. My kitchen is really small, however, it has everything I need. I have expanded since I originally built the kitchen, but I still do all the baking in the original space, and it has been great!

## Chapter 7: Equipment List

As I have told you, my kitchen was tiny, and we had to really work to make everything fit. Here is what I have in my kitchen.

- A double stack electric oven. I have owned Blodgett & Hobart  
Oven dimensions are 38" Wide x 44" deep x 66" high
- Hobart 30 QT mixer  
21" x 17 base. 45" high
- Three compartment sink  
103" long x 33" wide
- Grease trap  
18" x 12"
- Refrigerator  
33" wide x 29" deep
- Pan rack  
20" x 27"
- Stainless Steel table  
They are available in various sizes.
- Hand sink  
16" x 16"

Depending on what you are intending to do, you may need a stove, fryer and more. I am primarily a baker, and this takes care of me just fine. Of course you need a lot of small wares, pans, utensils etc.

## Chapter 8: Cost

I want to give a disclaimer here, the prices I am giving you are simply estimates. I have checked several places, and the price does vary quite a bit depending on where you look. For the new prices, I checked the internet and a catalog I have. For the used prices, the range is extreme. I looked at the local listing, Craigslist, & ebay. I have found great deals at a local college that has a culinary program when they had a yearly auction. This will give you a basic idea of what you might expect to find.

### New

Single Convection Oven	\$3200-\$4200
Double Convection Oven	\$6000-\$8500
Commercial Refrigerator	\$2400
Residential Refrigerator	\$600
Hobart 30Qt Mixer	\$8000
Three compartment sink	\$2500
Stainless Steel Tables	\$200 (small)
Pan Rack	\$115
Hand Sink	\$125
Grease Trap	\$250
Mop sink	\$300

### Used

	\$400 & Up
	\$600 & up
	\$400 & up
	\$200 & up
	\$3000 & up
	\$500 & up
	\$75 (small)
	\$50
	\$50
	would not recommend
	would not recommend

I would advise against leasing equipment, it is a VERY expensive way to purchase your equipment. Did I tell you that it is VERY expensive? Do yourself a favor, buy used, and do what it takes to start your business without going into debt. You will never regret your decision to do so. If you chose to go that route, you will be able to win financially, and isn't that what we all want? It may be a slower start, but it will be worth it. Do you hear the voice of regret? Yep, you are learning from a graduate of the school of hard knocks. My goal is to help you make great choices!

## **Chapter 9: Architect's Drawings**

You will have to check with the regulations in your area. In our city, we had to have permits before we could even begin construction. That meant we had to hire an architect as well as an engineer and have them stamp the drawings that had to be sent to the Codes & Administration office. Having the stamps were mandatory. Once we had the drawings done & stamped, they had to be submitted to both the Health Department and the City Zoning Department. (Other terms that you might hear could be zoning board or building commission.). We had to wait quite awhile for the permits to be issued and construction to begin.

Once the kitchen was completed, the codes administration and the health department had to do an inspection. Let me tell you, the day that the final inspection was completed, we celebrated.

I will end this by telling you that it is costly to have a licensed commercial kitchen in your home. In comparison to the expense involved in lease hold improvements, & a long term lease, there is no question that if what you intend to do does not involve having customers coming into your location, it is well worth the investment. I have done both of the above, and my vote is for the in-home kitchen.

## Chapter 10: Important Reminders

Please remember that the Health Department in your area will have specific requirements. I am only giving you a summary of what we had to go through. There may be no way they will let you put the kitchen in your home. I just want to encourage you to be determined, and see if once you are willing to follow all the rules associated with the regulations they have in place, if they will allow it. You have to understand that they get calls from people frequently who think they can prepare food in their home kitchen. They rarely are talking to someone who is willing to spend the money it will cost to follow all the regulations. Once they understood that we were willing to play by the rules, they decided to let us put our kitchen in. We have the same regulations that any other kitchen has. We had training we needed to have to handle food according to health code, and we are inspected by health inspectors just like any other restaurant or business that deals with food safety. It is serious business. You have the same responsibility and liability that any other restaurant has. Since 2002, home food processing food businesses are required to register their facilities under the Bio terrorism Act of 2002. You can do that online and it's free.

