Indiana Uplands Winter Food Conference

Adam Kody & Leslie Schaller
The Appalachian Center for Economic Networks is a regional entrepreneurship and economic development organization located in Athens, Ohio.

ACEnet builds the capacity of communities to network, work together and innovate to create a dynamic, sustainable regional economy with opportunities for all.
Learning in Central Appalachia
Learning in Central Appalachia

Central Appalachian Network

Working for a more just and sustainable Appalachia.

The Central Appalachian Network (CAN)’s mission is to develop and deploy economic strategies that build wealth in local communities, conserve natural and cultural resources, and empower marginalized communities. We work in collaboration across sectors, partnering with other non-profits, community groups, funders, educational institutions, local government, and private business. CAN actively pursues economic transition in Central Appalachian communities through a variety of economic sectors and market-based strategies, and currently focuses on:

- Food Systems
- Clean Energy
- Creative Placemaking
Shifting the Narrative

Bon APPÉTIT APPALACHIA!
discover local food, farms & flavor
Reinventing Main Streets

Kathy Strode is the owner of the Triple Nickel Diner in Chesterhill, but her niece, Sarah Berardi, and daughter Rosie Berardi help to be the family venture. Sarah says that if she’s not there, they’re on the phone texting. They have that close of a bond.

Chesterhill’s Triple Nickel Diner is a true community friend.

BY KENNA HAMBEL

The first thing you notice about the Triple Nickel Diner is that it doesn’t feel like a diner at all. The front door leads into a little mushroom where an open closet invites you to take off your coat and make yourself at home. An assemblage of ladder back and Windsor chairs sit ready to receive spillover guests on bustling days. But at 3 o’clock on a Friday, I practically have the diner to myself.

I’m here to meet the ladies behind this unique operation. Unfortunately, Kathy Strode, is away on vacation in Spain (a greater miniatures for that), but her business partners, daughte...
Preserving Farmland & Communities
Celebrating Foodways & Traditions

BREWED ON THE BIKEWAY

SHARE A 30 MILE MEAL and a Local Libation

A craft beer and bike tour from Athens to Nelsonville, Ohio.

2/12/2020

APPALACHIAN CENTER FOR ECONOMIC NETWORKS
Promoting Food & Farm Tourism

SHARE A 30 MILE MEAL AND A LITTLE ATHENS LOVE

Visit Athens, Ohio
Sustaining Rural Livelihoods
Investing in the Next Generation
Sustaining Rural Livelihoods
Sustaining Rural Livelihoods
Changing Food Policy
Leveraging Shared Infrastructure
Leveraging Shared Infrastructure

OPPORTUNITIES IN AGRICULTURE

APPALACHIAN HARVEST, ASD’S FOOD HUB: OVERALL GROWTH AND OPPORTUNITIES

2017 has been a record year for Appalachian Harvest’s farmers. Appalachian Harvest reached $2,173,154 in gross sales, including $19,934 in locker and tanker sales income and also logged $62,325 in volunteer matching hours. New opportunities with buyers have been secured due to our consistent quality and presence at both dock and store level. This success has already secured additional demand for Appalachian Harvest supply for the 2018 growing season. The Appalachian Harvest staff provided technical assistance on topics that ranged from DOT compliance and losing tankers to on-farm production support. These efforts produced 28% growth compared to 2016's already incredible 35% growth. The two-year combination is just a few thousand short of $5 million in gross revenue produced by the remote and rural Appalachian Harvest Food Hub in Duffield, Virginia.

APPALACHIAN HARVEST TOTAL SALES

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1,453,491</td>
<td>$1,580,392</td>
<td>$1,988,629</td>
<td>$2,173,154</td>
</tr>
<tr>
<td>% Increase over prior year</td>
<td>26%</td>
<td>27%</td>
<td>24%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Leveraging Shared Infrastructure
What is the True Value of a Kitchen Incubator to a Food Community?
“If the [shared kitchen] industry is going to make an impact, then we have to acknowledge that serial entrepreneurship is having the privilege of failing until reaching success. People on the margins are not afforded this privilege. Incubators need to be in the position to absorb that risk.”

- Caleb Zigas, Executive Director of La Cocina
Start-up costs for small food businesses can be completely untenable:

- Equipment
- Rent/Property Ownership
- Facility Maintenance
- Staffing

Average restaurant start-up costs is $275,000; if you want to own the building? $425,000

$$$$$
Not to mention all of the regulatory hurdles, confusing food code, labeling requirements.
Incubators have been shown to markedly improve the long-term survival rates of small businesses: incubated businesses have over double the success rate of those without the benefit of incubation after six years in operation.
Incubators have a national reach across the U.S.

