

Planning a facility for value-added farm business incubation and educational use

Abstract: A survey of the community and surrounding region was conducted to determine the financial viability of a shared-use certified kitchen, which would be offered as one of the services of the Midwest Center for Entrepreneurial Agriculture.

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Budget:

\$7,089 for year one

Q Would a community kitchen in the Marshalltown area be able to launch value-added businesses, and, if so, what kind of facility is needed and how should it be run?

A Similar projects located elsewhere would require a careful assessment of their own circumstances. A more detailed survey could be used and a comprehensive database of potential users should be compiled, along with a list of necessary attributes for marketing a “for-rent” facility. Because the college campus location had already been selected for this project, this survey did not collect data on the site for a potential kitchen, but such a determination would be a critical part of the process for another community.



MARKETING

Background

The Entrepreneurial Agriculture Program is teaching students of all ages how to launch farm businesses that will grow food for local consumption. One of the limiting factors for small farms that want to enter the local food market is the lack of facilities for preparing value-added products from fresh produce. The existence of a cooperative kitchen that is certified by the government to be used for light processing of fresh produce can help encourage dozens of small producers to start value-added businesses.

The goal of the project was to determine the level of demand and potential needs of those who might use a cooperative kitchen as part of the Midwest Center for Entrepreneurial Agriculture. Two specific objectives were to:

1. Establish a database of kitchen information and
2. Develop a business plan from that data.

Approach and methods

The investigators wanted to survey potential users of the kitchen to determine their interests and identify their most common equipment and space needs. They also needed information on existing kitchens to determine the most commonly used equipment and layouts.

A needs and attributes mail survey was sent to a database of potential users of the kitchen facility and their customers. The survey asked about the types of businesses, attitudes toward using local foods in the business, and products that are or might be used if they were available. Other questions dealt with potential kitchen facilities and rates, marketing and business plans.

An unintended, but positive, outcome from the survey was the increase in local involvement when the community gained awareness about the kitchen project.

Results and discussion

The sample was smaller than expected with a 14 percent response rate. Interviews were then used to augment information for the report due to the low response rate for the survey. Of the 37 respondents, 31 indicated that they were food producers and two were caterers. This is probably a valid picture of the Marshalltown area, which has about 43 restaurants (some of which are chain establishments) and an average of 20 vendors at local farmers markets.

The survey may have missed some gardeners who have not marketed their produce but might do so if there were an appropriate venue. Also, there may be farmers who no longer sell their products because they lacked a good place to market them.

The majority of the respondents sold fruit, which could be used for value-added products such as jams and jellies. The second largest category was vegetables, another good candidate for small-scale processing in a community kitchen. Salsas, tomato sauce and soups were most often cited as food items that respondents would be interested in producing, and would be prepared easily in a certified kitchen.

The majority of respondents (22) had some experience in value-added food processing, albeit in some cases in home kitchens. The questions about marketing showed that many of the respondents had experience only with informal marketing channels. Areas where respondents thought they could use help from the college included storage, labeling, networking, and marketing. Equipment needs elicited many responses: among them dishwasher, steam-jacketed kettle, commercial mixer, walk-in cooler, stainless steel table, and packaging heat sealer.

One-on-one interviews were conducted with operators of four small retail specialty food shops that had indicated interest in marketing local foods if prices were competitive with existing products. They were currently selling jams, jellies, mustards, breads, soup mixes and other specialty condiments.

Conclusions

The initial survey of potential users of an incubator kitchen indicates that there is potential for such a facility in Marshall County. However, it is not likely to be a viable business without an association with the community college. The costs of the land, utilities, tax-exempt status, and other potential expenses have been covered by the college.

The unique qualities of the community also play an important part in making the project viable. Marshalltown has many small businesses that could benefit from expanded local processing capabilities and a population that is eager to buy locally-produced foods. There is a large population of people (especially Latinos) who have experience operating a small farm and desire to continue that career path. But they have little marketing experience and inadequate capitalization to start new businesses on their own. A business incubator provides them with the equipment they need to

help with the cost of capitalization. Networking with other entrepreneurs will help them gain knowledge about local markets.

If this project were to be located elsewhere, a careful assessment of those circumstances would be necessary. A more detailed survey could be used and a comprehensive database of potential users should be compiled, along with a list of necessary attributes for marketing a “for-rent” facility. Because the college campus location had already been selected for this project, this survey did not collect data on the site for a potential kitchen, but such a determination would be a critical part of the process for another community.

Impact of results

When the fundraising for the kitchen is complete and construction is to begin, it would be helpful to repeat the survey to compile a new, likely larger list of potential users. This might include more users from the Latino community and from the Entrepreneurial and Diversified Agriculture program.

The project provided examples of how value-added products (both the production and sales) can be encouraged in a community. The data-gathering process, while not directly transferrable to another region, can be used as a model for other groups to launch their own investigations. The investigators anticipate that the incubator kitchen will have a higher probability of success in Marshalltown than in other areas, allowing the operation to be tested with less risk than in other locales.

In the summer of 2009, a building will be constructed that will serve as a light processing facility with a washing and packing area and a cooler. Beginning farmers are using the MCC farmland to launch their production and, with the help of the ISU Graduate Program in Sustainable Agriculture, have made arrangements with various markets, including the Hy-Vee produce manager, some Hispanic tienda owners, and a high-end restaurateur.

Education and outreach

The project did not include an educational or outreach component.

Leveraged funds

No additional research funds were leveraged by this grant.

***For more information,
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