

Food Business Innovation Network

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Executive Summary

In October 2009, the Economic Development Administration (EDA) awarded a \$100,000 grant to Thrive, a regional economic development organization serving the 8-county region surrounding Madison, Wisconsin, to study the feasibility of food business incubators by establishing a Food Business Incubator Network. Thrive's effort to incubate new food products and businesses is driven by the economic importance and critical link between agriculture and food processing in the region.

Well-managed food business incubators can lower entry costs, reduce risk and increase success rates by providing space, equipment and critical technical assistance to innovative new food processors. A strong network of food processing incubators in the region can develop focused areas of strength and give farmers and entrepreneurs the tools and support they need to develop their ideas and test their ideas in the market place.

Thrive worked with the University of Wisconsin-Extension Agricultural Innovation Center to implement the project. In September 2009, the leaders and representatives from eight community-based food incubator projects in the Madison Region agreed to associate under the informal umbrella of Food Business Incubator Network. The three projects selected for funding through the EDA Grant are as follows:

Heritage Kitchen, Mazomanie, WI

The Heritage Kitchen, developed by Mazomanie community leader Dan Viste, is a shared-use commercial kitchen available to those wishing to start or expand a food-related small business. The project provides certified kitchen space and makes referrals to licensing and technical assistance/business development services. The goals of this facility are to increase production and sales of value-added food products produced from locally grown ingredients by providing an affordable option for farmers and small businesses in need of certified processing space and business development services and to develop new markets for surplus product at peak harvest periods.

Bushel & Peck's Value Added Food Processing, Beloit, WI

Bushel & Peck's is a natural foods store and deli located in downtown Beloit that features organic and specialty foods, with an emphasis on local and regional products. A large kitchen serves the needs of the deli/café and has been designed with excess capacity for processing and product incubation. Owner Jackie Gennett processes and sells products on behalf of farmers, often re-designing existing products to include local ingredients. One of Gennett's main challenges has been identifying how to pay farmers up-front for ingredient costs before the sale of the end-products can generate revenue for the processor.

FONDUE/Barb's Kitchen, Monroe, WI

FONDUE is a partnership led by Green County Development Corporation and Green County Extension to guide budding entrepreneurs in creating new food-based business. The FONDUE initiative includes an interactive web site, networking workshops, round-table discussions, and links to the facilities that help entrepreneurs their dreams of commercializing food products. In 2010, FONDUE worked out a relationship with Barb's Kitchen to provide processing space and time to food processors in and around Green County. The 1,000 sq. ft. facility includes disability-accessible food preparation space and a small retail area.

In addition to the funded sites, the Food Business Incubator Network also includes: FEED Center of Madison, Kickapoo Kitchen Project, The Opportunity Center, Watertown Farm Market Kitchen and Wisconsin Innovation Kitchen.

Based on the goals and outcomes of the case study sites and the larger Network, the following ingredients are recommended for the success of viable food incubator projects:

- **Secure Committed Project Leadership**

The success of this type of project depends largely on securing a leader who has a strong vision, finds key connections and resources, works well with diverse constituencies, and has a thorough understanding of related systems.

- **Provide Technical Assistance**
A true food incubator provides its clients with technical assistance designed to increase specialized industry knowledge in business planning, market research and legal and regulatory issues.
- **Acquire Adequate Capitalization and Manageable Debt Load**
Whether operating as a private business or nonprofit organization, it is imperative that food incubators acquire appropriate financing to ensure the immediate and long-term viability of the project.
- **Develop Client Management System**
Food incubators must develop a proper system of managing incubator clients that includes an in-take process which evaluates the readiness of an entrepreneur to begin processing and selling products.
- **Assure Food Safety**
Because all individuals involved in a shared-use facility can be implicated in the mistake or mismanagement of one individual, it is imperative that strict food safety assurances be implemented.

Introduction

In October 2009, the Economic Development Administration (EDA) awarded a \$100,000 grant to Thrive, a regional economic development organization serving the 8-county region surrounding Madison, Wisconsin, to implement a project called the Food Business Incubator Network. The EDA funding was Supplemental Appropriations Disaster Relief in response to severe flooding in the region in 2008.

Background

Thrive's effort to incubate new food products and businesses is driven by the economic importance and critical link between agriculture and food processing in the region. 70% of the region's landscape is farmland, supporting 14,000 farms, 72,000 jobs, \$9.3 billion in economic activity and \$268 million in taxes, according to the most recent data.

In Thrive's 2007-09 Strategic Plan, agriculture was identified as one of the region's top economic strengths, and a 2009 "Assets and Opportunities" report specifically targeted the Food Processing Industry as a key opportunity and a strategic focus for the region.

As the region works to recover from the recent economic downturn, it is worthwhile to note the significance of the food processing sector in terms of employment and potential job creation. According to 2008 data, twelve companies in the 8-county region employ 250 or more workers in dairy, meat and vegetable processing, frozen specialty foods, and snack food manufacturing. (See Table 1 in Appendix A.)

The product diversity of the region's processing sector is one of its greatest strengths, and that variety reflects and supports a parallel range of diversity in the underlying agricultural sector.

It is also worth noting the importance of mid-sized food processors in the region. In Table 2 of Appendix A, data from 48 industry sub-categories represented in the region demonstrates again the diversity of products as well as the importance of the industry as a base of employment. Twenty-seven of the sub-categories, highlighted in bold, include the number of companies that support 5-49 employees. Of the 922 companies that operate within those highlighted areas, 424 (46%) fall into this mid-range size.

This data is included simply to show the importance of mid-sized food processors as a base of employment in the region, and to make the point that these 424 processors were, at some point in their history, start-up companies. One of the keys to maintaining a strong industry cluster is continual investment in and development of new companies that tap into emerging markets and spur innovation.

Well-managed food business incubators can lower entry costs, reduce risk and increase success rates by providing space, equipment and critical technical assistance to innovative new food processors. A strong network of food processing incubators in the region can develop focused areas of strength and give farmers and entrepreneurs the tools and support they need to develop their ideas and test their ideas in the market place.

Food business incubators promote innovation by giving farmers and food entrepreneurs access to facilities and technical assistance to develop new products. With much of the competition located outside of the state and well established, Wisconsin processors must achieve high quality products, cost-efficiencies and persuasive marketing strategies to dislodge those competitors in local, national and international markets. Food business incubators pool the tools, resources and expertise to increase their chances for success.

It is important to note the relevance and impact of the so-called Pickle Bill, which was passed by state legislature in early 2010. Wisconsin Assembly Bill 229 was signed by Governor Doyle in February 2010 in response to farmers and small processors who felt that many of the existing state regulations designed for very large companies were unnecessary and impeded their development.

Under the Pickle Bill, individuals can sell food products without being licensed in a state certified facility, provided they meet the following criteria:

- Product ingredients are primarily fruits and vegetables that are naturally acidic (or have been acidified by pickling or fermenting) and have an equilibrium pH of 4.6 or lower. Examples of allowable products can

include pickled fruits and vegetables (not refrigerator pickles), salsas and chutneys, sauerkraut and kimchi, jams and jellies, and applesauce, assuming they fall under the 4.6 pH threshold for high acid products.

- Sales of these products represent no more than \$5,000 per household per year.
- They are retail sales only (direct from producer to consumer) and only in Wisconsin.
- Sales occur only at community or social events, farmers' markets, or farm roadside stands.
- A sign is posted at the sale stand or booth that states: "These products are homemade in a kitchen that has not been subject to state inspection."

This information was compiled by Dr. Barbara Ingham, Food Science Professor, Extension Specialist, University of Wisconsin-Madison, who was an important advisor to this EDA project over the course of the year. More information from Dr. Ingham is available at http://www.foodsafety.wisc.edu/pickle_bill.html.

The impact of this bill was felt by the food incubator projects outlined in this report and provides significant background information for understanding the climate in which these projects developed. That said, it is too early to assess the long-term impact of the Pickle Bill on any of the state- certified incubators and other shared facilities around Wisconsin.

Deliverables and Guidelines

In its original proposal to EDA, Thrive committed to the following deliverables:

- *We will use highly specialized contract employees to execute a 12-month study to identify the necessary ingredients and framework to help communities invest in viable, strategically positioned food business incubators.*
- *We will select three locations that demonstrate readiness to proceed and meet our preliminary guidelines for success.*
- *We will fast track the selected facilities (by providing technical assistance and equipment only) and evaluate the results via cases studies that will be critical in fashioning our final report deliverable.*
- *Currently we are targeting three locations: Mazomanie in Dane County; Monroe in Green County; and Beloit in Rock County. If any of these selections change, new projects will be selected within the flood area and will be pre-approved by EDA.*

The preliminary guidelines for selecting the three community case study projects included:

- A local non-profit organization or public agency is project lead.
- *Project leadership* is clearly identified including a work plan outlining project activities and goals and a committed project leader.
- The project has *sufficient staffing resources* to carry out necessary project tasks.
- The project has clearly identified how *technical assistance* will be provided to incubator clients.
- There is *institutional and community support* external to the project including a commitment of support from key partners and necessary financial support.
- The project can commit match, preferably in cash or equivalent.
- The three selected projects are geographically dispersed and/or serve different needs and clientele.

Identifying the ingredients and framework needed to establish viable food business incubators was the primary goal and deliverable of this project. The guidelines outlined above certainly indicated our pre-project estimation of those ingredients and framework. The importance of project leadership, sufficient staffing resources, technical assistance, and institutional and community support were, in effect, ingredients in our initial framework which the year-long project would test and hopefully improve.

The project began with some understanding of what was required to establish viable food business incubators. The preliminary guidelines for selecting the three projects were developed by Thrive's Director of Agricultural Initiatives at the time, Greg Lawless. Lawless was involved with an unsuccessful attempt to establish an incubator in collaboration with a private business and other partners in Spring Green in 1997. He used that experience in subsequent years to guide other efforts in Algoma, La Crosse, Menomonie, and Madison.

Another invaluable source who helped inform our ingredients and framework was consultant Mary Pat Carlson, who manages the Farm Market Kitchen. Carlson contributed to all five incubator management trainings over the course of project. The culmination of her counsel and informed the survey that UW Extension staff developed as a year-end reporting mechanism (see Appendix B.)

