The Economic Case for Incubation
ACEnet’s Role

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.
ACEnet Strategies

1. Training & technical assistance
2. Business incubation & infrastructure development
3. Access to capital services, partnerships & referrals
4. Capacity building through product innovation, branding & adoption of technology
Appalachia Ohio Entrepreneurs Building a New Economic Base
Incubation works best when:

1. Cluster strategies are a focus
2. Connect urban and rural communities
3. Diverse eco-systems of businesses are engaged
4. Culture of access, inclusivity and diversity is nurtured
5. Comprehensive approach to network building occurs
ACEnet completed renovation and took possession of property in 2006 (current tenants=120+ jobs)

Nelsonville Business Incubator

Currently $2.4m investment – new funding $535,000 for renovation in 2011
Nelsonville Incubator Tenants

EdMap --- anchor tenant
Roseweld --- manufacturer
Doctors Hospital – warehousing
Milo’s Whole World Gourmet – warehousing
Hocking College – Construction Management
Hocking College --- Natural Resources (wood)

✓ Approximately 120 jobs
✓ Approximately 140 Hocking College students participating in training
Since 1991 ACEnet has operated 2 buildings of a mixed-use business incubator serving over 150 tenants in past 20 years.
Incubator facilities house coops, service providers, tech and retail entrepreneurs
ACEnet Sectors

Incubation focus on creative industries, art retail, food and farm sectors, wellness and services
New Models for Food Sector Incubation
Farm Innovators
organics, direct marketing, csa’s,
staple food crops, paw paws, goat cheese, “same day” dairy process, value-adding
Local food hub opened in 1996, expanded in 1999
- Served over 250 tenants in past 14 years
- Over $1.4 million investment

**ACEnet Food Ventures Center**

Food & farm tenants expanding into other ACEnet buildings in 2010
Food Ventures Entrepreneurs:
specialty food products, restaurant signature product lines, bakeries, cafes
Getting started: Central Kitchen 1996
Food Ventures Center
Incubator pulls from across the state

Clients 500+
117 Tenants in 2011 = Over $25m+ in sales
Farm Fresh Ingredients
Prepared Foods Production
Thermal Processing
Scale & Efficiencies
Job Creation
Access to Wholesale Markets
Distribution Hub
Milo’s Whole World Gourmet
Reaching regional, national & international markets
Lessons Learned
Design Opportunities to Scale
Ohio Governors export award 2010
Local biz wins export award

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Wino de Milo products include pasta sauces, salad dressings and bruschetta topping. The company exports products to Japan, Canada and Kuwait, and soon to Great Britain.

Founder Jonathan Milo Leal said the company’s export business has grown each year since it’s founding in 2003. In 2009, export sales made up 20 percent of the company’s business.

On Friday, Leal talked about his expanding company and the reasons it won the award.

“It’s a great award, and we’re really thrilled to have received it,” Leal said. “I was really surprised to learn we were the only food company to win. There are so many big food companies — really huge companies, like Smucker’s — in Ohio, so it was a big thrill and a surprise.”

Leal said representatives from the other winning companies were surprised at the level of success a company with one employee has achieved. He said it’s the support he receives from the Appalachian Center for Economic Networks that has allowed the company to grow and compete with companies that are a lot larger.

“We wouldn’t be here except for ACEnet,” Leal said. “Without their capacity and flexibility we wouldn’t have gotten the support we needed. ACEnet has been a big supporter of us. (During the awards ceremony) they asked how many employees we have — and those are companies with 300 and 1,000 employees — and I said ‘One.’ There was a guy behind me and he said, ‘Oh, wow!’ These are companies that have export sales managers, but I said Milo’s is a one-man band. It takes a lot of good people around you to support you when you need it, and that’s what ACEnet does.”

Leal attributes his international sales to two things — assistance from Ohio trade offices and his persistence in going after foreign customers.

“We’ve been exporting for several years, and we first found out about export customers with help from the state of Ohio’s 11 trade officers,” Leal said. “The trade offices will find customers for you — they will introduce them to your products, but you take it from there. They found three (potential) customers in Japan, and one turned into a customer. I go to trade shows, which I call speed dates, and you can do dozens there and in the course of a day you can have 30 half-hour meetings. If you get one customer out of 100 you’re doing good. That’s how we got started in Kuwait and Canada.”

Leal said success in the export trade depends on trust and true business ethics.

“It’s the result of two things — relentless follow-up and attention to detail,” he said. “The attention to detail is especially important with Japanese customers. Details have to be perfect. The trade office says if you can sell to Japan you can sell anywhere. They are the strictest of any customers. The label has to be perfectly straight. There cannot be a speck of anything on the outside. (Box packaging) has to be perfect.”

His first international customer was in Canada, followed by Japan. He said the success in selling to Japanese customers during its current economic recession is one of the reasons Milo’s won the award. He said award contenders are judged on their challenges, and Japan’s troubled economy presents a huge challenge.

