The Economic Case for Incubation

Shade Winery – Elderberries and grapes
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.

ACEnet Columbus Road Campus

First 2 business incubator buildings opened in 1991 -- Currently 22 tenant biz
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, csas,
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
Opened in May 1996 – expanded in 1999 – FVC tenants now in 3 ACEnet incubator buildings – 117 Tenants in 2010

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
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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By DANALINE McPHAIL BRYANT
Messenger staff writer

An Athens business described by its founder as a “one-man band” has achieved something most Ohio businesses only aspire to do.

Milo’s Whole World Gourmet, maker of the Vino de Milo line of wine-based specialty foods, is one of only 20 Ohio companies to be recognized with the 2016 Governor’s Award for Excellence in Exporting. Award recipients this year included aerospace companies and industrial manufacturers. Milo’s was the only food company and one of only two companies in the entire southeastern quadrant of Ohio to be named as a winner. The other was the Columbus-based Colognes.

Details have to be perfect. The trade offices say 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 their 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 be hard and never let go. Milo’s has gone as far as altering 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 Vino 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.”

Vino 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.

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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
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

Locally raised and produced foods from the Ohio Hills
Buy local foods first

- Sow the economic seeds for a new generation of family farmers
- Grow the market demand for locally raised and produced foods
- Know the taste of the freshest and most flavorful food around
- Bestow a healthy economy and environment for your community
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)
What are the gaps & opportunities?
Local Food Economy Story

We serve 3 tiers of local food enterprises:

Tier 1 --- Pre-business, start-up microentreprise, 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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