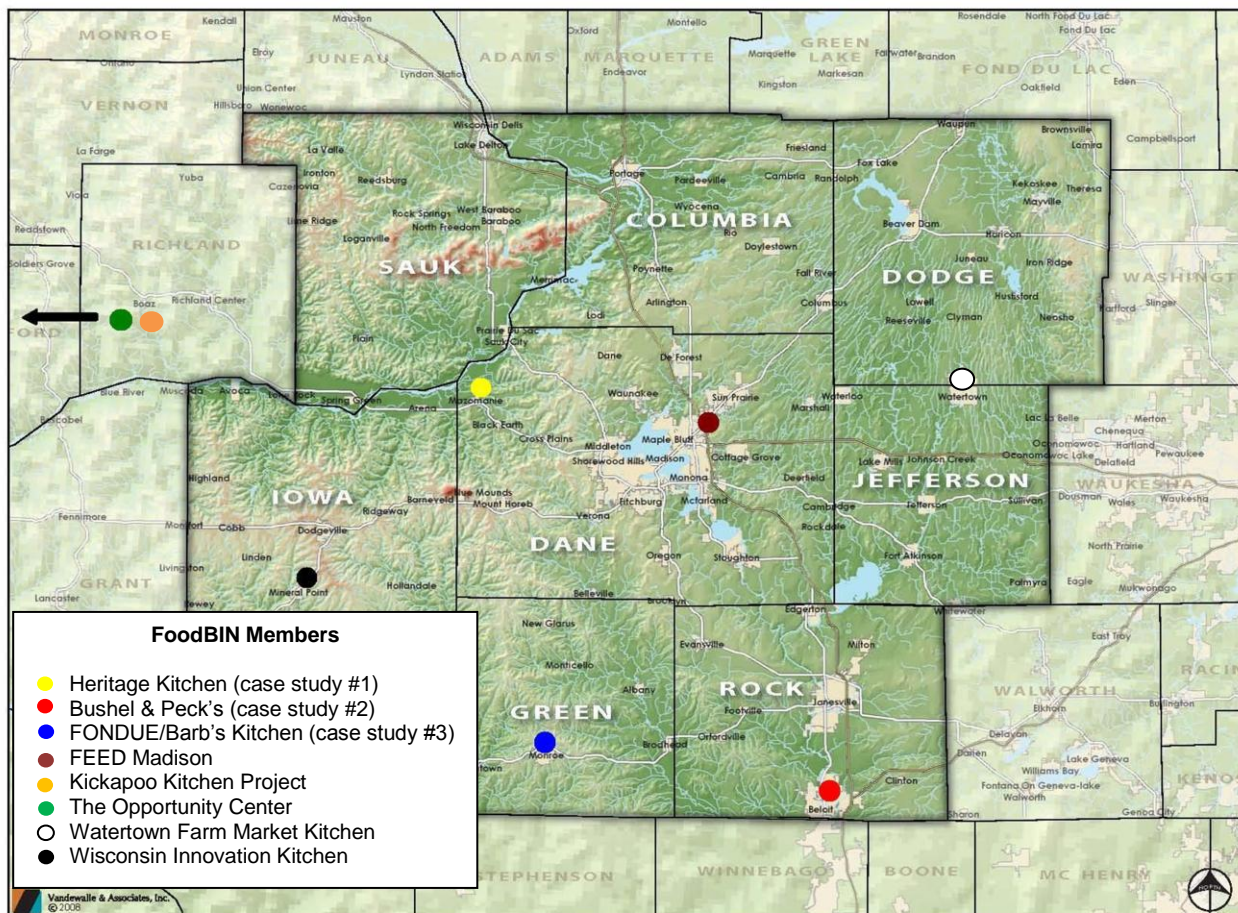
Additional lessons were learned when Leslie Schaller of ACEnet in Athens, Ohio provided an impromptu training that was attended by seven of the eight FoodBIN members. Finally, the experiences of these other FoodBIN members provided additional insights that informed this final report.

Participating Organizations and Projects

A key postulation or hypothesis at the outset of the project was that a collaborative, regional approach involving multiple community efforts around the region would lead to greater success. The original name of the project, the Food Business Incubator Network, indicated our intention to form and support a network of incubators that included the three selected for funding as well as others in the region that were not selected.

One month before the official start of the project, a meeting in Monroe, Wisconsin brought together the project consultants, leaders from the three selected community-based projects (FONDUE in Monroe, Heritage Kitchen in Mazomanie, and Buschel & Peck’s in Beloit) as well as leaders from projects in Madison, Mineral Point, Gays Mills, Prairie du Chien and Watertown.

At that initial meeting in September 2009, the leaders and representatives from these eight community-based projects agreed to associate under the informal umbrella of Food Business Incubator Network. One of them proposed the acronym FoodBIN. The map and key below show the names and locations of the eight original FoodBIN members.



The rationale for limiting FoodBIN membership in 2010 to the eight original projects in South Central and Southwestern Wisconsin was to focus on building those relationships and maintaining continuity as the members of the group learned about starting and managing a food business incubator. Though only three projects were funded, the other related efforts participated in and benefited from the network and are described in later sections of this report. The educational aspect of the project was central to the effort. This included five in-person training sessions and two teleconferences with experienced leaders in food business incubator management, in addition to the development of web-based information.

At the end of a training session in July, the FoodBIN members agreed to change the network's name, replacing the word "Incubator" with "Innovation." The reason for this change was two-fold.

First, as members came to understand the distinction between food business incubators and shared-used kitchens (outlined in the Definition of Terms below), several concluded that they could not currently and may never be able to provide the levels of technical assistance and management services that incubators demand. By removing the word Incubator from the network name, it enabled projects that did not meet that more demanding standard to continue participation in the group going forward.

Secondly, the members of FoodBIN saw the value of possibly expanding their mission in the future to support and educate the aspiring food processors, whether or not they utilize food business incubators or shared-used kitchens. Some of this expansion of focus actually occurred in the course of this EDA project as the leaders in Monroe partnered with project staff and consultants to deliver three training programs targeted to new food processors in the summer of 2010.

The report that follows will give special attention to the community projects in Mazomanie, Beloit and Monroe which were selected for case studies in an applied research project to determine the "necessary ingredients and framework" for establishing viable food business incubators.

These three local projects each received \$13,000 as incentive to participate in the research effort. In each case, \$7,000 was allocated for labor and services related to establishing their incubator, and \$6,000 was available for purchasing equipment. Because all three of the projects ultimately involved for-profit businesses providing the incubation facilities, Thrive, as a non-profit, actually purchased and holds the title to the equipment that was installed in each facility.

The three case studies will appear after presentations of information that was collected from all eight FoodBIN members in the final month of the EDA project. The information was collected in a web-based survey (see Appendix B) that addressed critical issues pertaining to the necessary ingredients and framework for success, which became far more clear to all participants by the end of the project.

Those "lessons learned" will be presented in the concluding section of this report, along with recommendations for participating members of FoodBIN and other organizations in Wisconsin that aim to support innovation, entrepreneurship and job creation in the food processing sector.

Definition of Terms

The following definitions have been adopted and used by the members of the Food Business Innovation Network.

Business Incubator

According to the Wisconsin Business Incubation Association (WBIA), there are 35 business incubators in the state. The WBIA states that “business incubators are facilities that provide small, entrepreneurial businesses with affordable space, shared support, and business development services such as financing, marketing, and management. Incubators can play a nurturing role in helping young businesses survive and grow during the start-up period when they are most financially vulnerable.”

Food Business Incubator

A food business incubator specializes in supporting and fostering entrepreneurs in the food processing industry. One unique feature of food business incubators is that whereas entrepreneurs in traditional incubators typically rent their own space on a continual basis (month-to-month or annual), clients in food business incubators typically utilize the same space and equipment through *scheduling on an hourly basis*. What is common to both traditional and food-specific incubators is a strong commitment to providing *technical assistance to clients*. The specialization in food processing means that the technical assistance, as well as facility management functions, include critical attention to *food safety regulations and practices*.

Shared-Use Kitchen

When a food processing facility is made available to multiple, independent entrepreneurs on an hourly basis, but little or no technical assistance is provided, it is a Shared-Use Kitchen, not an incubator. However, the same attention to food safety regulations and practices must be given or the property owners and all the tenants risk severe financial and legal consequences.

Community Kitchen

“Community Kitchen” is a colloquial phrase often used nationally to refer to both Food Business Incubators and Shared-Use Kitchens. Because the phrase does not make the critical distinction between the provision or lack of technical assistance, it is not used in this report and project consultants have discouraged its use in general.

Custom Processor or Co-Packer

In some cases the staff of Food Business Incubators and Shared-Use Kitchens offer farmers and other individuals or companies the service of processing product on their behalf for an agreed upon fee. This custom processing or co-packing service is seen as especially valuable for farmers who have high quality fresh ingredients and excellent direct and wholesale markets for value-added or processed food products, but who do not have the time, capital or expertise to become food processors. Typically the client would already have a product recipe, packaging, labels and other specifications developed, although, for an additional fee, the co-packer might assist with adjustments necessary for scaling up production.

Product Incubator

A product incubator hosts a facility and staff that develop new food products on a fee-for-service basis on behalf of farmers and other individuals or companies. Under this scenario, a client might start with little more than a general idea or basic recipe for a new product, and the facility staff will then conduct all the necessary steps of product development, including recipe development, regulatory research, packaging decisions, label design, cost analysis and other considerations. Once the product is developed, the facility may or may not continue serving the role of Custom Processor or Co-Packer.

Case Study #1: Heritage Kitchen

Location: Mazomanie, WI
Contact: Dan Viste
Phone: (608) 575-9390
Email: dviste@chorus.net
Website: <http://fyi.uwex.edu/foodbin/the-food-bin-network/mazomanie-heritage-kitchen/>

Facility:

Processing space: 750 sq. ft.
Freezer space: 0 sq. ft.
Cooler space: 30 sq. ft.
Dry storage: 100 sq. ft.

Equipment:

- 60 gallon Groen kettle*
- 60 quart Hobart mixer*
- Robot Coupe R2disc food processor*
- OMRA tomato processor*
- 20-quart mixer
- Convection oven
- Ecolab Dishwashing low temp machine
- 6-burner stove with flat top griddle

* Purchased with EDA funds

Rental arrangement:

Kitchen is available 7 days a week, subject to particular needs of tenant. Base rent is \$12/hour.

Custom-processing service:

No custom-processing at this time.

Client in-take process:

Meeting and visit with client; fairly informal process to date.

Scheduling and monitoring system:

Via son Patrick's Blackberry and onsite monitoring 7 days a week.

Food safety protocol:

Verify clients are licensed by DATCP (by contacting Patrick Zaffino, 608-445-2207.) Clients buy their own ingredients. They must show proof of insurance and are monitored 7 days a week. They are each their own business responsible to behave in accordance with their lease.

