

Chicagoland FOOD

Seizing the Opportunity
to Grow Chicagoland's Food Industry

May 2015

APPENDICES



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Appendix A: Methodology

Data Sources

National Establishment Time Series Database

Most analyses in this report rely on Walls and Associates' National Establishment Time Series Database. This is an establishment level database that compiles and cleans annual snapshots of Dun and Bradstreet (D&B) business data from 1990 to 2010. For the purposes of this report, the project team analyzed NETS data for the Chicagoland region, and aggregated that data by characteristics of interest, such as establishment size, segment/sub-cluster, establishment age, establishment category (i.e., headquarters, branch or standalone firm) and so on. The team then calculated relevant metrics based on these groups, including the number and change in establishments, employment and sales, location quotients. National comparison numbers came from a separate NETS database offering data on establishment and employment levels by detailed NAICS and SIC codes. The flexibility of the data source to enable analysis by so many different groupings and of multiple metrics is the primary reason why this database was chosen.

That said, the database (like any other) is imperfect. For example, a comparison of NETS with the Census' County Business Patterns (CBP) dataset, focusing on the 6-digit NAICS codes for Food & Beverage Manufacturing, shows that NETS counted 1.6 times more establishments in 2000 than CBP, and 1.8 times more establishments in 2010¹. Some of this discrepancy is expected, as D&B collects data on self-employed individuals, who are not included in CBP data². However, it is unlikely that differences in methodology account for the total differences between D&B and CBP data. It is easier for D&B to confirm a firm start (since businesses appear in their database after their active application for a firm-specific DUNS number) than to perform the multiple quality checks necessary to confirm a firm's closing. Consequently, numbers cited in this report should be taken with a grain of salt – they are likely to over-count figures to some degree.

Furthermore, when D&B cannot directly confirm all data points with a firm, it provides estimates. Walls and Associates reviews those estimates and, using proprietary regression models, calculates their own estimates, replacing D&B's figures when they differ markedly³. This quality control process is imperfect – NETS contains odd numbers in individual firm records, such as year-to-year increases or decreases in employment that seem unlikely (sometimes in the thousands), or very low employment levels in establishments of large, well-known firms.

¹ RW Ventures analysis of Walls and Associates' National Establishment Time Series (NETS) Database and Census' County Business Pattern data.

² Walls and Associates, "NETS Database vs. BLS Establishment & Employment Estimates," http://exceptionalgrowth.org/downloads/NETSvsBLS_DataCollectionDifferences.pdf.

³ Walls and Associates, "Understanding Data in the NETS Database."

Despite these data irregularities, the general orders of magnitude of the trends observed in the data are reliable, and the aggregated data provide sufficient information on which to base the conclusions in this report. At the same time, the project team advises cautious interpretation of specific numbers cited in the text.

Moody's Analytics

Productivity metrics provided in this report are based on the U.S. County Detailed Database maintained by Moody's Analytics, with intermediate data filters and calculations performed by Brookings Institution staff. This data was only available at the 4-digit NAICS level and thus could not be made to conform exactly to the cluster and sub-cluster definitions used elsewhere in the report. According to Brookings, the output data available in this database, and from which the productivity calculations are derived, are estimated figures developed by Moody's, and thus are only meant to be suggestive of actual output. The quality of these estimates may vary, and thus results should be interpreted cautiously. However, the size of the gap in productivity between U.S. and Chicago MSA firms and the scale of the changes between 1980 and 2010 are large enough to suggest that the reported trends reflect actual differences.


Quarterly Census of Employment and Wages

Wage analyses are based on the Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW). While nominally available at the 6-digit level for the Chicago MSA, several entries are suppressed due to concerns regarding confidentiality of individual companies' data. Where appropriate, the project team utilized wage data at the 3-, 4- or 5-digit NAICS level as a proxy. In other cases, averages by sub-cluster were computed without the missing data.

Public Use Micro Sample

In a previous phase of this project, analysts from the Initiative for the Competitive Inner City (ICIC) provided RW Ventures with a database they created relying on the Census Bureau's Public Use Micro Sample (PUMS) data. This database includes employment by occupation for all 6-digit Standard Occupational Classification (SOC) codes by 4-digit NAICS code for the Chicago MSA. RW Ventures used this database to calculate the prevalence of occupational categories by food and beverage manufacturing sub-cluster. Job zone classifications from O*Net (or the Occupational Information Network, sponsored by the U.S. Department of Labor's Employment and Training Administration), were matched with each occupation to enable calculation of occupational distribution by skill level required. O*Net assigns each occupation (at the 6-digit SOC level) a score of 1 to 5, reflecting the level of skill required for the job. A score of 1 represents little to no preparation, while a score of 5 indicates that the occupation requires extensive education and experience.

Because the occupational data was only available at the 4-digit NAICS level, some adjustments were made to the sub-cluster definitions for this analysis. For example, packaged fruits & vegetables and baked goods also include some firms elsewhere categorized as specialty foods; candy and chocolate also includes sugar milling; and milling and refining of cereals and oilseeds was not included.



Interviews

The project team interviewed over 80 firm leaders, entrepreneurs, institutional partners and other knowledgeable sources (see Appendix E for complete list) on food industry trends, challenges facing industry firms and the landscape of Chicagoland's food cluster. Interviewees were assured confidentiality, so their names and affiliations were not attributed to specific comments in this report unless permission was granted.

Cluster Mapping and Definitions

Sub-clusters were initially identified using Michael Porter's definitions from clustermapping.us. Porter developed these definitions based on analysis of input-output relationships, co-location patterns, overlapping labor occupations and so on. The Chicagoland food cluster defined in this report includes industries primarily categorized by Porter in the clusters of Food Processing, Livestock, Fishing, Distribution and Electronic Commerce (Food-related wholesale) and Local Food and Beverage. Certain sub-clusters were combined, primarily due to low levels of activity in Chicago in one or more of the sub-clusters, and a natural fit with each other (e.g., Chicago has a very small presence of seafood/fish processing, so this sub-cluster was combined with meat and poultry processing; multiple beverage-related sub-clusters were combined, and so on).

The Food Cluster Conceptual "Map" (Figure 1) was created by triangulating RW Ventures' analysis of Edward Feser's input-output linkages, information from interviews, and common sense/logic regarding product ingredients and other input, suppliers and customers.

The following table identifies the 6-digit NAICS codes used to define the five large food cluster segments, and, where applicable, sub-clusters within them.



