

## FLRPnet Brief

### Needs Assessment and Strategy for a Food-Processing Business Incubation Program

Report Prepared by: Business Cluster Development and Food Spectrum, May 2016

Prepared for: Tompkins County Area Development Foundation (aka FLRPnet)\*, based in Ithaca, NY

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In 2013, Tompkins County Area Development (TCAD) observed that the food-processing sector was growing significantly and businesses were facing hurdles to commercialization. The sector is of particular interest because it offers basic-skilled individuals good paying jobs and career paths, and it offers opportunities for business investment and wealth creation in struggling rural communities. Therefore, the TCAD Foundation (now the Finger Lakes Regional Prosperity Network) undertook a small study of the sector, funded by the Park Foundation. It found that the burgeoning food sector presents a substantial economic development opportunity to grow and retain specialty food manufacturers. The current study builds on those preliminary findings.

The study, funded by USDA – Rural Development, targets a seven county Region of NY State including: Cayuga, Chemung, Cortland, Schuyler, Seneca, Tioga, and Tompkins counties and beyond. The study finds a clear need for a food-processing business incubation program that would serve early stage, growth, and established food-processing businesses in the Region. The incubation program would focus on “specialty foods” – foods and beverages that exemplify quality, innovation and/or style in their category.

The consultants made a field visit to the Region in January of 2016, and met with over 60 specialty food entrepreneurs and related organizations. They visited several private manufacturing plants as well as co-packers. They also met with regional economic development, business development, and business incubation leaders. Subsequently the consultants reviewed relevant data and regional reports, and made follow-up interviews.

The study identifies **3 categories of need** for a food processing incubation program:

- (1) General information and resources - about product trends, market research, business planning, capital access, regulatory and permitting requirements, legal matters, nutritional analysis and labeling issues, QA and food safety, etc. Recommended program elements to develop:
  - a. *Community* – network of food entrepreneurs connected with peers in the sector
  - b. *Portal* – web-based, one-stop shop for information on operating a food business
  - c. *Navigator* – a facilitator, connecting resources and information to entrepreneurs
  
- (2) Specific business guidance and customized mentoring: a few key topics: product and process development, market access and sales generation, and access to capital, and technology. Recommended program elements to develop:
  - a. *Industry-specific Business Assistance* – one-time or short interval support or advice
  - b. *Mentoring* – long-term, often over several stages of the business’ lifecycle
  - c. *Subject Matter Experts* – short-term, specific business or technical issue
  - d. *Workshops* – topics such as marketing, sales and distribution, and food safety
  - e. *Regional Branding* – to generate heightened interest by consumers

- (3) Specific processing facilities that are not currently available - Opportunities exist in: value-added produce processing; value-added meat and poultry processing; specialty food products; a larger-scale commercialization facility. Approaches to meeting these facility needs as the program attains progressively greater capacity:
- a. Shared equipment – in a food hub, shared-use kitchen, or other existing facility
  - b. Dedicated incubator facility – array of value-added processes, packaging, etc.
  - c. Commercialization space – for incubator graduates, “landing pad” to attract businesses; R&D and manufacturing for expansions and entering new markets

The study recommends an initial focus on creating the information and business guidance components, with incubation services provided by dedicated staff, as well as by the leveraging and networking of existing programs and resources in the Region. Developing bricks-and-mortar facilities, a more complex and expensive venture, should be re-evaluated as the incubation program matures.

The study outlines **a strategy** for initiating and implementing the incubation program:

A. Organization

- Form an Advisory Committee to provide strategic oversight to the program, as well as expertise and geographic representation
- Identify the host organization
- Formalize an agreement among regional partners on a common strategy and mission for the incubation program

B. Business Plan

- Develop a complete business plan that supports the strategy with phasing and timeline
- Develop a budget and funding plan to achieve program sustainability

C. Operations

- Hire staff person with requisite skills in food-processing and entrepreneurship
- Operate the incubation program in an entrepreneurial manner
- Implement the initial information and business guidance programs to build upon current momentum of startup and scaling of food-processing businesses

D. Evaluation

- Collect and analyze data to ensure that the program is meeting its mission

In addition to providing the needs assessment and strategy, the Consultants observed **eight strengths** that indicate the region’s Specialty Food Cluster should respond well to a business incubation program:

1. Collaboration (among organizations and among the companies) – There is openness to share among the companies; interconnectedness in the Region was clear and extremely positive.

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2. Capital – Businesses have money from banks, as well other sources of investment, and Farm Credit East and USDA are present in the Region.
3. Talent/skill – There are plenty of people in the region who understand food businesses’ needs. There are some skills gaps – and TC3 seemed willing to create courses to fill gaps.
4. Innovation – The entrepreneurs in the focus groups talked about ideas and products they want to create, demonstrating that they are an innovative group. Plus, a major research university (Cornell) and students are assets for innovation. Cornell University is also a magnet for innovation in the cluster.
5. Asset base – There are non-profit and for-profit assets for the cluster such as co-packing in the region with capacity to take on additional customers, and expertise, such as at Cornell University and International Food Network, is really strong.
6. Business activity – There is already a good mix of startup, growing, and mature food industry companies.
7. Growth sector – It is clear that in 2 to 5 years there will be more specialty food businesses.
8. Community support – all seven counties are interested, as well as other surrounding counties, and there is leadership capacity – both organizational and individual. Without that leadership, the cluster will grow organically – but the leadership can add strength and accelerate the cluster’s growth.

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- Steering Committee: Janet Hawkes (chair), Dan Fessenden, Jeannette Frank, Steve Lynch, Todd McLane, Olga Padilla-Zakour, Julie Stafford, Gary Woloszyn

\* The Finger Lakes Regional Prosperity Network (formerly TCAD Foundation) was incorporated in 2012. The mission is: *Working to improve the economic condition of the region, particularly of underserved and economically isolated people.* Its vision is: *Economic prosperity for the region.* Contact is: Martha Armstrong, [marthaa@tcad.org](mailto:marthaa@tcad.org) (607) 273-0005.

Learn more at [www.FLRPnet.org](http://www.FLRPnet.org).