Current & Recent Clients:

- Lucid Adventures (rental client)
- Cookies in the Breakroom (rental client)
- River Valley Seed and Grain (rental client)
- Cakes to Di For (rental client)
- Happy Valley Farm (custom processing client)

Technical Assistance Program:

We have not supplied these services. Our customers to date have not been interested. We provide a market for their goods in the adjacent Whistle Stop Cafe.

Marketing Strategy for the Kitchen:

Newspaper advertising and word of mouth. Whatever publicity we can get with public speaking or newspaper articles. (One such article is available here: <http://bit.ly/btg26m>.)

Case Study Narrative for Heritage Kitchen

Dan and Nancy Viste are community leaders in the Village of Mazomanie, a town of 1,500 residents located in western Dane County. Mazomanie is located just off the well-traveled Highway 14 and within the triangle encompassed by Madison, Baraboo, and Spring Green that represents a significant geographical position of the state’s tourism dollars. Dan Viste believes they are especially well positioned to focus on agri-tourism and its connections with food, entertainment and cultural arts.

For 20 years, Viste’s work has focused on an economic development strategy centered on the historical renovation of Main Street and developing community events, services and tourist attractions that attract visitors. To that end, Viste owns and operates the Old Feed Mill restaurant, a vintage clothing shop, and several other historic Main Street buildings that are home to complementary businesses, including art galleries, housewares, gift shops, and a Rail Road Museum honoring the importance of rail transportation in the community’s history and development.



Mazomanie business leader Dan Viste



Processing equipment at Heritage Kitchen

It was a second small restaurant café that he owned on Main Street, called the Whistle Stop Café, that he converted to the Heritage Kitchen in 2009 with support from EDA, Thrive and UW Extension. Viste’s primary purpose in the development of the Heritage Kitchen is to stimulate economic development by enabling entrepreneurs and consumers to “Buy Local; Process Local; Sell Local.”

The Heritage Kitchen is a shared-use commercial kitchen available to those wishing to start or expand a food-related small business. The project provides certified kitchen space and makes referrals to licensing and technical assistance/business development services. The goals of this facility are to increase production and sales of value-added food products produced from locally grown ingredients by providing an affordable option for farmers and small businesses in need of certified processing space and business development services and to develop new

markets for surplus product at peak harvest periods as well as for “seconds,” which is fresh produce unsuitable for retail sale due to minor flaws in appearance but is suitable for value-added processing.

Natalie Beil, Mazomanie Chamber of Commerce President and owner of B-Style Floral & Gifts in Mazomanie, WI, gives an example of the opportunities for new economic development and the synergies created among area businesses through the Heritage Kitchen:

There's always someone over at the [Heritage] Kitchen...They do canning and work with people who sell jams and jellies at the farmers' market. I know a woman through doing flowers at weddings [that] moved here from out of town and uses the certified kitchen to bake wedding cakes for her baking business. She's certified, but she can't run her business out of her home kitchen; people like her really don't have other options if they don't have their own facility, so she uses the [Heritage] Kitchen and we've worked together a number of times.

However, Viste feels that the passage of the Pickle Bill probably reduced demand for his certified shared-use facility as well as his custom-processing service. Yet, if small processors adhere to the sales limit of \$5,000 per year, or they wish to sell wholesale via grocery stores, restaurants or institutions, they may still find his facility provides a “bridge” between in-home processing and renting or building a certified kitchen on their own.

The Pickle Bill was only one of several developments and discoveries over the course of the EDA project that forced the Heritage Kitchen to evolve in both its structure and goals. For instance, it became increasingly clear to Viste that the original plan to custom-process shelf stable items for area farmers was not economically viable. Instead, he found his business becoming increasingly vertically integrated.

Rather than solely playing the role of the processor, Viste has begun growing a wider variety of produce on his own land four miles outside of Mazomanie for processing into value-added products in the Heritage Kitchen facility. Viste believes that this approach is not only more viable for his own business but also creates a stronger story for the agri-tourism strategy of the region. This facet of the enterprise strives to increase consumer interest in locally grown and processed items through agri-tourism opportunities including weekend getaways featuring “Pick and Process Your Own.”

As this shift in the approach of the business has evolved, Viste has also changed his outlook on the legal structure of the Heritage Kitchen. In the early stages of development, Viste anticipated that the Heritage Kitchen would be run as a non-profit under the umbrella of the Mazomanie Regional Heritage Center (MRHC), a cultural development initiative that also oversees projects such as the development of a Mid-Continent Railroad Museum, an awareness building effort on the geographic region and related sustainable development, and several arts initiatives.

Though MRHC was originally interested in supporting the Heritage Kitchen food business incubator project, the board became concerned about liability and was reluctant to assume oversight of the project. With Thrive acting as the administering non-profit for the EDA grant, Viste found it more straightforward to structure the Heritage Kitchen as a division of his already established Old Feed Mill restaurant.

While the business structure allows the kitchen to operate in a more streamlined fashion and offers efficiencies in both licensing as well as purchasing, it also raises questions about the long-term focus on incubation and entrepreneurship support.

Like many of the newly developing incubators, ensuring that clients receive appropriate business development support has been an on-going struggle for the Heritage Kitchen. Viste has referred several clients to the UW-Extension Agricultural Innovation Center (AIC) for support, but only one client followed through in contacting the AIC. It is not clear whether these clients did not need technical assistance, or whether they simply “fell through the cracks.”

Over the course of 2010, nine businesses were licensed through the Wisconsin Department of Agriculture, Trade, and Consumer Protection to process at the Heritage Kitchen. A few of these companies were highlighted in a January article in the *Wisconsin State Journal* entitled “Incubator kitchens! are catching on as a place where entrepreneurs can cook up a business” (<http://bit.ly/btg26m>.)

A few more clients were identified in the project exit interview with Viste. In total, five are named in the section above this narrative, including one organic vegetable farm worked with Heritage Kitchen on some pilot-scale production of salsa using frozen tomatoes and peppers. Names were also provided of six individuals who got their license and/or expressed strong interest but did not proceed or continue long. At least one of them explained that the Pickle Bill allowed them operate out of their home.

While the Heritage Kitchen provided better “client tracking records” than the other two case study projects, the information provided was rather sparse. The issues of technical assistance and client record keeping will be discussed more thoroughly in the concluding section of this report.

Of the \$13,000 that was awarded to Viste’s part of the project, approximately \$7,000 was used to reimburse his labor and that of his son, Patrick, for management and other support to the effort. The Vistes also logged approximately \$14,000 in match to the project through his donated time. The \$6,000 that Viste spent on the four pieces of equipment listed in the preceding section included repair of one of the item that was later appraised by Kessinich’s of Madison to determine its current value.

In the interview at the end of the 12-month project, Viste reported:

We have secured a \$40,000 TIF loan for expansion but do not have the bank financing or other sources to cover the missing \$140,000 to go with the TIF money. We believe that storage will be an important ingredient in frozen, refrigerated and dry storage forms.

At this point, we will continue to offer use of the kitchen space. Our size is limited and our funds even more limited. We do not believe it will be in our best interest to process food for others unless we are retailing directly in a partnership arrangement, i.e., they supply product—we process— [and when the] product is sold, the profits are split. Currently we are collaborating with White Jasmine and Happy Valley Farm (Kevin Lucey) on an informal basis.

Viste’s idea of creative “partnership arrangements” with other companies—especially farmers—will also arise in the discussion of the next case study of Bushel & Peck’s of Beloit.

Case Study #2

Bushel & Peck's Value Added Food Processing

Location: Beloit, WI
Contact: Jackie Gennett
Phone: 608-363-3911
Email: service@bushelandpecks.com
Website: <http://www.bushelandpecks.com>

Facility:

Processing space: 500 sq. ft.
Freezer and cooler space: N/A
Dry storage: Up to 1,000 sq ft.

Equipment

- Meat cooler (repair)*
- Meat grinder*
- pH Meter*
- Braising table*
- Juice extractor*
- Stove with hood
- Food processor
- Basic canning equipment
- Small wares

* Purchased with EDA funds

Rental arrangement:

Not available for rent.

Custom-processing service:

All clients are considered individually. Focus is on working with farmers that have excess produce.

Client in-take process:

Informal in-take process varies by client. More formal process in development.

Scheduling and monitoring system:

All production is done by Bushel & Peck's staff.

Food safety protocol:

Bushel & Peck's maintains logs for food processing. Licensed through the Rock County Department of Health.

Current & Recent Clients:

No custom processing clients to date.

Technical Assistance Program:

Not applicable. No incubator client relationships.

Marketing Strategy for the Kitchen:

Bushel & Peck's talks with farmers informally, but at this time is not ready to launch on a large scale. They have created a value proposition for all farmers that wish to consider working with them. Bushel & Peck's works with each farmer individually to determine what type(s) of value added products can be made from his or her raw ingredients. Because each product and farmer have different needs, a standard contract is not needed at this time.

Case Study Narrative for Bushel & Peck's Value-Added Food Processing

Jackie Gennett and her husband Rich Horbaczewski are, by any measure, extraordinary entrepreneurs. They own and operate a small farm near Monroe, Wisconsin called Grass is Greener Gardens, where they produce lamb, chicken, eggs, produce, herbs and cut flowers. They sell these products at farmers markets and via a Community Supported Agriculture (CSA) operation that they run in conjunction with other area farms for delivery to families in Madison, Beloit, and the Chicago area, where they both grew up.

In addition to farming, in 2008 Gennett and Horbaczewski opened a grocery store called Bushel & Peck's in Beloit. As reported in a *Chicago Sun Times* article on May 19, 2010:

The 10,000-square-foot market, which has a bar and kitchen, is leading a rebirth of the once desolate downtown. Bushel & Peck's is in a former Woolworth's that left town in the 1970s. ... Gennett and Horbaczewski worked with the City of Beloit to develop the Bushel & Peck's building. The city has invested more than \$674,000 in the building, which had been vacant for eight years and was slated for demolition.

The City of Beloit invested these funds to stabilize the building. Bushel & Peck's followed the city's investment with an additional \$500,000 in private funds.

The facility at Bushel & Peck's also includes a lunch café, a bar, a 500 square foot kitchen, and significant room for expansion. In 2010 they also set up a vintage clothing shop across the street, much like Dan Viste had done in Mazomanie some years before. (Indeed, the parallels between what Jackie and Rich have done in Beloit, and what Dan and his wife Nancy have done in Mazomanie, are worth noting.)

The Bushel & Peck's grocery features organic and specialty foods, with an emphasis on local and regional products. It was the confluence of their store's focus on regional food, surplus products from their own farm, their relationship with other area farmers, their room for expansion and the availability of their café kitchen and staff that persuaded



Gennett to add a food processing incubator to her already substantial collection of initiatives.