Table 1. Cluster definitions by NAICS code

Segment	Sub-cluster	NAICS	NAICS Title
Food and Beverage Manufacturing	Baked Goods	311211	Flour Milling
Food and Beverage Manufacturing	Baked Goods	311230	Breakfast Cereal Mfg
Food and Beverage Manufacturing	Baked Goods	311812	Commercial Bakeries
Food and Beverage Manufacturing	Baked Goods	311813	Frozen Cakes, Pies, and Other Pastries Mfg
Food and Beverage Manufacturing	Baked Goods	311821	Cookie and Cracker Mfg
Food and Beverage Manufacturing	Baked Goods	311822	Flour Mixes and Dough Mfg from Purchased Flour
Food and Beverage Manufacturing	Baked Goods	311823	Dry Pasta Mfg
Food and Beverage Manufacturing	Baked Goods	311830	Tortilla Mfg
Food and Beverage Manufacturing	Baked Goods	311919	Other Snack Food Mfg
Food and Beverage Manufacturing	Beverages	311920	Coffee and Tea Mfg
Food and Beverage Manufacturing	Beverages	312111	Soft Drink Mfg
Food and Beverage Manufacturing	Beverages	312112	Bottled Water Mfg
Food and Beverage Manufacturing	Beverages	312113	Ice Mfg
Food and Beverage Manufacturing	Beverages	312120	Breweries
Food and Beverage Manufacturing	Beverages	312130	Wineries
Food and Beverage Manufacturing	Beverages	312140	Distilleries
Food and Beverage Manufacturing	Candy and Chocolate	311330	Confectionery Mfg from Purchased Chocolate
Food and Beverage Manufacturing	Candy and Chocolate	311340	Non-chocolate Confectionery Mfg
Food and Beverage Manufacturing	Candy and Chocolate	311320	Chocolate and Confectionery Mfg from Cacao Beans
Food and Beverage Manufacturing	Candy and Chocolate	311351	Chocolate and Confectionery Mfg from Cacao Beans
Food and Beverage Manufacturing	Candy and Chocolate	311352	Confectionery Mfg from Purchased Chocolate
Food and Beverage Manufacturing	Dairy Products	311511	Fluid Milk Mfg
Food and Beverage Manufacturing	Dairy Products	311512	Creamery Butter Mfg
Food and Beverage Manufacturing	Dairy Products	311513	Cheese Mfg
Food and Beverage Manufacturing	Dairy Products	311514	Dry, Condensed, and Evaporated Dairy Product Mfg
Food and Beverage Manufacturing	Dairy Products	311520	Ice Cream and Frozen Dessert Mfg
Food and Beverage Manufacturing	Meat, Poultry and Seafood Processing	311611	Animal (except Poultry) Slaughtering
Food and Beverage Manufacturing	Meat, Poultry and Seafood Processing	311612	Meat Processed from Carcasses

Table 1. Cluster definitions by NAICS code

Segment	Sub-cluster	NAICS	NAICS Title
Food and Beverage Manufacturing	Meat, Poultry and Seafood Processing	311613	Rendering and Meat Byproduct Processing
Food and Beverage Manufacturing	Meat, Poultry and Seafood Processing	311615	Poultry Processing
Food and Beverage Manufacturing	Meat, Poultry and Seafood Processing	311711	Seafood Canning
Food and Beverage Manufacturing	Meat, Poultry and Seafood Processing	311712	Fresh and Frozen Seafood Processing
Food and Beverage Manufacturing	Milling & Refining of Cereals, Oilseeds & Sugar	311221	Wet Corn Milling
Food and Beverage Manufacturing	Milling & Refining of Cereals, Oilseeds & Sugar	311222	Soybean Processing
Food and Beverage Manufacturing	Milling & Refining of Cereals, Oilseeds & Sugar	311223	Other Oilseed Processing
Food and Beverage Manufacturing	Milling & Refining of Cereals, Oilseeds & Sugar	311225	Fats and Oils Refining and Blending
Food and Beverage Manufacturing	Milling & Refining of Cereals, Oilseeds & Sugar	311311	Sugarcane Mills
Food and Beverage Manufacturing	Milling & Refining of Cereals, Oilseeds & Sugar	311312	Cane Sugar Refining
Food and Beverage Manufacturing	Packaged Fruit and Vegetables	311411	Frozen Fruit, Juice, and Vegetable Mfg
Food and Beverage Manufacturing	Packaged Fruit and Vegetables	311421	Fruit and Vegetable Canning
Food and Beverage Manufacturing	Packaged Fruit and Vegetables	311423	Dried and Dehydrated Food Mfg
Food and Beverage Manufacturing	Packaged Fruit and Vegetables	311911	Roasted Nuts and Peanut Butter Mfg
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311412	Frozen Specialty Food Mfg
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311422	Specialty Canning
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311930	Flavoring Syrup and Concentrate Mfg
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311941	Mayonnaise, Dressing, and Other Prepared Sauce Mfg
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311942	Spice and Extract Mfg
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311991	Perishable Prepared Food Mfg
Food and Beverage Manufacturing	Specialty Foods and Ingredients	311999	All Other Miscellaneous Food Mfg
Food Packaging	N/A	322211	Corrugated and Solid Fiber Box Mfg
Food Packaging	N/A	322212	Folding Paperboard Box Mfg
Food Packaging	N/A	322215	Non-folding Sanitary Food Container Mfg
Food Packaging	N/A	322224	Uncoated Paper and Multiwall Bag Mfg
Food Packaging	N/A	322225	Laminated Aluminum Foil Mfg for Flexible Packaging Uses
Food Packaging	N/A	326111	Plastics Bag Mfg
Food Packaging	N/A	326160	Plastics Bottle Mfg

Table 1. Cluster definitions by NAICS code

Segment	Sub-cluster	NAICS	NAICS Title
Food Packaging	N/A	327213	Glass Container Mfg
Food Wholesale and Distribution	Beverage Wholesalers	424810	Beer and Ale Merchant Wholesalers
Food Wholesale and Distribution	Beverage Wholesalers	424820	Wine & Distilled Alcoholic Beverage Merchant Whlslrs
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424410	General Line Grocery Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424420	Packaged Frozen Food Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424430	Dairy Product (except Dried or Canned) Mrchnt Whlslrs
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424440	Poultry and Poultry Product Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424450	Confectionery Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424460	Fish and Seafood Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424470	Meat and Meat Product Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424480	Fresh Fruit and Vegetable Merchant Wholesalers
Food Wholesale and Distribution	Grocery and Related Product Wholesalers	424490	Other Grocery & Related Products Merchant Whlslrs
Food Wholesale and Distribution	Warehousing and Storage	493120	Refrigerated Warehousing and Storage
Food-related Equipment, Tools & Machinery	N/A	332214	Kitchen Utensil, Pot, and Pan Mfg
Food-related Equipment, Tools & Machinery	N/A	333294	Food Product Machinery Mfg
Food-related Equipment, Tools & Machinery	N/A	423740	Refrigeration Equipment & Supplies Mrchnt Whlslrs
Food-related Equipment, Tools & Machinery	N/A	423820	Farm & Garden Machinery & Equipment Mrchnt Whlslrs
Farm Product Wholesalers	N/A	333111	Farm Machinery and Equipment Mfg
Farm Product Wholesalers	N/A	424510	Grain and Field Bean Merchant Wholesalers
Farm Product Wholesalers	N/A	424520	Livestock Merchant Wholesalers
Farm Product Wholesalers	N/A	424590	Other Farm Product Raw Material Merchant Whlslrs
Farm Product Wholesalers	N/A	493130	Farm Product Warehousing and Storage



Appendix B: Food-related Organizations and Initiatives in Chicago

The following is a non-exhaustive, alphabetical list and description of organizations and programs that support Chicagoland's food cluster in some capacity. This list corresponds with the organizations in Figure 15 of this report, "Organizations and Initiatives in Chicagoland's Food Cluster." The priorities and activities of organizations on this list vary from an exclusive focus on one segment of the cluster (e.g., local foods or small businesses) to a broad array of functions supporting a range of firms (including, in some cases, firms in other industries). Note that these descriptions are not meant to be exhaustive, but rather are intended to briefly describe services and activities that could be relevant to Chicagoland food firms.