Nationally, over 600 shared use food facilities exist across 48 states and the District of Columbia. Survey respondents, 180 facilities in total, came from 44 states – an increase of 4 states and almost 120 respondents since 2015.
Food Incubation is a Growing Industry

**TWO-THIRDS ESTABLISHED AFTER 2010**

Most incubators were recently established, similar to the 2015 results. Over half of survey respondents were formed after the 2015 survey or are currently forming, indicating continued growth in the sector.

**Years Established, 2015 Survey**
- <5 years: 63%
- 5-9 years: 19%
- 10-14 years: 5%
- 15+ years: 13%

**Years Established, 2019 Survey**
- <5 years: 50%
- 5-9 years: 28%
- 10-14 years: 10%
- 15+ years: 12%
What are the keys to a successful food incubator?

- Offering “wraparound” business services
- Strong community partnerships
- Diversity of equipment/specialization
- Emphasis on local economic growth over growth of incubator
What are the keys to a successful food incubator?

“What’s different about us is that we know success rates for food entrepreneurs are low. In response, we offer wraparound business supports and access to markets and capital. We offer what folks who have the resources would go out and pay for through consultants. Business is so skewed in terms of representation, and women and minority entrepreneurs succeed only if they have access to relevant tools and knowledge.”

-Bonnie Rosenbaum, Director of Communications, Commonwealth Kitchen
So what services does a food incubator provide to its businesses?

Well... it depends!
No shortage of incubation service options...

### What service do you provide your members/tenants?

<table>
<thead>
<tr>
<th>Service</th>
<th>2019 % of Resp.</th>
<th>2015 % of Resp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help with licenses/certifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business counseling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branding/marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help finding buyers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help obtaining financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group ingredient purchasing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff to help tenants/members with their food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution/logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-packing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal job training program food-industry jobs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
...and the list goes on.

What additional services are available at your facility? (% of Resp.)

- Events/flexible spaces
- Meeting or conference rooms
- Offices and/or co-working spaces
- Teaching, demo, and filming kitchens
- Outdoor areas for farmers markets, event rentals,
- Private kitchens
- Café, restaurant, and other food services spaces
- Market and retail areas
- Workforce training kitchens
- Food hub aggregation and distribution facilities
- Other
What services does ACEnet provide?

Workshops and Training
What services does ACEnet provide?
What services does ACEnet provide?

Connecting to Local and Regional Retailers

- Keller Market House
  Lancaster, OH
- The Butcher & Grocer
  Columbus, OH
- Nelsonville Emporium
  Nelsonville, OH
- The Wild Ramp
  Huntington, WV
Many community partnership opportunities

40% of Incubators Involved in at Least One Partnership

Many of the incubators are involved in some type of partnership, whether it be aligned with professional development or food product distribution.

Does your facility include or are you part of any of the following?

- Public market or farmers market
- Non-food sharing economy space (e.g., maker space, co-working)
- Workforce training program/social enterprise
- Community center
- Public space
- College/university/technical school
- Food aggregator/distributor (food hub)
- Retail space
- Food innovation district or cluster
- Place of worship
- Food bank/food pantry
- Supermarket

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>2019 % of Resp.</th>
<th>2015 % of Resp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public market or farmers market</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Non-food sharing economy space (e.g., maker space, co-working)</td>
<td>10%</td>
<td>24%</td>
</tr>
<tr>
<td>Workforce training program/social enterprise</td>
<td>9%</td>
<td>28%</td>
</tr>
<tr>
<td>Community center</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Public space</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>College/university/technical school</td>
<td>7%</td>
<td>20%</td>
</tr>
<tr>
<td>Food aggregator/distributor (food hub)</td>
<td>6%</td>
<td>16%</td>
</tr>
<tr>
<td>Retail space</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Food innovation district or cluster</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Place of worship</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Food bank/food pantry</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Supermarket</td>
<td>1%</td>
<td>8%</td>
</tr>
</tbody>
</table>
ACEnet also sees value in close relationships with other service providers who offer what we cannot:

- Insurance providers
- Financial institutions/lenders
- Label printers
- Graphic designers
- Website designers
- SBAs/SBDCs
Diversity of Equipment

REFRIGERATORS AND CONVECTION OVENS ARE THE MOST COMMONLY PROVIDED EQUIPMENT

What equipment do you provide to members/tenants?

2019 % of Resp.