Bushel & Peck's was originally selected as one of the three case study projects that would receive \$13,000 in support when the EDA proposal was first submitted in April 2009. An important reason why they were selected was that Gennett was intending to open her café kitchen up to other food processors on an hourly rental basis.

However, by the time the grant officially started on October 1, 2009, Gennett was already questioning whether it was workable to allow other processors into her facility and add "client management" to her already extensive list of responsibilities. If she was not going to "incubate entrepreneurs" and share her kitchen, there was a serious question as to whether Thrive could justify the allocation of EDA funding to Bushel & Peck's.

Another factor to consider was the difficulty that farmers have finding time to process their own products in the midst of the growing season. Many of the produce growers have excellent markets for their fresh product, and innovative farmers like Kevin Lucey of Happy Valley Farm in Black Earth have long felt that customers would also buy value-added products if they knew the raw products came from their farm.

Lucey has also been vocal over the years about the tremendous loss in economic value that happens every year when surplus, early frost, or minor appearance imperfections leaves product in the field or is fed to livestock or composted.

For these reasons, Thrive decided to continue working with Bushel & Peck, despite Gennett's decision not to rent out her kitchen, on the basis of her commitment to process products on behalf of farmers. At the finalization of her work plan in February 2010, Gennett and Thrive's Director of Agricultural Initiatives, Greg Lawless, agreed on the concept and strategy of "incubating products."

As explained in the preceding Definition of Terms, a farmer may approach a Product Incubator with little more than a general idea or basic recipe for a new product, and the facility staff will then conduct all the necessary steps of product development, including recipe development, regulatory research, packaging decisions, label design, cost analysis and other considerations. Once the product is developed, the facility may or may not continue serving the role of Custom Processor or Co-Packer.

Because Gennett was already producing products like frozen soups in her café kitchen for sale in her retail store, she had experience with product development for the retail market. She was confident that she could also develop salsas, pickled vegetables, jams and jellies and other products that would sell well in farmers markets and via CSAs.

In the months to follow, Gennett held off on most of her equipment purchases and spent \$7,000 of her allotted grant award from Thrive hiring a Beloit College student as an intern to collect information that would help her plan out potential products and processes.

The student, Regina Willensky, shared her research results with Gennett as they were collected. The research included:



Surplus peppers dying on the vine near Mount Horeb.

- Logistical Restrictions On Producing Value-Added Food Products
- Finding Local Sources of Excess Produce
- Marketing Bushel & Peck's Program to Farmers
- Evaluating Possible Value-Added Products
- Evaluating Distribution Channels
- Creating the Value-Added Product
- Distributing the Product
- Evaluating The Product and Planning For Next Year
- Implemented, Planned, and Potential Local Food Based Value-Added Products

At her project exit interview in September 2010, Gennett explained that she was glad she waited to purchase most of her \$6,000 in equipment using EDA funds until after most of Willensky's research was complete. Waiting enabled her to select much more appropriate equipment for what she would eventually do than had she gone with some of her original ideas.

Gennett also explained how she ultimately launched several new products this summer working with a number of local area farmers in what she described as a "prototype year." She explained that most of the new products she launched were actually not new but rather redesigns of products that she had previously produced that now substituted non-local ingredients with local farm products.

Her frozen soups were one example. While the frozen tomato basil soup that she has sold previously included local ingredients whenever possible, When products are not seasonally available, non-local alternatives such as canned organic tomatoes were used. In the newly designed soup, the tomatoes, basil and cream were all purchased from local farms, and only the salt, pepper and oil were non-local.

She also substituted local ingredients for her vegetarian chili, beef chili, chicken noodle (chickens, veggies local; noodles not) and split pea soups (ham, carrots, onions local; peas not.) In addition, she modified a barbecue sauce, a marinara sauce, salsa, and pickled beets, peppers, dilly beans recipes using local ingredients.

Some of these local ingredients came from her own farm outside of Monroe. But others were purchased from area farms, including three meat producers and five fruit and vegetable growers.

One example was Morning Star Farm in Brodhead, which raises asparagus, rhubarb, raspberries and strawberries. That farm sold her about \$3,500 in surplus fresh fruits that they could not sell at their weekend farmers markets due to a death in the family. Bushel & Peck's froze those fruits, and they are currently making weekly payments to the farm based on how much jam they sell each week. They would choose not to sell at the Farmer's Market in the future as well if they were able to find a single buyer such as Bushel & Peck's.

That "installment approach" was one of the ways that Bushel & Peck's found to get around a problem that Gennett identified early on: how to pay farmers up-front for ingredient costs before the sale of the end-products can generate revenue for the processor. Gennett explained that her grocery business runs on extremely thin margins and it is not feasible for her to pay the producers for the ingredients months before she can recoup the cost in sales.

In exchange for delayed payment, Gennett has been compensating her farmers with a "royalty" or value-added bonus for every jar sold. For example, she may take 14 pints of raspberries from a farmer for a standard wholesale price of \$3 each, withhold payment, freeze the raspberries and, over time, thaw and process them into 48 jars of jam, which she can retail \$6 each.

Her goal is to pay the farmer 20 cents on top of what she owes them. If all the jars sell, then $48 \text{ jars} * .20 = \9.60 . $\$9.60$ divided by the original 14 pints = 69 cents. In that scenario, the farmer would get \$3.69 for waiting. While his normal retail income may be \$4/pint, he often cannot work enough farmers markets to sell all of his product retail, so his only option is usually to find wholesale markets at \$3 each. By selling to Bushel & Peck's and simply waiting—and trusting—he can enjoy a third option in between the retail and wholesale price that does not require him to spend another day away from the farm at a farmers market.

That “installment approach” may work for both parties if everything goes well, but of course plans may go awry. Depending on the period of time that payment is withheld, a potential barrier to this pay-as-you-go approach may involve state regulations that were put in place to protect farmers in those unfortunate situations when payments cannot be made by the processors for whatever reason.

The following language is quoted from a DATCP website:

The Department of Agriculture, Trade and Consumer Protection administers an agricultural producer security program under Wisconsin Statute Chapter 126. Chapter 126 is designed to protect agricultural producers from financial defaults by those purchasing the producer’s products. To view this legislation, review Chapter 126, Wis. Stats.

Chapter 126 created the Wisconsin Agricultural Producer Security Fund (the Fund). The Fund was introduced to pay default claims to producers and producer agents. Persons who purchase grain, milk or vegetables from Wisconsin producers, and grain warehouse keepers who store grain for others, are required to comply with provisions of Chapter 126. These entities are referred to as contractors. A producer or producer agent must submit a default claim by a contributing contractor to be reimbursed by the Fund, in the event that a contractor defaults on payment to producers or producer agents. Default claims must be filed within 30 days of the default.

Contractors must meet certain minimum financial standards and/or contribute to the Fund. Contractors that file a financial statement that has negative equity, when first licensed are required to provide security, such as a bond or irrevocable letters of credit.

See <http://datcp.state.wi.us/trade/business/security/index.jsp> for more information.

While this issue of “bonding” was not made available to Gennett at her project exit interview in September, it may be worth further exploration to see if there are exemptions at smaller scales, or if there are other ways around the statute, such as cooperative marketing arrangements.

Another possible payment methods that Gennett discussed what she called the “consignment approach,” whereby Bushel & Peck’s keeps ownership of the end-products (e.g., jars of jam) and the farmer sells them in his own direct market channels and keeps \$1 of the \$6 retail price, and returns \$5 to Bushel & Peck’s. A third option that she discussed was that Bushel & Peck’s can simply pay the farmers with jars of product which they could resell to recoup the original cost of the raw ingredients.

Looking to next year, other challenges that Gennett identified include potential space and time limitations as her processing venture shares the facility, equipment and staff with her café operation. At the height of activity in this “prototype year” her restaurant cook worked from 6am-10am as a food processor and from 10am-3pm for the café, four days/week. Processing will decrease over winter but continue with frozen product. In better planning for next year, Gennett anticipates more work through the winter using frozen ingredients.

An important part of their analysis this year was around cost of production and the margins made on products sold. “Our prices are not cheap,” Gennett explained, “but we’re not having trouble selling it. We sent about 25% of our processed product via farmers markets in Chicago, 25% via Madison, and 40% in Beloit via the grocery store and farmers market, and 10% via CSA members in Chicago and Beloit.” She is not looking to sell products via wholesale outlets.

Gennett said that she anticipates selling about \$3,000 worth of processed products from the pilot-scale production this year. “The selling process was effortless,” she said. “The products sold themselves.”

In addition, the equipment that she was able to secure with EDA funds will lower her production costs significantly, and she believes that value-added processing may become an important part of her overall business, and based on the cost analysis conducted by herself and the Beloit College intern, she believes this new activity will produce some of her best margins.

For all those reasons, Gennett fully expects to continue planning over the winter and she will try to expand her group of farmer suppliers, work out agreeable payment arrangements, and be prepared for a significant increase in production and sales next summer and fall. New products on her wish list include tomato juice, Bloody Mary mix, red tomato jam, jalapeno jelly, apple-mint jelly, dill relish, sweet pickle, ketchup, dill green tomatoes, an Italian pepper relish called jardinière.

Gennett explained that none of the progress that she made this year would have happened without the EDA funding and support from Thrive, UW Extension, and project consultant Mary Pat Carlson.

All of that said, there may be a concern that too many of the benefits of Bushel & Peck's "Value Added Food Processing" venture could ultimately be wholly internalized to a single business. It certainly could be a positive thing to give local producers a "third alternative" to limited fresh market outlets and lower priced wholesale outlets.

Since part of the intention behind this EDA project was to give farmers more access to the creative and profitable aspects of food processing—whether by providing them facilities for rent, custom processing service or by "incubating products" on their behalf—it would behoove Bushel & Peck to spend considerable time this winter in conversations with producers to ensure that their interests are incorporated.

Bushel & Peck's has approached numerous (more than 10) farmers to determine their interest in creating new products through custom processing and none expressed interest further than selling raw ingredients. We intend to pay farmers a premium for their raw ingredients, rather than a lesser amount, or wholesale price. During the first year of production, because of many unknown variables, we had to negotiate with farmers to receive as low a price as possible. As we learn the true cost and profit of each product we develop, prices paid to farmers will increase.

Bushel & Peck's did not seek out exclusively excess product. Many products purchased were first grade, straight off the farmers' market table. Some farmers provided discounts for large purchases but for the most part Bushel & Peck's paid market price. Many purchases included end-of-day market goods.