The Angel Food Network

Primary Activity Categories: Financing and Investment

Target Audience: Early stage firms with products tied to emerging trends

Key Services: Investment funds, technical assistance

Geographic Reach: Midwest region

The Angel Food Network is a membership-based investment group focused on emerging food and beverage companies that are seeking expertise and financial support in the Midwest. Having identified the lack of an investment "ecosystem" for food and beverage companies, the Angel Food Network seeks to create new efficiencies in the market and accelerate formation of new companies. The Network provides a single centralized and coordinated point where members can connect with peers, assistance and capital. Many of the Network's angel investors are successful "foodpreneurs" who have both capital and experience to invest. The investment focus is on emerging and growing food trends such as:

- "Natural," "organic," "healthy" and "sustainable" food movements
- Non-traditional ethnic foods
- Health and lifestyle foods (vegan, gluten-free, diabetic)
- Consumers with greater awareness of and interest in what they eat
- Greek yogurt phenomenon

Chicago Cook Workforce Partnership

Primary Activity Categories: Workforce and Education

Target Audience: Firms seeking and organizations administering workforce development programming, job seeking clients

Key Services: Expertise; industry/career path data, navigation and programming; collaboration; career counseling and "concierge" services

Geographic Reach: Cook County and beyond

Founded in 2011 as a joint initiative of Chicago Mayor Emanuel and Cook County President Preckwinkle, The Chicago Cook Workforce Partnership ("the Partnership") serves as a regional umbrella organization to administer federal Workforce Investment Act (WIA) and Department of Labor funds in more cost-effective, impactful and industry-strategic ways. In addition to

collaborating without regard to geographic boundaries, a central mission of the Partnership is to align occupational training services with current and projected business needs via its Business Relations and Economic Development team and to increase private sector awareness of and access to the region's workforce resources.

WIA funds specifically support the following worker categories:

- Dislocated workers
- Veterans
- Youth (18-26 years)
- Ex-offenders

Training programs are available throughout Cook County in over 200 municipalities, delivered by over 400 partners and 10 Workforce Development Centers. Training, available to workers across a broad spectrum of skills, is provided both on and offsite and includes:

- On the Job Training(OJT)
- Customized Trainings
- Incumbent (lay-off aversion)

While much of the training is transferrable to multiple sectors, the Partnership has identified seven high growth career sectors with 40 "Targeted Career Paths," including Culinary/Hospitality and Manufacturing. The Partnership's Business Relations and Economic Development team works with employers and industry groups to identify workforce needs and better match training services to market demands.

Chicago Department of Cultural Affairs Creative Industries Program

Primary Activity Categories: Policy, Advocacy, Awareness; Networking Opportunities/ Collaboration Facilitation

Target Audience: Chicago area food businesses and farms, the public

Key Services: Farmers markets (23 citywide), regional promotions

Geographic Reach: Generally within 250 mile radius of Chicago

The Department of Cultural Affairs' Creative Industries Programs covers the visual, music, fashion and culinary arts and seeks to promote and support local Chicago businesses through networking, education and marketing opportunities. In addition to overseeing the city's Farmers Market Program, plans are underway to develop a directory to help connect food entrepreneurs to relevant resources and more effectively navigate regulatory requirements.

Chicago High School for Agricultural Sciences

Primary Activity Categories: Workforce and Education

Target Audience: Chicago high school aged youth with interest and affinity for STEM education

Key Services: High school and early college programming, experiential learning, internship and career development

Geographic Reach: Chicago

The Chicago High School for Agricultural Sciences (CHAS) is a college preparatory high school that provides opportunities for diverse students to study agriculture with the goal of developing marketable skills and college level competencies. As a math and science/STEM school, CHAS offers students several courses of study aligned with distinct career tracks: agricultural finance, food science, animal science, horticulture and agricultural mechanics. Students graduate having taken college level coursework in these areas. Although CHAS does not track students' post-collegiate careers, 40% of students declare an agriculture-related major upon graduation. Enrollment has increased from 120 to 180 entering freshman and CHAS believes it can sustain this rate of growth in enrollments. While the school's emphasis is on agricultural subjects, the course of study (particularly in animal and food science) is considered consistent with the educational pipeline for food processing and packaging. Early stage talks are underway to open a comparable school on the northwest side.

In addition to academic programming, CHAS provides resources and experiential learning opportunities by engaging the industry and community in the following ways:

- Increase awareness and broaden perceptions among parents, students and community of the business and science applications of food and agricultural as a career track
- Partner with major food manufacturing employers (Kraft, Quaker Oats/Pepisco, Hillshire Brands, Eli's Cheesecake) to provide students with career exposure, shadow days, internships, mentorships and scholarships
- Partner with foundation and educational institutions to connect students to food industry-specific scholarships
- Develop an educational pipeline for the food industry specifically as it relates to previously under-represented racial, ethnic and gender groups

Chicago Section - Institute of Food Technologists (CS-IFT)

Primary Activity Categories: Policy, Advocacy, Awareness; Networking Opportunities/ Collaboration Facilitation

Target Audience: Food technology professionals and firms

Key Services: Networking, professional development, facilitating buyer-supplier connections

Geographic Reach: National; headquarters in Chicago with a Chicago-focused section

The Institute of Food Technologists (IFT) is a national member based organization committed to the advancement of the science of food. IFT's headquarters are located in Chicago and its Chicago section is the "oldest, the largest, and most active Section" in IFT. The Chicago section facilitates networking events for members, which include monthly dinner meetings featuring presentations on food technology topics of interest. CS-IFT also assists members with the attainment of the Certified Food Scientist (CFS) credential, both by providing seminars and meetings that provide credit hours towards the credential and by helping members to identify opportunities to complete the required exams. CS-IFT also hosts an annual Suppliers' Night, the

largest exposition in the Midwest for food technology vendors, which brings together over 3,000 professionals and provides exhibitors with a forum to connect with potential customers.