- Refrigerators
- Convection ovens
- Prep tables
- Sinks
- Gas stoves/griddles
- Mixers
- Freezers
- Shelves
- Utility carts
- Food processors
- Dishwasher
- Scales
- Ice machines
- Kettles
- Loders
- Food slicers
- Proofer
- Fryers
- Tiltskils
- Water hook-ups for trucks
- Vacuum pack machine
- Broilers
- Dehydrators
- Heat sealers
- Meat grinder
- Dough kneader
- Labelers
- Smokers
- Bottlers and cappers
Facility specialization becoming more important

25% OF FACILITIES ACCOMMODATE VEGAN PRODUCTS

Do you accommodate specialty production for any of the following?

- Vegan
- Gluten-free
- Food delivery or delivery only restaurants
- Fermenting
- Non-food health and wellness products
- Pet food
- CBD/hemp production
- Allergen-free
- Meat processing
- Kosher
- Cold room
- Edible cannabis production
- Halal
- Other

Note: 2015 survey results were not included for comparison due to significant changes in categories used.
What specialized production options does ACEnet offer?

FDA Thermal Processing
What specialized production options does ACEnet offer?

State-Inspected Meat Processing
What specialized production options does ACEnet offer?

Natural Care & Dietary Supplements
The Goals of Food Incubation Align with the Goals of a Growing Food Economy

Over half view a mission-based focus as their primary goal.

Asked about the primary goal of their facilities, a majority of respondents claim to prioritize a basic mission of incubators: assisting early-growth businesses. This response, in addition to another 18 percent who chose “strengthening the local food economy,” indicate that, regardless of corporate classification, many kitchens are mission-focused. In addition, these facilities identify primarily as an incubator, with only 19% identifying first as a food production facility.
Measuring what matters

• Since 2010 utilizing the Wealthworks framework
• Framework funded by the Ford Foundation & piloted by the Central Appalachian Network – 7 anchor organizations
• Wealthworks identifies and track metrics in 8 forms of capital/assets
The wealth creation approach links together the whole system of assets, producers, and consumers in ways that benefit everyone — that builds rural wealth.

Why Wealth Creation?

This systems approach involves:
- Moving from the parts to the whole
- Emphasizing investment for long-term gain
- Understanding the difference between wealth and income
- Collaborating for mutual benefit
Start with market demand!

Choose market opportunities with the greatest “wealth-building” potential.

Connecting community assets to real market demand:
- Start by serving local demand – it may be more flexible
- Find regional customers / demand partners to bring initiative to scale
- Map process and partners from input to end customer (value chain is a great tool)
- Identify the gaps – create opportunities for new entrepreneurs
Establishing Metrics in the Food Sector

Collaborators align and share data for a shared vision
Individual Capital

✓ Value chain assessment practices acknowledges individual’s & families entrepreneurial assets & place based opportunities
✓ Personal financial planning, micro-lending & CreditAbility workshops & services
Intellectual Capital

✓ Increase in number of entrepreneurs participating in training, workshops, conferences & technical assistance
✓ Formation of peer leaning networks & entrepreneurs acting as co-trainers
✓ Toolkits, guides, production manuals, social media videos assist start-ups
Social Capital

✓ Food retail locations become hubs for networking & peer learning
✓ Increase in entrepreneurship marketing partnerships
✓ Increase communications between buyers & sellers along the local food value chain
✓ Regular celebratory gathering, food festivals, brand programs, fundraising dinners
Natural Capital

- Increase in acreage for sustainable agriculture & organic certification, local grains, pastured meat production
- Increase in GAP training
- Increase in beginning farmers
- Increase in farmland preservation
Financial Capital

- Increase partnerships and products for micro and small business loans
- Strategies for “Slow Money” & crowdfunding to create equity & community capital
- Increase private investment by farm & food entrepreneurs
- Collaborative (non-profit or social enterprise) facilities for entry & early profitability
Built Capital

✓ Expansion of season extension, packing, retail & storage by farm operators
✓ Accelerated number of start-up & expansion: restaurants, retail, processing, distribution
✓ Collaborative facilities raise capital for expansion: CPA, ACEnet FVC and Nelsonville Food Hub
✓ Entrepreneurs incorporate efficiency & renewable energy into expansion design
Political Capital

✓ Increased elected officials and agency staff support for public investment
✓ Entrepreneurs run and some elected to public office
✓ Traditional media channels & social media explosion tells the story
✓ Increased recognition through publications & journals
✓ Food Policy Councils encourage new policies favoring food entrepreneurs
Cultural Capital

- Preserving our foodways & eating traditions
- Celebrating our heritage in festivals & cultural events
- Creating an inclusive culture for rural communities
- Communicating the importance of rural places