Bushel & Peck's has already met with two farmers to evaluate future products, including trading storage space for raw ingredients, & trading kitchen space for processed ingredients. They are working with one farmer to introduce locally milled wheat & rye flour, where he would rent kitchen space.

Case Study #3

FONDUE/Barb's Kitchen

Location:	FONDUE:	Monroe, WI	Barb's Kitchen:	Monroe, WI
Contact:		Susan Wetherington		Barb Newcomer
Phone:		608- 328-9452		608-325-6977
Email:		gcde@tds.net		pumkin@tds.net
Website:		www.businessfondue.com		N/A

Facility:

Processing space: 450 sq. ft.
Freezer, cooler, dry storage: Available as needed.

Equipment

- Food processor*
- Food slicer*
- Stainless tables
- Stove (without hood)
- Commercial dishwasher

* Purchased with EDA funds

Rental arrangement:

“As needed and the price varies depending on use.”

Custom-processing service:

Custom processing is not offered.

Client in-take process:

After interview, they are forwarded to the appropriate state department for licensing

Scheduling and monitoring system:

Scheduling and monitoring is conducted informally by kitchen owner.

Food safety protocol:

No formal protocol is in place. Kitchen users receive licensing through state or county departments.

Current & Recent Clients:

- Kurt Kline, Monroe, 608-325-9171
- Steph Culberson, Goosechaser Farms (salads, spaetzel), 608-523-4165
- Chris Cass, Shaggy Dog Marinade

Technical Assistance Program:

Technical assistance referrals are handled by FONDUE partner, Green County Economic Development Corporation.

Marketing Strategy:

Word of mouth, referrals from FONDUE.

Case Study Narrative for FONDUE/Barb's Kitchen

The case study in Monroe was in some ways the most difficult of the three EDA-funded projects, and yet in the end it may have come closer to the original conception of a food business incubator than either Mazomanie or Beloit.

Initially, the Monroe-based group operated under a loose network that they called FRIDGE, short for Food Resource Incubator Developing Green (County) Entrepreneurs. Later, they adopted a new name, FONDUE, an acronym for Food Organizations Network supporting the Development of Unique Enterprises.

FONDUE is a partnership led by Green County Development Corporation and Green County Extension to guide budding entrepreneurs in creating new food-based business. The FONDUE initiative includes an interactive web site (nearly completed), networking workshops, round-table discussions, and links to the facilities that help entrepreneurs their dreams of commercializing food products. A mentor board is also being developed.

In 2010, FONDUE worked out a relationship and arrangements with Barb Newcomer to provide processing space and time to food processors in and around Green County. Newcomer owns and operates Barb's Kitchen, a company she began expanding in 2010 after she retired from a career in child care services.

Newcomer makes potato salad which she sells out of her facility and at farmers markets as well as via grocery stores throughout Southern Wisconsin. She holds the lease on a state-certified food processing facility that she has made available to others on an hourly rental basis. It was in Barb's Kitchen that the Food Business Incubator Network was officially launched in September 2009.

Initial frustrations were experienced by both the local project leaders and the EDA project staff and consultants. The preliminary source of the challenge related to the development of a local project work plan that satisfied the overall goals of the EDA project, while also adhering to the vision and the staff capacity at the local level.

As the full effects of economic recession rippled across the region in 2009, Thrive, as a regional economic development organization, was all the more compelled to utilize the EDA's flood relief grant to promote job creation in the region.

Thrive and its project consultants felt that the original work plan proposed by the Monroe team focused too heavily



Barb Newcomer, owner of Barb's Kitchen



EDA-funded food processor and meat slicer

on development of a “local food” network in Green County, and also proposed too much educational activity and not enough on securing a processing facility and attracting entrepreneurs who aspired to create businesses that would ultimately create jobs for the community.

In some respects, it was a not a debate about the ultimate goal, but simply the length of timeline to get there. The back-and-forth discussions on the work plan were respectful and professional, but they did result in significant delays.

Ultimately, the local leaders and EDA project team reached a compromise. The project would include a heavy emphasis on education, and the goal would be to attract entrepreneurs who had serious aspirations to grow their businesses.

The \$13,000 grant to the Monroe project was used in different proportions than the other two projects, which spent approximately \$7,000 on staff and services and \$6,000 on equipment.

In the case of Monroe, approximately \$9,000 was spent on staff and consulting services and \$4,000 on equipment. The staff expenditures included the hiring of an intern who focused on a website for FONDUE that is nearly complete and should go live soon.

The equipment included two items—a meat slicer and food processor—that were purchased by Thrive and delivered to Barb’s Kitchen in the final month of the project. As with the other two cases that involved privately-owned processing facilities, the title to the equipment is held by the non-profit Thrive, is “moveable” in the event that the for-profit facility discontinues the mission of supporting other food processing entrepreneurs and fostering new products. At this time, clients of Barb’s Kitchen are charged an hourly fee for kitchen use. The 1,000 sq. ft. facility includes disability-accessible food preparation space and a small retail area.

A significant contribution of the Monroe project included their hosting of several educational programs that were made available to entrepreneurs throughout the region. Unfortunately, a 4-day training program called Annie’s Project was to happen in May 2010 but was cancelled due to insufficient registrations. But three programs in August and September 2010 were well attended, positively evaluated, and provided an excellent demonstration of the value of pulling entrepreneurs into one room, introducing them to each other, and providing them time with experienced consultants and seasoned entrepreneurs in their field. The programs were as follows:

Spotlight on Shaggy Dog Marinade

One of the rental clients in Barb’s Kitchen is Chris Cass, founder and owner of Shaggy Dog’s Marinade. Chris had been making his jerky marinade for family and friends for over twenty years when he and his wife decided to make it commercially in 2006. The two worked to perfect the recipe into a product that could also be used on poultry and fish. They launched Shaggy Dog’s Marinades as a side business and produced the marinade in a certified shared use kitchen and began promoting it to retail buyers. When the Janesville General Motors plant closed in December 2008, Chris, a long-time employee, was forced into a career shift.



For the past several years, the business has operated out of Barb’s Kitchen in Monroe, Wisconsin. The marinade has been picked up by the outdoor recreation and supply store Gander Mountain and is now available in stores nationally. Locally, the brand has gained some traction through its affiliation with the state’s Something Special from Wisconsin™ brand and can be found at select independent retail stores in WI, IA, MN, and ND. Chris hopes to continue to expand its distribution range and break into new target markets such as the pre-made jerky industry. Barb’s Kitchen has made it possible for the company to grow, but Chris would like to see a shared kitchen facility site nearer to Janesville to reduce his commute and enable processing at a wider range of hours.

August 18, 2010: Kitchen Incubator Options

Speakers: Cara Carper (UW Extension-Green County), Anna Schramke (Green County Development Corp), Cherri Bell (Sugar River Vineyard), Barb Newcomer (Barb's Kitchen)

Location: Barb's Kitchen

This program covered key considerations in selecting a processing location, and the case studies of several entrepreneurs. Attendees included established food business entrepreneurs who contributed to the group discussion of location decisions.

August 24, 2010: Licensing, Permitting, and Distribution

Speakers: Jean Zweifel (Greenco), Stefan Boerboom (Wisconsin Dept. of Health Services).

Location: Greenco Industries

This program was held at Greenco, a nonprofit organization providing day and work services for adults with disabilities, which is an FDA and USDA inspected and licensed food packaging facility. Participants learned about the regulatory requirements for operating a food-based business, and the ongoing requirements to ensure public health and safety.

September 10, 2010: Marketing & Branding for Food Products

Speakers: Janet Ady (Volvedge Consulting), Jim Gage (formerly of the Dairy Business Innovation Center), and Andrea Neu (Dairy Business Innovation Center, longtime executive of Wisconsin Milk Marketing Board).

Location: First National Bank & Trust

This daylong program brought industry experts together to present a hands-on training session. Through a combination of lectures, case studies, and individual exercises, participants developed their own brand positioning strategies.

At each training event, Green County Economic Development Corporation Executive Director Anna Schramke distributed packets with additional resources outlining the wide range of technical assistance that GCEDC and other organizations in the county offer entrepreneurs.

In the end, the outcome in Green County was in some ways the most positive. The workshops attracted a mix of experienced and novice entrepreneurs, and each session ended with networking among the attendees. Attendees left the sessions visibly energized about the initiative, their new knowledge and growing network in the field. Most importantly, a processing space was made available to food entrepreneurs. While it was difficult to secure detailed information on clients who were utilizing Barb's Kitchen, we were able to follow up with one client, Chris Cass, whose Shaggy Dog Marinade business is spotlighted in the sidebar above.

A significant array of technical assistance is available to entrepreneurs who are looking to rent Barb's Kitchen. What is not clear is how well the availability of those resources is communicated to clients. It was not easy to get Newcomer or other Monroe-based project leaders to complete the year-end survey. It was a reminder of the delays that occurred at the front-end of the project.

Additional comments about the Monroe project, the other two EDA-funded case studies, and the other FoodBIN members will be presented in the concluding section of this report.

Other FoodBIN Members

FEED Center of Madison

Location: Madison, WI
Contact: Ellen Barnard, Project Co-Leader
Phone: N/A
Email: cherokeemarsh@gmail.com
Website: N/A

Project Summary (October 2010)

FEED is an acronym for Food Enterprise & Economic Development. With the support of the Northside Planning Council, Ellen Barnard and a team of community partners are spearheading efforts to develop a kitchen incubator in the City of Madison. The Incubator would focus on business and entrepreneurship development and offer cooking and nutrition classes to community members. The proposed processing space would also include a freezer, cooler and dry storage space available for rent by kitchen users. The facility will be managed by 1.5 full-time staff and is expected to generate up to 25 full-time jobs through the kitchen per year, including graduates of the MATC Culinary Arts program, bakery and food service trainees who will be starting and growing a wholesale bakery and a wholesale/retail applesauce packaging business, and a co-packing service. Site selection is completed, and the project team is currently fundraising and working with an architect. The planning team hopes to open the facility by summer 2011.



Facility:

Processing space: 3,000 sq. ft.
Freezer, Cooler, and Dry storage space: 2,500 sq. ft.

Equipment

Final list TBD, no EDA funds used in this project.

Rental arrangement:

The facility will be open 7 days/week, 24 hours/day. Rates will be \$20/hr. for most users and \$15/hr. for those using it 20hrs/month or more.

Custom-processing service:

In development.

Client in-take process:

The client in-take process is currently under development.

Scheduling and monitoring system:

The kitchen scheduling and monitoring system is under development.

Food safety protocol:

The food safety protocol is also under development.

Current & Recent Clients:

Kitchen is not yet open to clients.