City Colleges of Chicago College to Career Program (Culinary and Manufacturing Programs)

Primary Activity Categories: Workforce and Education

Target Audience: Manufacturing and culinary students, potential employers

Key Services: Academic programming leading to Basic Certification, Advanced Certification and Associates Degree in Applied Sciences; internships and experiential learning with industry partners

Geographic Reach: Chicago and surrounding counties

City Colleges of Chicago (CCC) consist of seven community colleges and six satellite sites with programs ranging from two-year associate degrees to several weeks-long occupational certificates, free courses for the GED and free English as a second language (ESL) courses. Launched in 2011, The College to Career (C2C) program is the City's effort to align CCC curricula with growth sector industries, including culinary arts and advanced manufacturing. The program facilitates partnerships between industry and faculty and staff to redesign occupational program curricula and facilities to better match the employers' needs. The career pathways are generally aligned with those provided by the Chicago Cook Workforce Partnership.

The Advanced Manufacturing and Culinary Arts programs allow students to earn an Associates' degree in Applied Science (AAS) and Basic (BC) and Advanced Certification (AC) in various fields, as detailed in the table below:

Program	AAS	BC	AC
<i>Advanced Manufacturing</i>			
Communications Technology		X	
Computer Numeric Control (CNC)		X	
Machining		X	
Electrical Construction Technology		X	
Factory Automation	X	X	
Manufacturing		X	
Manufacturing Tech - Maintenance Mechanic	X		X
Quality Assurance		X	
<i>Culinary Arts</i>			
Baking and Pastry Arts	X	X	X
Cake Decorating and Baking		X	
Culinary Arts	X	X	X
Food Sanitation		X	
Pastry and Baking		X	

ConnectFood

Primary Activity Categories: Technology and Innovation; Networking Opportunities/ Collaboration Facilitation

Target Audience: Start-up, early stage and SME food businesses

Key Services: Online platform for information sharing, advice, sourcing and education, with an emphasis on safety and technology

Geographic Reach: Illinois

ConnectFood (CF) is an online Farm-to-Fork knowledge exchange platform targeted to SMEs as an information resource to start, run, grow and safely produce new food products. CF's goal is to be a comprehensive, online, industry-driven clearinghouse and information aggregator to promote collaboration to improve safety and productivity and help firms succeed. CF is currently partnering with the Illinois Department of Public Health and IIT's Institute of Food Safety and Health.

CF offers or has plans to offer access to various services and information exchanges, initially free of charge. Current services/platforms include:

- Regulator Channel: link to the Illinois Department of Public Health where users can have health and safety questions answered and follow department experts
- ConnectFood Reviews and Newsletters
- Expert Food Industry Leaderboard to answer technical questions
- Connect Food Blog
- Webinars and Seminars on technology and safety issues

FamilyFarmed

Primary Activity Categories: Policy, Advocacy, Awareness; Networking Opportunities/ Collaboration Facilitation; Financing and Investment; Incubators, Accelerators + Business Assistance

Target Audience: Local, sustainable farms and "good" food producers

Key Services: Farmer business and safety training, food hub development, local food systems and market advocacy and expansion, Good Food Festival and Financing Conference, Good Food Accelerator Program

Geographic Reach: Chicago area focus but also includes Wisconsin, Indiana and Michigan

Family Farmed is a not-for-profit organization committed to expanding the production, marketing and distribution of locally grown and responsibly produced food in order to enhance the social, economic and environmental health of our communities. Family Farmed works with both the private and public sector to build and support the Illinois region's local food system through policy and market-based solutions. In addition to its focus on agriculture, farmers markets and food hubs, Family Farmed has been expanding its role in processed and packaged food in two primary ways: the Good Food Accelerator Program and the Good Food Festival and Financing Conference.

Good Food Business Accelerator

The Good Food Business Accelerator is a six-month pilot of Family Farmed in partnership with 1871 Innovation Center, Whole Foods and Unite Natural Foods, Inc. Farmers, food processors, food hub operators, artisan food businesses, specialty retailers and restaurateurs with a “good food” focus were invited to apply in September 2014. Nine fellows were selected to undergo an intensive program that includes a core and custom curriculum, mentorship, staff counseling, workshops and events. The program culminated with presentations to investors at the March 2015 Good Food Financing Conference. Partnerships with Whole Foods and UNFI also serve to provide enhanced access to distribution and supplier channels to facilitate growth.

Good Food Festival and Financing and Innovation Conference

The Good Food Festival is a trade show, financing and food policy conference, and celebration of local and responsibly produced food. The purpose of the event is to link good food and farm producers with the public, trade buyers and leaders in the field to foster relationships that facilitate the growth of local food systems. In 2013, the Good Food Festival attracted over 4,500 members of the public and 150 good food producers. In 2014, 40 angel investors through SLoFIG and The Angel Food Network participated in the Financing and Innovation Conference. Participating businesses in those two conferences have raised more than \$5 million in debt and equity capital.

Food Export Association of the Midwest USA (Food Export-Midwest)

Primary Activity Categories: Export and Trade

Target Audience: SMEs

Key Services: Technical assistance, training/workshops, trade missions and shows, subsidies.

Geographic Reach: 12-state Federal Department of Agriculture Midwest Region⁴

Food Export-Midwest (FEM) is a non-profit organization that promotes the export of food and agricultural products from the Midwestern/12-state region. In 2014, FEM received approximately \$9.6 million from the Department of Agriculture’s Foreign Agriculture Service’s Market Access Program (MAP).

Through collaborative efforts with member state agencies (typically a state’s Department of Agriculture), FEM helps SMEs engage in and expand their export activities, and facilitates trade between local food suppliers and importers throughout the world. In 2013, almost 2,000 companies in the 12-state region participated in FEM export programs.

FEM’s programs and services focus on three main areas: education, market entry and market promotion.

- Export Education: webinars, seminars, helpline, newsletters, online toolkit

⁴ The states included are Illinois, Indiana, Iowa, Wisconsin North Dakota, South Dakota, Ohio, Michigan, Minnesota, Nebraska, Missouri and Kansas.

- Market Entry: MarketBuilder research tool, online product catalogs, buyers missions, trade missions, FoodShow Plus (international trade show)
- Market Promotion: The Branded Program provides 50% cost reimbursement for a wide variety of international marketing activities including: package and label modifications, advertising, in-store promotions and product demonstrations, fees for exhibiting at selected overseas tradeshow and selected U.S. tradeshow held in the U.S., public relations, marketing and point-of-sale materials and freight cost for samples

FEM provides links to agexportlinks.org, an online supply chain database and sorting tool to identify businesses, services and vendors by food type and service category.