“Japan is having an even worse time with their economy than the U.S. They are in a major recession,” Leal said.

The company’s ability to adapt is another key to its success in foreign markets. They learned one Japanese customer was thinking of dropping its products because store shelves in Japan are shorter and the height of some products was a problem. The company moved quickly and provided a smaller jar that would fit Japanese shelves.

“That saved our Japanese market — our ability to be flexible and our ability to work with customers to find what they need,” Leal said. “We meet buyers all the time (and adjust), where bigger companies say ‘Here is what we have — take it or leave it.’ We have the ability to say ‘Tell us what you do need, and we’ll make it.’ That was a big factor in keeping business and in winning the award — and the fact that I don’t ever give up. You have to bite hard and never let go.”

Milo’s has gone on to alter product ingredients to sell in one country.

“We had to make a change for Kuwait,” Leal said. “We had to leave out the wine and take off any reference to wine or the label — and that’s hard to do when your name is Wino de Milo. We customized the label, in addition to the ingredients, and use ‘Food Choice,’ for the company name and brand name.”

Leal earned a master’s of arts in French at Ohio University, and that allowed him to translate label information for French-speaking Canadian customers.

Leal said he hopes to complete work soon to sell products in Mexico. He said it takes a year’s work to move into a new country.

“It takes an enormous amount of work,” he said. “Everything takes a lot more work than you would think. It takes a lot of patience, a lot of persistence.”

Wino de Milo’s products are created in small batches and made with all-natural ingredients and fresh herbs. Most ingredients are sourced in Ohio. The company produces five wine-based pasta sauces, seven wine-based salad dressings and three wine-based bruschetta toppings.

Bryant@ Athens Messenger.com
Crackers shipped across the U.S.
Frog Ranch Foods

Markets to most major chains -- growing since 1994
Graduates Make A Difference
Integration Acres

Food from the forest innovator, expanding & diversifying on farm processing
Shag Bark Seed & Mill:

Staple crops grown by local farmers—grains, legumes & seed—processed at ACEnet
Village Bakery, Della Zona & Catalyst Cafe
Village Bakery, Della Zona & Catalyst Cafe
Collaboration is Essential
Building the Brand

Buy local food first from the Ohio Hills
Buy Local Foods First

When you buy local food, you vote with your food dollar. Choosing local food in your three meals a day ensures that family farms and food entrepreneurs continue to thrive and support our communities.

- You’ll get exceptional freshness, taste and quality
- You’ll strengthen our locally owned and operated food economy
- You’ll support family farmers, new farmers and farmland preservation
- You’ll ensure safe and plentiful food for your family and community
- You’ll protect our water, land, air and rural environment

Buying local from area farmers, producers and local food establishments ensures that healthy, flavorful, plentiful food will be available for future generations.

Buying local is easy:

- Shop at the Athens Farmers Market or other regional farmers markets
- Find local food on the www.ohiofoodshed.org
- Visit the 30 Mile Meal website, blog and interactive maps to find farms and local food
- Support local food restaurants and ask for local food menu items at your favorite eating establishments
- Look for Food We Love display in local retail and grocery stores and ask for more local food options
- Support organizations growing the local food economy
The 30 Mile Meal Project

A collaborative effort of the region’s local food growers, producers, markets, businesses, the Appalachian Center for Economic Networks and the Athens County Convention & Visitors Bureau
Collaboration helps communication for food value chain development
Our specialty food incubator has created or expanded 200 small businesses with annual sales totaling $25 million.

Angie Cantrell, President and CEO
Appalachian Center for Economic Networks (ACEnet)

Athens Economic Development Council
Features Local Food Entrepreneurs --- targeted sector in Athens County
What are the gaps & opportunities?
Local Food Economy Story

We serve 3 tiers of local food enterprises:

Tier 1 --- Pre-business, start-up microenterprise, low wealth entrepreneurs income patching

Tier 2 --- Family farmers, market growers, lifestyle food businesses, locally-owned retail

Tier 3 --- Expanding farm operations, local processors, dairy operations, expanding retail

Each tier needs support & strategies
Focus on capital products

- Slow money, new mechanisms for angel investment, build community equity
- Local money for local economies: local stock exchanges, local currencies, cooperative ownership, coop hybridization
- New investment and debt products through program and mission related investments
Focus on Infrastructure

- Capital from private and public sources to reorganize food production, processing and distribution

- Program financial support and partnerships to create a “food value chain” which engages all stakeholders in a just food system

- Corporate partners in the value chain need to invest with seed capital/equity and go beyond loans and purchase orders
Focus on access to markets

- Support for regional brands (entrepreneurs, market partners, funders, citizen eaters)
- Partnerships to scale wholesale opportunities
- New delivery and distribution partnerships
- Non-traditional partners driving consumer demand and educational campaigns
Want to hear more? Or come visit?
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