Technical Assistance Program:

The Wisconsin Women's Business Development Corporation has agreed to be a partner in providing clients with technical assistance.

Marketing Strategy for the Kitchen:

In development.

Kickapoo Kitchen Project

Location: Gays Mills, WI
Contact: Brad Niemcek
Phone: N/A
Email: bradniemcek@gmail.com
Website: N/A

Project Summary (October 2010)

The Kickapoo Kitchen will occupy in the Gays Mills Community Commerce Center. The Kitchen will provide clients with a variety of services including facility access for small-scale processing, co-packing, and facilitation of partnerships wherein clients' process for one another as needed. The kitchen also has plans to develop its own line of branded products. Project leader Brad Niemcek aims to garner support from the Village of Gays Mills to create a non-profit entity to operate the kitchen whose board includes both public and private members, e.g., a five-person board, with two members appointed by the Village Board. This proposal will be presented to the board at its November 1st meeting. The Kickapoo Kitchen is expected to be operational by late summer, in time for much of the 2011 harvest.



Facility:

Processing space: 2,100 sq. ft.
Freezer, cooler & dry storage space: 866 sq. ft.

Equipment

- Triple Deck oven and broiler
- Commercial gas cooktop
- Flat top grill
- Deep fryer
- 20 quart mixer, 20 qt
- Food processor
- Dough Roller
- Reach-in coolers and freezer
- Ice maker
- Walk in Refrigerator (approx. 8'x11')
- Low Temp Dishwasher unit
- Three-compartment sink
- Braising table

Rental arrangement:

The Kitchen will strive to offer 24 hr. accessibility 7 days/week. It will provide a variety of rental rates based on level of client usage, averaging of \$10-12/hour.

Client in-take process:

Not developed yet. The Kitchen will likely adopt an intake templates and procedures practiced at established business incubators.

Scheduling and monitoring system:

Under development.

Technical Assistance Program:

Under development.

Food safety protocol:

Under development.

Marketing Strategy for the Kitchen:

Under development.

Current & Recent Clients:

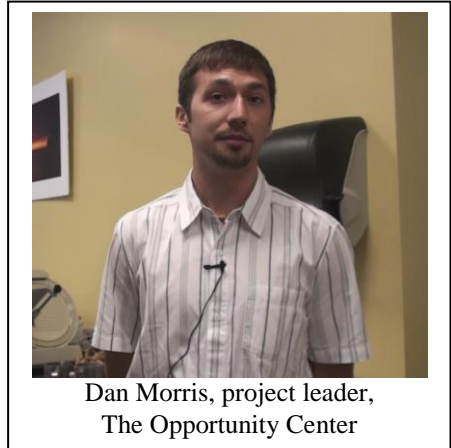
Under development.

The Opportunity Center

Location: Prairie du Chien, WI
Contact: Dan Moris, Kitchen Director,
Phone: 608-326-6486 ex. 131
Email: dmoris@opcntr.org
Website: <http://kitchen.pdcopportunitycenter.org>.

Project Summary (October 2010)

The Opportunity Center Kitchen Incubator will provide facilities, equipment, and resources that encourage "Culinary Entrepreneurship" in Crawford County and surrounding communities. The Incubator will have its own budget and assigned staff but will be part of the Opportunity Center, a non-profit whose mission is to provide advocacy, mentorship, life and work skills for persons with disabilities. Client services to be offered will include: pre-production orientation and business services; facilities rental; business facilities access; business consulting; and warehousing. The Incubator would serve a diverse set of entrepreneurs including bakers, food processors, caterers, and others. The project broke ground in October 2010 and is scheduled to open for operation in summer 2011.



Dan Morris, project leader,
The Opportunity Center

Facility:

Total space: 6,000 sq. ft. (planned)
Processing, freezer, cooler, dry storage: To be determined.

Equipment

They have not purchased any major equipment yet, but they expect to start making decisions about equipment purchases in late October 2010.

Rental arrangement:

The kitchen will be open 24hrs/day, 7 days/week. Rates have not yet been set in stone, but their feasibility study identified a \$20/hour rental rate. There would likely be a temporary discount for new users.

Client in-take process:

The client in-take process is currently under development.

Scheduling and monitoring system:

None yet.

Food safety protocol:

None yet.

Current & Recent Clients:

They have identified a bakery, SW Technical College, and a Farm-to-School program to serve as anchor tenants.

Technical Assistance Program:

None yet.

Marketing Strategy for the Kitchen: They have a great relationship with the local media and have received regular news coverage. They are in the process of developing a website to showcase the kitchen's services and promote the tenants products and businesses. Dan has recently started blogging about the process of launching the kitchen. On-going marketing efforts will continue once the kitchen is fully operational.

Watertown Farm Market Kitchen

Contact: Fred Guenterberg
Phone: 920-342-7275
Email: guenterberg@gdinet.com
Website: www.watertownfarmmarketkitchen.com

Project Summary (October 2010)

The Watertown Farm Market Kitchen is a state-inspected and licensed, fully equipped professional shared-use kitchen and food production facility designed to help entrepreneurs start their food business. Clients pay hourly rates for kitchen usage.



Facility:

Processing space: 900 sq. ft.
Freezer space: 2 door freezer
Cooler space: 2 door refrigerator
Dry storage: limited availability

Equipment:

- 6-burner Gas Stove
- Convection Ovens
- Bread Proofer
- Tilt braising pan
- Dehydrators
- 20 quart mixer
- Commercial Food Processor
- Commercial Stand Mixer

Rental arrangement:

The facility will be available for rental 24hrs/day, 7 days/week. Reservations must be made in advance by phone or email.

Custom-processing service:

Not available.

Client in-take process:

In development.

Scheduling and monitoring system:

In development.

Food safety protocol:

As required.

Current & Recent Clients:

Not available.

Technical Assistance Program:

As required.

Marketing Strategy for the Kitchen:

In development.

Wisconsin Innovation Kitchen

Location: Mineral Point, WI
Contact: Annette Pierce
Email: apierce@hodancenter.org

Project Summary (October 2010)

The Wisconsin Innovation Kitchen is a state-inspected, shared food processing and marketing kitchen whose mission is to help existing food businesses, including family farms, food entrepreneurs and non-food organizations develop and expand innovative food businesses that showcase local foods. The Innovation Kitchen offers four distinct services to meet different clients' needs: 1) shared kitchen access on a rental basis, 2) a co-packing service for clients with pre-developed recipes, 3) a discounted bulk purchasing program to reduce the cost of common ingredients, and 4) a program and events service in which staff assist clients in the development of culinary and food education programs. The 10,000 square foot facility features four separate processing areas (baking, canning, dehydration and dry-mix production), a walk-in freezer and refrigeration, ample dry storage, fully equipped truck docks and a retail sales area.



Facility:

Processing space:	1,500 sq. ft.	Cooler space:	400 sq. ft.
Freezer space:	400 sq. ft.	Dry storage:	2,000 sq. ft.

Equipment:

- Double stack convection ovens
- Bakery proofer
- 42-rack commercial dehydrator
- Tilt skillet/braising table
- 2 steam jacket kettles
- 10 burner range

Rental arrangement:

The kitchen will be open Monday-Friday 5pm-5am and Saturday-Sunday all day. The rental rate will be \$15/hr.

Custom-processing service:

The kitchen will provide custom processing for the Hodan Center, a community rehabilitation program for adults with disabilities. Additional custom-processing will be done a quote basis following the intake process.

Client in-take process:

This process is being developed with assistance from the Iowa County Area Economic Development Corporation under the direction of Rick Terrien.

Scheduling and monitoring system:

The Hodan Center will be prioritized. Additional clients will be scheduled as kitchen space and time are available.

Food safety protocol:

Copies of certifications must be on file at the kitchen before a client is eligible to use the facility. Clients will be required to document all steps.

Current & Recent Clients: The Hodan Center.

Technical Assistance Program:

Rick Terrien of the Iowa County Area Economic Development Corporation has organized a group of experts to provide technical assistance to the project.

Marketing Strategy for the Kitchen:

The Iowa County Area Economic Development Corporation will assist with the kitchen's marketing efforts.

Other Statewide Efforts

The work under this EDA project was confined mainly to South Central and Southwestern Wisconsin, with the intention to expand efforts statewide in the future.

The following are food business incubator projects and related efforts that are underway elsewhere in the state.

Farm Market Kitchen, Algoma

The Farm Market Kitchen, in Algoma, Wisconsin is part of the “first generation” of food business incubators in the state, having started in the late 1990s. It is a regional shared-use food processing business incubator. Anyone wishing to produce and market a food product can find everything they need to get started—from culinary supplies and equipment to food marketing and business planning assistance:

- A certified, commercially equipped kitchen for food preparation, cooking demonstrations, or education and training.
- An on-site Farm Market store providing an immediate sales opportunity for food products produced within the Farm Market Kitchen.
- Cooperative opportunities enabling users to access additional marketing and networking assistance.
- Meeting space for special events and community meetings.

For more information, visit www.farmmarketkitchen.com

Coulee Region Business Center, La Crosse

The Coulee Region Business Center (CRBC) houses another first generation food incubator that opened in the late 1990s. CRBC provides facilities, resources, mentoring and coaching to small businesses and entrepreneurs in the La Crosse area. It is a shared facility ideal for starting or expanding a business. Rental space is below market rate for industrial and office space.

CRBC offers shared services and a network of professional assistance, giving entrepreneurs access to a wealth of business knowledge and support services. CRBC can help entrepreneurs prepare a business plan, access funding, market and grow their business.

One of the facilities that the CRBC offers is a commercially approved kitchen for food businesses to get started.

For more information, visit www.crbc.biz.

Food Enterprise Center, Viroqua

In September 2010 Governor Jim Doyle announced a \$2 million EDA grant to support this project of the Vernon Economic Development Association (VEDA). The press release announced that “the project includes renovating the 100,000-sq.-ft. manufacturing plant into a food processing and distribution center. Available space is for local businesses either looking to start or expand a business. In addition, EDA funds will help to purchase equipment for the facility and hire a consultant to develop a marketing strategy.”

The Food Enterprise Center, led by Sue Noble of VEDA was an occasional participant in the FoodBIN project over the past year. Distance to meetings and limited travel budget restricted their participation, but hopefully with this infusion of support they will be able to be more active in FoodBIN in the future.

For more information, visit www.veda-wi.org.