Fresh Taste

Primary Activity Categories: Networking Opportunities/Collaboration Facilitation; Policy, Advocacy, Awareness

Target Audience: Farms, firms and organizations with a stake and interest in developing local, “good food” systems

Key Services: Research and strategy development, convening stakeholders for initiative development, grants for good food-related programs

Geographic Reach: Chicago food shed, the area within 225 miles of Chicago

Fresh Taste is a collaborative initiative among ten member foundations with a shared interest in “a regional food system characterized by significant production of, and equitable access to, good food⁵.” Characteristics of that system include improved connections to agricultural resources within the Chicago food shed, sustainable production practices, and broader access to healthy, quality food. Fresh Taste’s staff coordinates the good food-related funding goals of its foundation members by convening regular meetings and events that build relationships between those members and educate them on emerging issues in local and sustainable food production and consumption. Fresh Taste also provides staffing support for research projects and the development of programming for issues such urban agriculture and increasing access to local, sustainable food sources, including the work that led to the creation of SloFIG (described further below). Through a modest pool of funds from its member foundations, Fresh Taste also provides grants to innovative good food programming, including an initiative to promote the use of SNAP benefits at local farmers’ markets.

Global Midwest Alliance

Primary Activity Categories: Networking Opportunities/Collaboration Facilitation; Exports and Trade

Target Audience: Small to large companies, in food and other sectors (manufacturing, clean tech, energy, water, logistics)

⁵ “Good Food” defined as being produced with sustainable land and water use practices, providing fair compensation to all involved in its production, having a relatively affordable price, and supporting consumers’ health.

Key Services: Event-based programming, seminars, networking, strategic connections/mentorships

Geographic Reach: Illinois, Wisconsin, Michigan, Indiana, Ohio, Minnesota, Iowa, Missouri

Modeled after San Diego CONNECT, and part of the Global CONNECT network, Global Midwest Alliance (GMA) is a business-led, region-wide, not-for-profit education organization providing entrepreneurs, firms, government entities and companies access to a network of scientists, entrepreneurs, venture capitalists and industry and business providers. Firms and organizations can join GMA as partners to gain access to events, networking and other programs. GMA promotes information sharing and collaboration to facilitate innovation, technology development and access to global business opportunities through affiliation with strategic partners, including industry leaders, research facilities and the World Bank Group. GMA's primary programming consists of meetings, events, seminars and networking, often organized around their six industry foci. Food-specific programs primarily focus on regulatory, technology and trade issues surrounding food safety and security, particularly with respect to implementation of the Food Safety and Modernization Act.

While not exclusively focused on the food industry, GMA also offers several entrepreneurial programs that food firms may participate in:

- **Acceleration and Innovation Mentors (AIM)** provides entrepreneurs and small firms with coaching to prepare/refine and present a business plan
- **Face2Face** allows innovators to receive feedback on an idea in an informal setting with business experts
- **Polsinelli Innovation Competition** showcases and recognizes emerging and venture-ready clean-tech companies and products

GROW-Food

Primary Activity Categories: Incubators, Accelerators + Business Assistance

Target Audience: Regional and diverse good food businesses

Key Services: Business incubation: training, resource development, technical assistance, office space

Geographic Reach: Chicago based but open to regional producers (especially farmers)

An initiative of the Rogers Park Business Alliance and a 501c3 not-for-profit organization, GROW-Food was launched in 2014 as a multilingual local and sustainable food business incubator. GROW-Food provides technical assistance, training and mentorships to help local and sustainable food entrepreneurs develop their businesses including business planning, marketing, product development and licensing. The inaugural cohort of food businesses were selected from a competitive application process and have access to a learning lab and two commercial kitchen spaces. In addition to the services mentioned above, GROW-Food hopes to develop a replicable curriculum/model for others as well as a policy platform to address local regulatory issues.

Illinois Department of Agriculture Trade and Marketing Programs

Primary Activity Categories: Export and Trade

Target Audience: SME food businesses that package, process or produce in Illinois

Key Services: Range of technical assistance, training, event resource facilitation and regional branding to promote domestic and international trade.

Geographic Reach: Illinois

The Illinois Department of Agriculture (IDA) administers a wide range of domestic and international trade and marketing programs (including FEM) to support food and agribusinesses, promote their products, access resources and expand their markets. To be eligible for services, firms must process, produce or package in Illinois. Products must be comprised of a minimum of 50% agricultural content (wood products and pet food apply).

In general, programs and service have either a domestic or international focus. Domestic programs include:

- Regional branding, logo and consumer awareness campaigns
- New business assistance
- Assistance accessing federal grant programs (e.g., specialty crop, organic)
- Coordination of regional food shows including fee subsidies
- Information on co-packers, buyers, distributors and new marketing opportunities

International programs (some independent and some in conjunction with FEM) include:

- Facilitation of and financial and logistical support for international trade shows, buyers missions and trade missions
- Technical assistance for companies seeking to or engaging in export activities and trade leads
- Industry specific tours (primarily agricultural)
- Seminars and workshops on trade and export opportunities and programs

Illinois Manufacturing Excellence Center (IMEC)

Primary Activity Categories: Business Assistance (incl. Exports & Trade)

Target Audience: SME manufacturers

Key Services: Businesses assessment and technical assistance in topics such as process improvement, strategic planning, supply chain optimization, sustainability, marketing, exports, etc.

Geographic Reach: Illinois, with regional offices dispersed across the state

IMEC is the operator of Illinois' Department of Commerce NIST-Manufacturing Extension Partnership (MEP) center. The MEP program partially funds and coordinates centers across the U.S. that provide support services targeted to SME manufacturing firms. Since 1996, IMEC has consulted with firms throughout Illinois (with services expanding to Chicago in 2010) on ways to increase productivity and stimulate innovation. These services include:

- Continuous Improvement – instruction on process improvement methods such as lean manufacturing, quality improvement, Six Sigma, and improving safety
- Strategy Development, including strategic planning and managing business transitions
- Supply Chain optimization
- Sustainability assessments, including waste reduction in production processes and lowering energy use
- Top-Line Improvement, covering innovation and technology adoption, marketing, and exporting
- Workforce development, with a focus on increasing the effectiveness of supervisors and instituting change management methods

IMEC's services are provided through a combination of partner organizations and on-staff industry experts. In 2015, IMEC will be hiring a food industry expert who will assist with the design and operation of the Chicagoland food cluster and its lead initiatives.

Industrial Council of Nearwest Chicago (ICNC)

Primary Activity Categories: Incubators & Accelerators; Business Assistance (incl. Exports & Trade)

Target Audience: Manufacturing firms operating on Chicago's Nearwest side

Key Services: Incubator space, small business assistance (business and financial planning, microloans), export counseling, advocacy

Geographic Reach: Firms in or near the Kinzie Corridor

Established in 1967 by West Side businesses seeking to address issues of safety and deteriorating infrastructure, ICNC has evolved into a full-service small business support organization, helping local firms grow via a manufacturing incubator, small business support center, and economic development initiatives. ICNC operates in a variety of roles including:

- IL Small Business Development Center (SBDC), offering one-on-one consulting services to small businesses on issues such as business and financial planning, organizational and management issues, acquiring loans, etc.
- International Trade Center (ITC), guiding small firms through the processes necessary to export goods abroad
- Local Industrial Retention Initiative (LIRI) for the Nearwest Side, linking local businesses with relevant government agencies and helping firms navigate local regulatory channels
- Incubator Space and Services, operating the Fulton-Carroll Center (FCC), a 416,000 square foot incubator currently housing approximately 120 firms. FCC provides firms access shared manufacturing spaces at below market rents, and links member firms to all of ICNC's other business support services

The high demand for its current incubation space and the specific facility needs of food firms have prompted ICNC to explore the feasibility of a new incubator dedicated to food manufacturing firms. The project is in development as of spring 2015, and would produce a

space more tailored to food manufacturing, reducing the build out costs that tenants would face to adapt the facility to their needs. The new facility would link tenants with ICNC's existing services while also building links to micro-financing source to further help early-stage companies grow their operations.