If you decide to put a commercial kitchen in your home, you have to be realistic about the fact that it will impact your family. Working at home requires discipline, and there will be times when you will not be able to participate in family activities because you are working, it's no different than if you were elsewhere working. You also may have to sacrifice sleep at times, I often started at 3:00AM

If you decide to do this right, it is a great way to be in business. I have truly enjoyed the privilege of owning my own business and having the ability to have it located here in my home.

## **Chapter 11: Starting a Business**

Before you decide to start your business, go and do your homework. There is so much information online. Check the Secretary of State's website for your state. You can begin there by registering the name you would like to do business under. It is called a fictitious name registration. When you are there, you will probably find lots of information and checklists of what you will need to do. It will give you a list of the permits and licenses that the government requires. That will certainly put you on the right path. If you have other questions, ask them, if they don't know the answer, ask them where you can find it.

If you decide to go forward, please make sure you protect yourself and your assets. Set your business up correctly. Consult a lawyer to help you, it is worth the investment. In addition, unless you are a tax professional, a good CPA is also worth it. Be sure you get a good business insurance policy. You will have to shop around for a company that will be willing to cover your in-home commercial kitchen. Many companies don't want to do that. Rest assured, there are companies that will sell you the insurance you need, you just have to shop around.

When you decide you are ready to start, go to the Secretary of State's office in your state and do a Fictitious name registration, it is called a DBA (doing business as). It is inexpensive and can be done online. The next step is to get your business license. Contact your city hall or if you are in rural areas, your county court house. You may be required to get a zoning permit first. Contact your local regulatory board and check.

Finding a coach is extremely helpful when starting a home based baking/cooking business when you are just getting started. Having the guidance from someone who has the unique experience of running a home based commercial kitchen will certainly give you a huge advantage. I believe that seeking help from people who have already done what you want to begin is always helpful. Check our website for information about our coaching services. <http://doughraisingmom.com>

Talk to as many experienced professionals as you can find. That includes all the different aspects of building your business. You will need to know how to approach refining your business idea and model. You have to know how to effectively market your product. You need to develop a sales plan and understand the psychology of sales and relationship marketing. That is as much an art and is as critical to your success as your product. You really need to get the training and confidence to do that part well. You will be your own best salesman because you are the most passionate person about your product. If you are afraid of the thought of selling and marketing, find a good sales coach, read lots. If you need a coach who can give you the expert advice you need, we have a resource list on the website, and you can find a referral list there. Just believe that if you are willing to go through all that is required to start a business and invest your time and money, you are passionate. This is your dream and you can make it real and successful. I think that the perfect recipe for your success is to work hard and pray often.

## Chapter 12: Ideas

To help you get your list of business possibilities started, here are just a few:

- Bake & Decorate Cakes
- Make Cookie Bouquets
- Bake for coffee shops
- Bake for kiosks
- Bake for concession stands
- Do Wedding catering
- Do Corporate catering
- Bake bread for a deli
- Bake bread for individual customers
- Make gift baskets
- Make private label products
- Bake cookies for convenience stores
- Make products for school lunches
- Cater private school lunches
- Make and private label homemade jams, salsa's
- Make specialized pet treats
- Deliver homemade meals to people

- Make and decorate sugar cookies
- Have a booth at local festivals or fairs
- Sell your product at farmers markets
- Sell online
- Sell from your website
- Sell on ebay
- Make frozen meals to take & bake
- Teach cooking classes
  
- Make products for fund raising. Check out our program at  
<http://doughraisingmom.com>

## Get Busy & Have Fun

I just want to end by saying how excited I am for you. I love being a solopreneur. If you have been thinking about going that path, I recommend that you start reading and listening to everything you can get your hands on. Dan Miller has some great books, “48 Days to the Work You Love”, “No More Mondays” & more. Dave Ramsey can help you get set financially. There are tons of other reading material available. If you want to see more suggested reading, please go to our website and see books that have been a tremendous help to me.

So, what are you waiting for? Get busy. I welcome any questions any time. I am a click away, just go to our website and click on contact. Best of luck, have fun!  
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