Woodland Kitchen and Business Incubator, Aurora

On September 25, 2010 Northeast Wisconsin Technical College celebrated the opening of the Woodland Kitchen and Business Incubator of this 3,000 sq. ft. facility in Aurora, WI. For more information, contact: Sally Miller at Sally.Miller@NWTC.EDU or visit <http://www.nwtc.edu/atnwtc/places/regionalcenters/north/woodlandKitchen/Pages/home.aspx>

Milwaukee 7

This regional economic development organization serving seven counties in Southeastern Wisconsin is focusing heavily on the food processing industry. For more information, visit: http://www.choosemilwaukee.com/food_beverage.aspx or contact Shelley Jurewicz, Vice President, Economic Development, sjurewicz@mmac.org.

Other Projects

Information about additional shared kitchens, food business incubators in operation or under development can be forwarded to anne.pfeiffer@ces.uwex.edu for inclusion in future listings.

TRAINING and WEB RESOURCES

A number of training opportunities were offered to project managers in the Food Business Innovation Network during the course of the 12-month EDA-funded project. In addition, two programs were also offered to food entrepreneurs. The table below also includes a record of planning meetings and community visits by project staff.



Food business incubator consultant Mary Pat Carlson



Public training program in Monroe, September 2010.


DATE	KEY PROJECT EVENTS	RESULTS
Sept. 3, 2009	First project planning meeting in Monroe	FoodBIN established as an informal network
Jan. 29, 2010	Monroe project planning meeting	Work plan discussed, not finalized
Feb. 4, 2010	Mazomanie project planning meeting	Work plan finalized
Feb. 12, 2010	Beloit project planning meeting	Work plan finalized
April 26, 2010	Incubator Management Training #1; conference call	Assessment of projects and Facility, Services and Support Review; 14 FoodBIN leaders participated, evaluated current facilities and services offered, made plans to address shortcomings
May 3, 2010	Incubator Management Training #2 in-person at Bushel & Peck's Market in Beloit with Mary Pat Carlson	Twelve FoodBIN leaders participated. Video highlights available at http://fyi.uwex.edu/foodbin/foodbin-videos/
May 4-24, 2010	Annie's Project for Value-Added Agriculture: A program to assist farmers and other food businesses interested in starting or expanding value-added production or specialty marketing	Cancelled due to insufficient registrations
June 26, 2010	Incubator Management Training #3; conference call	Twelve FoodBIN leaders participated in risk management assessment of their incubators
July 28, 2010	Incubator Management Training #4 with in Mineral Point with Mary Pat Carlson	Twelve FoodBIN leaders participated. FoodBIN name changed to incorporate Innovation and food entrepreneurs.

DATE	KEY PROJECT EVENTS	RESULTS
August 18, 2010	Showcase of Opportunity: Kitchen Facility Options; in-person networking and informational program held at Barb's Kitchen, shared-use facility in Monroe	11 entrepreneurs learned information about: <ul style="list-style-type: none"> • When do you need to produce your product in a commercial kitchen? • What resources are available in the Green Co. area? • What are the challenges of building your own commercial kitchen? What are the pros and cons of using a shared use kitchen versus building your own kitchen?
August 24, 2010	Showcase of Opportunity: Licensing and Permits; in-person networking and informational program held at Greenco, a non-profit organization providing day & work services for adults & teenagers with disabilities, and a FDA and USDA inspected and licensed food packaging facility.	16 entrepreneurs learned from a licensed food packaging facility and from state public health inspectors about what permits are needed to operate a food based business, and the ongoing requirements to ensure public health and safety.
Sept. 10, 2010	Day-long seminar in Monroe: Introduction to Branding and Marketing	30 participants learned marketing, labeling and branding strategies for food businesses.
Sept. 29, 2010	Incubator Management Training #5 in Madison with Leslie Schaller of ACENet, Athens OH	Impromptu training incurred no project costs. Eight FoodBIN leaders participated.

Web Resources Developed

Food Business Innovation Network (FoodBIN)

Cooperative Extension



- Home
- FoodBIN
- Licensing and Regulations
- Packaging and Labeling
- Resources for Incubators
- About
- FoodBIN Videos

Licensing and Regulations

Licensing and regulatory compliance requirements vary depending on what type of product is being produced and how it is being sold. In almost all cases, it is recommended that you begin by calling your local food safety inspector to discuss your particular production process. However, we have listed some very general guidelines below to give you an overview of the licensing process.

The Wisconsin Local Food Marketing Guide, produced by the WI Department of Agriculture, Trade and Consumer Protection also provides an excellent introduction to licensing and regulatory issues for food producers.

[Chapter 4 Excerpt; Licensing, Labeling, Food Safety and Regulation Requirements.](#)

Direct Sale

If you are producing your product and selling directly to the consumer through a restaurant,

A website was developed as part of the EDA-funded FoodBIN project. The website is hosted by the UW Extension Agricultural Innovation Center and can be found at:

<http://fyi.uwex.edu/foodbin>

The site currently contains information on the following topics:

- Introductory YouTube videos from seven FoodBIN project leaders
- A 10-minute YouTube video of highlights from a training by Mary Pat Carlson
- Web profiles of the participating FoodBIN members
- An update about Wisconsin's new "Pickle Bill"
- Licensing and regulation information
- Packaging and labeling information
- Facilities and equipment information
- Food business incubator management tools, including:
 - Sample incubator policy manual
 - Sample tenant application
 - Kitchen Inspection Checklist
 - Kitchen Facility Equipment List
 - Incubator Background/Policies/Procedures
 - Statistical Employment Information
 - Kitchen Incubator Monthly Statement
 - User Start-Up checklist
 - Kitchen Incubator Lease / Operating Agreement

Much of this information was provided by Mary Pat Carlson, who was a consultant to the project.

The FoodBIN Website will be maintained one year following the September 2010 conclusion of the EDA project, or longer if additional funding and support can be secured.

Conclusion and Recommendations

A key deliverable to the Economic Development Administration for this 12-month project is a presentation of the Ingredients and Framework for Viable Food Business Incubators, discovered through our work with the three EDA-funded case studies in Mazomanie, Beloit and Monroe.

Ingredients and Framework for Viable Food Business Incubators

1. Secure Committed Project Leadership

One of the preliminary guidelines used in selecting the three EDA case studies was the presence of a committed project leader.

Key characteristics of a committed project leader include:

- Carries a strong vision for the project and its effect on food-business entrepreneurs and the community
- Able to make connections and find resources
- Works well with diverse stakeholders and constituencies , including government, university and community leaders
- Has a keen sense of professionalism and collaboration
- Able to make a significant time commitment to the project
- Holds a thorough understanding of related systems and budgeting

The projects in Mazomanie and Beloit in particular seemed to possess committed leaders. Dan Viste and Jackie Gennett are exceptional business owners and also highly motivated to make a difference in their community. The leadership in Monroe was a bit more diffused. UW Extension agent Cara Carper initiated the Monroe project and contributed significant match hours to the effort. But typically, county Extension agents' role in economic development projects is facilitative and more focused on educational contributions. The attempt to share leadership between Carper, Anna Schramke and Barb Newcomer over time led to discontinuities of effort and gaps in communication.

At the same time, the shared leadership that led to and continues at the Wisconsin Innovation Kitchen in Mineral Point (see p. 25), involving Hodan Center Executive Director Tom Schraeder, his Director of Food Services Annette Pierce, and the Iowa County Director of Economic Development Rick Terrien demonstrate that shared leadership can work.

Nevertheless, leadership is presented as a necessary and perhaps the most important ingredient for viable food business incubators, whether that is shared or provided by a single individual.

2. Provide Technical Assistance

The definition of food processing incubators adopted in this project includes not only the provision to food processors of facilities to create their product, but also the provision of technical assistance to help them develop their business. By that 2-part definition, none of the three EDA case study projects are operating as true incubators. The facilities in Mazomanie and Monroe are simply shared-use kitchens.

Technical assistance should be available to increase specialized industry knowledge in:

- Business planning
- Marketing research and planning
- Legal and regulatory issues

While the partners behind FONDUE in Monroe have created a thorough list of available technical support for entrepreneurs, the list does not appear to include support that is specific to food processing, and there also seems to be a wide disconnect between FONDUE and Barb's Kitchen in communicating what resources are available.

In both Mazomanie and Monroe, established business owners managed the client in-take process, and their approach seems to be rather hands-off. Having succeeded in their ventures, perhaps with little outside help, they may not see the value in technical assistance.

Nevertheless, the public and non-profit sector has invested resources in supporting the business development process, and the judicious use of these resources can save entrepreneurs significant time and money, and help them to avoid many causes of failure.

The more that entrepreneurs utilize a food processing incubator that provides technical assistance and move on to occupy their own facilities and grow their businesses, the more the incubator will attract other promising entrepreneurs, as well as public dollars to improve the facility.

3. Acquire Adequate Capitalization and Manageable Debt Load

All three of the case studies in this project involved privately-owned kitchens. In each case, the facilities primarily or substantially serve private business. To the extent that they share the space and incubate companies or products, it occurs secondarily to their main business.

Traditionally, food business incubators are owned and operated by non-profit organizations. The appropriate financing of those non-profit facilities is critical to their success. The Farm Market Kitchen in Algoma leveraged over \$500,000 in grants and direct cash donations and approximately \$600,000 in in-kind donations to develop their facility over five years.

When private businesses provide the facilities for food business incubators, capitalization may not seem to be an issue. But the owners capitalized those facilities primarily to meet the needs of their business, and it is only fair to expect that their business needs will come first.

For facilities to be truly dedicated to the needs of new food processors, it may be necessary to follow the more traditional approach of non-profit ownership. And based on the successful experiences in Algoma, WI and Athens, OH, and less successful experiences elsewhere, new and refurbished facilities should meet the needs of entrepreneurs without burdening the organization with a significant debt load that cannot be paid with user fees and other income.

4. Develop Client Management System

One of the issues that consultant Mary Pat Carlson repeatedly emphasized was a good system of managing incubator clients. That system should include an in-take process that evaluates the readiness of the entrepreneur to begin processing and selling products. If they are to begin using the facility, sufficient information should be collected so that they may be easily located as needed.

Other critical client management issues include food safety measures and technical support. While those will be considered separately below, it is important that they all tie together into an information system that includes record-keeping as well as a strong commitment to support the success of the client.

5. Assure Food Safety

In the business of food processing, there is probably no greater risk than food-related illness and death of end consumers. The potential financial liability, not to mention the human consequences, can hardly be overestimated.

When a processing facility is owned and used by a single company, that risk is born by them alone. When the facility is shared, everyone involved can be implicated in the mistake or mismanagement of one individual. A recall of product, for instance, can be required of every processor that uses the facility.