Institute for Food Safety and Health at Illinois Institute of Technology

Primary Activity Categories: Technology and Innovation; Incubators, Accelerators + Business Assistance; Networking Opportunities/Collaboration Facilitation; Workforce and Education

Target Audience: Small to large firms

Key Services: Applied research projects, access to and collaboration with FDA and food safety experts

Geographic Reach: located in Bedford Park, IL, serves Chicago region and beyond

The Institute for Food Safety and Health (IFSH) provides research and services related to food safety, food defense and nutrition to industry, government and academic stakeholders. Members pay a sliding fee based on their size. While IFSH offers services to all firms, most participants are relatively large. IFSH runs state of the art facilities that allow testing and validation of new technologies and cleaning and sanitation processes. IFSH conducts research collaboratively with the FDA and industry members on food safety, technology, nutrition and more. In addition to its corporate services, IFSH's academic program offers students at IIT the opportunity to obtain IFSH-affiliated degrees in Food Safety and Technology and Food Process Engineering. IFSH is also preparing to launch a new Food Safety Innovation Center, scheduled for the second quarter of 2015.

Food Safety Innovation Center

IFSH and ConnectFood have secured state funding to build, within the current IFSH space in Bedford Park, IL, a business center that will accommodate workstations for up to 40 individual companies. This place-based, fee-for-service program will focus on pre-competitive needs and issues with the dual goal of improving both food safety and the economy by helping firms succeed. The new center will provide an access point for small businesses that have not traditionally made use of IFSH services. Firms in the Food Safety Innovation Center will gain access to IFSH's many experts and resources, receive online support from ConnectFood and have an opportunity to connect with one another. The initial focus will be on science, technology and safety issues, rather than business development, although plans are underway to explore integrating the program with IIT's schools of business, engineering, design nutrition and entrepreneurial center once inaugural programming is more established.

Kendall College – Culinary Arts Program

Primary Activity Categories: Workforce and Education

Target Audience: Culinary arts students and potential employers

Key Services: Academic curriculum and training leading to Bachelor and Associate degrees in Culinary Arts

Geographic Reach: Chicagoland region



Kendall College's Goose Island campus includes a robust Culinary Arts program that offers bachelors and associates degrees, and has been rated by Chicago's Michelin restaurants as the top culinary program in the region. Kendall's facilities include 12 commercial grade kitchens in which students can train, with specialized facilities for chocolate/sugar, pastries, and bread. While many students pursue careers in restaurants and other retail establishments, Kendall also has alumni in corporate food positions with companies such as Kraft and Aramark. The program provides culinary skills that could be applied to developing recipes for manufactured products, and Kendall has expressed interest in expanding its connections to manufacturers.

Kitchen Chicago

Primary Activity Categories: Incubators, Accelerators + Business Assistance

Target Audience: Small and early stage food businesses

Key Services: Shared commercial kitchen, speakers, technical assistance

Geographic Reach: located in Chicago

Located in the Near North Industrial Corridor, Kitchen Chicago is a for-profit, 4,000 square foot shared use commercial kitchen. Facilities include a pastry kitchen, catering kitchen, cool room, cold and dry storage as well as packing space. Businesses can rent kitchen time by the hour and storage space on a monthly basis. Though no formal business support services are provided, Kitchen Chicago's experience as the longest running shared kitchen in Chicago helps clients to receive technical assistance for a range of issues including navigating the licensing and inspection process to joint purchasing to reduce costs. Occasionally, Kitchen Chicago hosts outside experts on topics of interest to its clients such as financing and marketing opportunities. Kitchen Chicago has up to 25 clients at a time (ranging from catering and food trucks to packaged goods) and oftentimes – especially in the summer – runs at full capacity.

Midwest Food Processors Association

Primary Activity Categories: Policy, Advocacy, Awareness; Networking Opportunities/ Collaboration Facilitation

Target Audience: Small to large food processors and suppliers

Key Services: Policy, advocacy, networking, seminars

Geographic Reach: Illinois, Wisconsin, Minnesota

Founded in the early 1900's as the Wisconsin Canning Association, the Midwest Food Processors Association (MWFPFA) is a trade and membership organization representing the interests of the Illinois, Wisconsin and Minnesota food industry. MWFPFA's mission is to improve the business environment for food processors in the region. In addition to lobbying regional legislators and government agencies, MWFPFA releases publications on key legislative issues facing the industry. MWFPFA also provides networking opportunities (including member engagement activities such as safety competitions, social events, newsletters, social media and a member directory); research and education programs including several seminars/webinars a year; and a scholarship program for member families and students studying food science at the University of Wisconsin. Membership fees for food processors range from no fee for companies with under \$2 million in sales to over \$2,000 for companies over \$50 million in sales.

Now We're Cooking**Primary Activity Categories:** Incubators, Accelerators + Business Assistance**Target Audience:** Small and early stage food businesses**Key Services:** Shared commercial kitchen, technical assistance, workshops**Geographic Reach:** located in Evanston, IL

Now We're Cooking (NWC) is a for-profit food incubator, offering a shared 1,200 square foot commercial kitchen. In addition to kitchen rentals, incubation services include training and mentorships and product development. NWC also offers a range of related services including interactive cooking classes, private events, corporate meetings/team building and serves as a filming location. Because the City of Evanston does not require a separate license for businesses that meet state and local health requirements, small firms can operate out of NWC without having to submit to additional city licensing and inspection as in Chicago.

The Plant**Primary Activity Categories:** Incubators, Accelerators + Business Assistance**Target Audience:** Early stage good food businesses**Key Services:** Shared kitchen and small business incubator**Geographic Reach:** Chicago

Located in the Back of the Yards neighborhood, The Plant is a multi-purpose social enterprise whose goal is to be a net-zero energy, sustainable manufacturing and food business incubator. Services and programs include education (community tours and events around sustainability), aquaponics and vertical farming (fish and produce farm), energy sustainability and small business incubation. Founded on a model of closing waste, resource and energy loops, The Plant is working to demonstrate sustainable food production and economic development by growing and producing food inside a repurposed industrial building. Structured with both a for-profit and a not-for profit arm, the small business incubation is a project of Bubbly Dynamics, LLC. The Plant is a work in progress with various projects in different stages of development. Currently, The Plant's small food business incubation is running at full capacity, with three food businesses and four "farms" operating on-site. While The Plant offers a supportive and collaborative environment, small business support services are provided on an informal basis. Plans are underway to build a 4,300 square foot shared use kitchen with the next few years, which would focus on "good food" and incubation-phase businesses along with educational initiatives.