All three of the EDA case study facilities were properly licensed and certified, and by all accounts the clients in Mazomanie and Monroe were properly directed to the appropriate local regulatory officials. However, Mary Pat Carlson was concerned that there was insufficient record-keeping related to food safety, and that there were no written policies in place to ensure all food safety precautions were enforced.

Other Recommendations

The following recommendations are offered to the eight current members of the Food Business Innovation Network, as well as other aspiring food business incubators across Wisconsin.

1. Continue participation in FoodBIN

It is worthwhile to continue the network relationships that were started under this EDA project. Acting as a group, it should be easier to attract educational opportunities and possibly some additional grant assistance. While there may be some requests to expand the network statewide, it may be wise to wait until there are sufficient resources to serve and involve members at that scale. Expanding to include Viroqua and the area around Milwaukee might be a reasonable interim step.

UW Extension's Agricultural Innovation Center will try to continue providing support to FoodBIN through the forthcoming winter, and perhaps longer, and the AIC will continue its efforts to seek additional support from others at UW-Madison and the Madison Area Technical College System.

2. Join and integrate with the Wisconsin Business Incubation Association

There are many aspects to food business incubators that are no different from any other business incubator, and there is much to be learned from the 35 other incubators in the state that have been operating successfully for some time. The current President of the WBIA, Therese Fellner, is a big proponent of food processing incubators and the clients they serve.

3. Establish more formal relationship with Wisconsin Women's Business Initiative Corporation

Over the course of the EDA effort, project staff and consultants had numerous interactions with the staff of WWBIA. Their territory covers all of Southern Wisconsin, and besides their technical assistance services, they operate several revolving loan funds that could support food processing entrepreneurs.

4. Explore partnerships with other non-profit associations as well as for-profit companies

The Midwest Food Processors Association may be interested in supporting food business incubators and their clients. The Wisconsin Department of Agriculture, Trade and Consumer Protection is also looking to duplicate their highly successful Dairy Business Innovation Center by expanding into meat- and vegetable-related products. Finally, a partnership with private kitchen equipment dealers like Kavanugh Restaurant Supply or Kessenich's in Madison could lead to sponsorship of educational programs or group discounts on equipment purchases.

6. Continue efforts on product incubation and custom processing

The efforts by Heritage Kitchen in Mazomanie and Bushel & Peck's in Beloit to develop and process products for area farmers is worthwhile in many respects. More and more, farmers today have excellent retail market outlets—farmers markets, CSAs, etc. Some of them have wide name recognition and are gaining entry into grocery stores, restaurants and institutions. Some have even started carving out a niche in mega-markets like Chicago. Their loyal customers are willing to pay good prices for good products.

If incubator managers can utilize their staff, equipment and expertise to create value-added products at a reasonable cost, it could be a source of extra revenue for the incubator as well as a benefit to the farmer and their customers. One project in the region that has a head start on this strategy is the Wisconsin Innovation Kitchen in Mineral Point. Their affiliation with the Hodan Center, with its rehabilitation program for adults with disabilities, provides a capable workforce and a well equipped processing facility, and they have just begun offering both product incubation and custom processing services to farmers and others in the region.

APPENDIX A

Food Processing Employment Data – Thrive Region

Table 1: Top 12 Food Processors in the Madison Region (250+ employees)

Company	City	Employees	NAICS Description
Jones Dairy Farm	Fort Atkinson	250-499 employees	Meat Processed From Carcasses
Wisco Farm Coop	Lake Mills	250-499 employees	Dairy Product Merchant Wholesalers
Hormel Foods Corporation	Beloit	250-499 employees	Meat Processed from Carcasses
Redi-Serve Division	Fort Atkinson	250-499 employees	Frozen Specialty Food Manufacturing
Tyson Foods Inc.	Jefferson	250-499 employees	Meat Processed From Carcasses
Willow Foods, LLC	Beaver Dam	250-499 employees	Frozen Specialty Food Manufacturing
Alto Dairy Coop	Waupun	250-499 employees	Cheese Manufacturing
Associated Milk Producers Inc.	Portage	250-499 employees	Cheese Manufacturing
Seneca Foods	Janesville	250-499 employees	Fruit And Vegetable Canning
Grande Cheese Company	Brownsville	500-999 employees	Cheese Manufacturing
Frito Lay	Beloit	500-999 employees	Other Snack Food Manufacturing
Kraft Food North America	Madison	1000-plus employees	Meat Processed From Carcasses

Based on 2008 North American Industry Classification System (NAICS) data from the Wisconsin Department of Workforce Development

Table 2: Mid-sized Food Processing Employers in Wisconsin

NAICS category	# companies	5-49 employees	%	Examples
Dog and Cat Food Manufacturing	17	10	59%	Front Porch Pets, Wauwatosa
Other Animal Food Manufacturing	67			
Flour Milling	5			
Malt Manufacturing	7			
Wet Corn Milling	1			
Soybean Processing	2			
Other Oilseed Processing	2			
Breakfast Cereal Manufacturing	1			
Chocolate and Confectionery Manufacturing from Cacao Beans	4			

NAICS category	# companies	5-49 employees	%	Examples
Confectionery Manufacturing from Purchased Chocolate	55	32	58%	Andes Chocolate Mints, Delevan
Non-chocolate Confectionery Manufacturing	14	10	71%	Burke Candy, Milwaukee
Frozen Fruit, Juice, and Vegetable Manufacturing	6			
Frozen Specialty Food Manufacturing	32	10	31%	Emil's Pizza, Watertown
Fruit and Vegetable Canning	45	8	18%	Forest Floor Foods, Eden
Specialty Canning	3			
Dried and Dehydrated Food Manufacturing	5	1	20%	Country Ovens, Forestville
Fluid Milk Manufacturing	11	4	36%	Lamers, Appleton
Creamery Butter Manufacturing	8	5	63%	Alcam Creamery, Richland Center
Cheese Manufacturing	167	73	44%	Old Fashioned Foods, Mayville
Dry, Condensed, and Evaporated Dairy Product Manufacturing	26	11	42%	Anderson Custom Processing, Belleville
Ice Cream and Frozen Dessert Manufacturing	7	3	43%	Sassy Cow, Columbus
Animal (except Poultry) Slaughtering	54	28	52%	Black Earth Meat Market, Black Earth
Meat Processed from Carcasses	79	28	35%	Pernat/Hasse Meats, Juneau
Rendering and Meat Byproduct Processing	2			
Poultry Processing	11			
Seafood Canning	3			
Fresh and Frozen Seafood Processing	2			
Retail Bakeries	150	91	61%	Lanes Bakery, Madison
Commercial Bakeries	76	40	53%	Clasen European Bakery, Middleton
Frozen Cakes, Pies, and Other Pastries Manufacturing	2			
Cookie and Cracker Manufacturing	14	5	36%	Potter's Fine Foods, Madison
Flour Mixes and Dough Manufacturing from Purchased Flour	6	3	50%	Willow Creek Mill, Valders

NAICS category	# companies	5-49 employees	%	Examples
Dry Pasta Manufacturing	2			
Tortilla Manufacturing	2	1	50%	La Favorita Tortillas, Racine
Roasted Nuts and Peanut Butter Manufacturing	4			
Other Snack Food Manufacturing	11	5	45%	Rural Route 1 Popcorn, Livingston
Coffee and Tea Manufacturing	5	3	60%	Berres Brothers, Watertown
Flavoring Syrup and Concentrate Manufacturing	1			
Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing	9	1	11%	East Shore Specialty Foods, Hartland
Spice and Extract Manufacturing	29	11	38%	Uncle Phil's Mustard, Berlin
Perishable Prepared Food Manufacturing	13	7	54%	Dawn's Foods, Portage
All Other Miscellaneous Food Manufacturing	30	13	43%	Oskri Organics, Ixonia
Soft Drink Manufacturing	10			
Bottled Water Manufacturing	22	5	23%	Nicolet Forest Bottling Co, Mountain
Ice Manufacturing	10			
Breweries	17	7	41%	New Glarus Brewery, New Glarus
Wineries	18	9	50%	Von Stiehl, Algoma
Distilleries	1			
All Food and Beverage Companies	1068			
Highlighted Categories	922	424	46%	

86%

Based on 2008 NAICS data from the Wisconsin Department of Workforce Development

The categories **in bold above** represent 86% of Wisconsin food and beverage companies. Within these highlighted categories, 46% of the companies employ between 5-49 people.

For more information, contact the Agricultural Innovation Center at the University of Wisconsin-Extension, <http://fyi.uwex.edu/aic>.

APPENDIX B

Year-End Survey Tool

Food Business Innovation Network Assessment Survey

If there are parts of this questionnaire that we can help you with, please don't hesitate to ask. Helping you answer these questions is part of our commitment to support your project. Please coordinate among your project team and submit one survey per site/project.

Site information

1. Project Name:
2. Survey responses submitted by:

Your Facility and Services

1. How many square feet is the processing space in your facility?
2. How many square feet of your freezer, cooler and dry storage capacity is available for rent by kitchen users, respectively.
3. Please list your major equipment. If you are receiving support from the EDA project, indicate with an asterisk (*) which items were purchased with EDA funds.
4. If your processing space is available for rent by the hour, what are the days/hours it will be available, and what are your hourly rates?

Your Current Clients

1. Please list the individuals who are currently renting your processing space, and their name, company, product, city, website, phone and email.
2. If you are doing any custom processing for clients, please provide the same information requested above.

Client Management

1. Please describe your "in-take process" for considering and accepting clients. (If you have forms for this, please forward an electronic copy.)
2. Please describe your system for scheduling and monitoring shared kitchen use, if applicable.
3. Please describe your arrangement for doing custom processing, if applicable.

Food Safety

1. Please describe your system to ensure that kitchen users comply with food safety regulations (for example, record-keeping, ingredient purchasing and storage, etc.)
2. Please provide the name, agency, email and phone number for the food safety inspectors who will work with clients in your kitchen.

Technical Assistance

1. Please list the people who have agreed to provide your kitchen users and/or custom processing clients with 1-on-1 technical assistance and/or educational programs related to business planning and development. Please include their organization, city, email and phone number.

Marketing Plan

1. What steps are you taking to market your facility and services?

Sustaining Operations

1. Please describe your strategy for continuing to offer shared kitchen space, client management, food safety compliance, technical assistance, and/or custom processing beyond the life of the EDA grant. Include the names of collaborating organizations and their roles, as well as secured and potential sources of financial support.

Thank you so much for completing this questionnaire. We will include all of this information in our final report to EDA, and hopefully it will be valuable for you to have this on record as well. We will provide you with an electronic version once you have completed and submitted the information via Zoomerang™.