Rising Tide**Primary Activity Categories:** Networking Opportunities/Collaboration Facilitation**Target Audience:** Small and early stage food businesses**Key Services:** Online networking, information sharing and collaboration platform**Geographic Reach:** Chicago focused but open to regional producers and suppliers

Rising Tide is an in-development initiative of local food entrepreneur Stu Waters to facilitate collaboration and information sharing. Due to frustration with accessing quality vendors,

production facilities and marketing opportunities, Stu Waters has been interviewing food businesses and developing a website to provide a platform to connect small food producers and other individuals interested in the growth of the small food industry. By connecting producers through a newsletter, website and social media, Rising Tide aims to empower businesses and "lift all boats."

Sustainable, Local Food Investment Group (SLoFIG)

Primary Activity Categories: Financing and Investment

Target Audience: SME early staged firms in "good food" value chain

Key Services: Investment funds

Geographic Reach: Illinois, Wisconsin, Michigan, Indiana and Iowa

SLoFIG is a network of angel investors who share the mission of using private investment to re-establish a robust, sustainable local food system across the Chicago foodshed including Illinois, Wisconsin, Michigan, Indiana and Iowa. SLoFIG was founded in January 2011 by a group of investors brought together under the auspices of Fresh Taste, a partnership of several foundations and the City of Chicago. Investment criteria are based on rebuilding and re-localizing the regional food chain, while seeking a profitable rate of return. Investments focus on sustainable modes of production and consideration of the social and environmental return on investment.

Eligible firms include SMEs at the start-up to early-growth stages engaged throughout the value chain including: farming and food production, processing, aggregation and distribution, retailing and food service. In addition to funding, successful applicants receive technical assistance from SLoFIG members. Currently, SLoFIG's portfolio consists of six firms.

Small Manufacturing Alliance

Primary Activity Categories: Policy, Advocacy, Awareness; Networking Opportunities/ Collaboration Facilitation; Incubators, Accelerators + Business Assistance;

Target Audience: Small local businesses (broader than food)

Key Services: Directory, member survey, pop-up events, local business promotion

Geographic Reach: Chicago region, with emphasis on Bridgeport

A project of the not-for-profit Public Media Institute (PMI) and entrepreneur Ed Marszewski, the Small Manufacturing Alliance (SMALL) promotes companies and individuals that manufacture products locally. Though not exclusively focused on food, SMALL has approximately 65 food and beverage members, ranging from micro businesses to more established firms such as Revolution Brewery and Milk and Honey Granola. The goal of SMALL is to amplify awareness of products made in the Chicago metropolitan area through events, promotions, pop-up shops, fairs and trade shows. As SMALL grows, it aims to assist local manufacturers with legal aid, seminars, marketing services, incubation services and other resources. Currently, this project is run on a volunteer basis.



U.S. Department of Agriculture Good Greens Midwest

Primary Activity Categories: Networking Opportunities/Collaboration Facilitation; Policy, Advocacy, Awareness; Financing and Investment; Incubators, Accelerators + Business Assistance; Technology and Innovation; Workforce and Education; Exports and Trade

Target Audience: food producers and organizations interested in local food systems, health, food security and economic development

Membership: Open by request

Key Services: Meetings, speaker series, information sharing and clearinghouse, networking

Geographic Reach: USDA's Food and Nutrition Service Midwest Region (IL, IN, MI, MN, OH, WI)

Organization: Public (federal), volunteer

Good Greens Midwest serves as a convening forum to share information and facilitate collaboration across a range of stakeholders interested in promoting sustainable, local food. Staffed by the regional USDA office, Good Greens Midwest is an unfunded, "volunteer" effort to leverage existing resources to benefit "good food" by raising awareness of existing local and federal programs that support sustainable local food production, provide economic development opportunities and promote collaborations with federal, state, local, academic, community and grassroots organizations. Good Greens Midwest has approximately 600 member organizations and individuals representing diverse missions and geographic areas within the Midwest (though heavily concentrated in the Chicagoland region). Members receive regular email blasts with information about upcoming events, news items and grant information culled from a variety of sources. Monthly meetings are held in downtown Chicago, with the option to join via telephone, during which speakers from member or guest organizations share information on their work and/or recent news.

Whole Foods Local Producer Loan Program

Primary Activity Categories: Financing and Investment

Target Audience: Small, local businesses

Key Services: Loans for capital and expansion purchases and technical assistance.

Geographic Reach: National with local administration

Whole Foods provides \$25 million in low-interest (5%-9%) business loans, ranging from \$1,000-\$100,000 (with start-ups limited to \$25,000 loans). In addition to supporting local businesses that meet WF product quality standards, the loan program often includes a commitment from WF to carry the product in multiple stores, thus aiding in distribution and scale for small, local food businesses.

Funds can be used for expansion and capital expenditures (e.g., new equipment, infrastructure) but not operating expenses, and firms must have a viable business plan and adequate cash flow to service debt. Applications are accepted on a rolling basis.



Appendix C: Food Cluster Organization Models

Across the United States and globally, food cluster organizations (FCOs) are emerging as a collaborative strategy to maximize opportunities and respond to challenges facing the food industry. The scope, services and organizational structure of these groups vary significantly, reflecting particular regional market conditions, assets and institutions. At the same time, they share certain features that may inform efforts to organize Chicagoland's food cluster.

14 FCO models were identified for this report, and after an initial review the seven groups below were chosen for further research, as they represent regions whose size is relatively comparable to Chicago. These clusters also focus on manufacturing and economic activity over the development of local and sustainable food systems. FCO summaries are followed by observations about their common characteristics and assessments of the various organizational structures and funding models they employ, information that will inform the Chicagoland food cluster's own organizing process.

Selected Food Cluster Organization Examples

Finger Lakes Food Processing Cluster Initiative (FLFPCI)

Mission: "The Finger Lakes Food Processing Cluster Initiative is a coordinated, cluster-based effort to help the region prosper by providing innovative assistance programs, training, and collaborative partnerships to the food processing cluster. The ultimate goal of the Initiative is economic development and job creation."

FLFPCI was established in 2011 by the Center for Integrated Manufacturing Studies at the Rochester Institute of Technology, and is operated in conjunction with several partner organizations to deliver services to food processing companies and workers in the nine county Finger Lakes Region of upstate New York. These counties represent New York's strongest agricultural region, with particular strengths in milk, grape, wine and apple production, and the region is one of the nation's top organic farming areas. This agricultural productivity has attracted a robust food processing cluster to the area, which employs nearly 14,000 workers at 730 companies, and is the largest regional food processing cluster in the state of New York⁶.

FLFPCI's creation was financed with \$1.9 million in public funds and the cluster's programs are highly aligned with the sponsoring agencies' objectives. The majority of the funding (\$1.5 million) came via a Jobs and Innovation Accelerator Challenge grant⁷, a program coordinated by three federal agencies: the Department of Commerce Economic Development Administration (DOC EDA), the Department of Labor Employment and Training Administration (DOL ETA), and the Small Business Administration (SBA). The New York State Department of Environmental Conservation also provided funding support through the New York State Pollution Prevention Institute (NYSP2I). Programming is largely provided by partner organizations, such as workforce

⁶ <http://www.rit.edu/gis/flfpci/Overview/Overview-About.html>

⁷ <http://www.greecepost.com/x229294116/RIT-awarded-1-5M-for-food-manufacturing-work>

training centers and community colleges, and is targeted to food manufacturers in three core areas:

- Advancement for existing firms – the support described under this heading includes identifying opportunities for exporting, match-making, knowledge dissemination and transfer and introduction of sustainable production processes.
- Workforce development/training – to bridge the gap between regional workers' skills and the demands of food processing firms, FLFPCI is pursuing two training tracks. The first provides food processing-specific training, with a secondary goal of reaching workers displaced from declining industries in the area. The second approach aims to provide upgraded skills to incumbent and prospective workers to meet higher technical demands as the industry becomes more advanced.
- Small business support – Eligible small food businesses are connected to the other cluster services, as well as provided targeted support to develop their operations.

FLFPCI is guided by a 13-member Leadership Council. As of its creation in 2012, the Council was composed of three private firms, one trade organization, four regional economic organizations and five colleges/universities. FLFPCI is not a member organization, and does not appear to have imminent plans to establish a membership structure. It is unclear what funding sources will be available to sustain cluster programs beyond the initial seed funding.

While the ultimate goal of FLFPCI is to create and retain jobs in the region, other goals include promoting pollution reduction and sustainability. Their small business program highlights inclusive businesses development in low income, high unemployment areas. There are no formal programs around regional branding and marketing, and networking occurs through workshops and seminars.

FaB (Food and Beverage) Wisconsin

Mission: "To shape a regional economic food future that results in food and beverage maker job growth, making the region the best place to innovate, expand or locate your food or beverage enterprise and advance your industry career."

The seeds of FaB Wisconsin were sown in the economic development planning process of the Milwaukee 7 (M7)⁸ consortium. After identifying the food and beverage industry as a major regional growth opportunity, M7 formed a Food and Beverage Advisory Council in 2011, led by regional food firm executives⁹. After a year-long planning and outreach process¹⁰, FaB Milwaukee was launched in 2012. As FaB Milwaukee has expanded its reach and attracted

⁸ M7 was formed in 2005 as a seven county economic development collaborative/regional planning effort of the Wisconsin Economic Development Corp and the Metro Milwaukee Association of Commerce.

⁹ <http://mke7.com/en/Strategic-Framework/Food-and-Beverage-Advisory-Council>

¹⁰ http://www.mmac.org/uploads/3/7/9/6/37962993/2012_spring_commerce_file.pdf

attention outside the Milwaukee region, it changed its name to FaB Wisconsin in 2014 to reflect its new state-wide approach¹¹.

FaB's goal is to be a "one stop shop" for all things related to growing and supporting the Wisconsin food industry. As an industry-led "umbrella organization," FaB partners with a range of stakeholders to leverage existing resources and identify gaps that can be best addressed with collaborative action. While workforce development has been identified as a priority issue, FaB has developed a range of programs to reflect their core areas of focus:

- **Develop a Talent Pipeline** – FaB's workforce goals cover the continuum of talent development, from attracting high school students into the industry to up-skilling existing food processing employees on emerging trends. Initiatives have included food industry career fairs with STEM-focused high schools and food-specific career plan development.
- **Create an Innovation Ecosystem** – FaB is developing a range of new services to encourage firm growth and innovation, including a food finance accelerator program (FaBcap), and the MATC Food Maker School and FaB Center of Excellence, which will house facilities for incubation, R&D, co-packing and technical assistance.
- **Build Business Capacity** – FaB is connecting food firms to regional export initiatives being led by M7 and is working with the City of Milwaukee and Menomonee Valley to incorporate a food and beverage innovation district into emerging economic development plans for the area.

Two professional staff members oversee program and committee activity. A Leadership Council that guides strategy development and continued industry outreach is comprised of approximately 35 members with a heavy emphasis on private firms; academia, workforce and economic development stakeholders are also represented but only with single member institutions. The Leadership Council guides the "Build Business Capacity" area of focus, while two additional subcommittees oversee the career and innovation areas of focus. While initial funding came from a combination of private and government grants (Economic Development Administration, M7, Metropolitan Milwaukee Association of Commerce), FaB is moving towards a self-sustaining funding model of membership and corporate sponsorship fees. Corporate and individual memberships are offered based on company's number of employees and the type of organization (e.g., food and beverage firms, suppliers and vendors, not-for-profits) with a range of fees and benefits structures. FaB also offers naming opportunities for large corporate sponsors.

NW Food Processing Cluster Initiative (NWFPCI)

Mission: "To reposition the three-state food processing industry to compete globally through dramatically increased productivity and innovation. "

¹¹ <http://www.bizjournals.com/milwaukee/news/2014/06/02/fab-milwaukee-becomes-fab-wisconsin.html>

NWFPCI is envisioned as the first multi-state cluster initiative in the U.S., bringing together Oregon, Washington and Idaho, and was founded in 2003 by a regional trade association, the NW Food Processors Association (NWFPFA). NWFPCI was a response to what the cluster deemed as “unprecedented regional threats in the global marketplace” that were described in a Tri-State Cluster Assessment and Roadmap produced in 2006. Initial support for organizing the cluster came from the region’s governors, state governments and Congressional representatives, along with the EDA, food firms, academia and others. NWFPCI operates within NWFPFA’s not-for-profit Education and Research Institute (ERI) that was established as 501(c)3 in 2007, supported largely through a \$3.4 million grant from Oregon as part of the Oregon Innovation Plan. Because of Oregon’s early commitment to the cluster concept, it became the “beta test state” for NWFPCI’s initial programming. The cluster’s efforts are believed to have boosted Oregon’s food manufacturing employment figures, which grew by nearly 8 percent from 2007 to 2012, in contrast to a 16 percent decline in all manufacturing jobs and a 5 percent drop in overall Oregon employment. In 2010, the EDA named NWFPCI as a finalist for the Regional Innovation Cluster of the Year Award.

Today NWFPCI is funded via a combination of grants, fees for services and membership dues. NWFPCI partners with over 70 organizations across industry, education, environment and economic development sectors, with a primary focus on increasing productivity and improving workforce development. Highlights include a MOU with the Department of Energy to reduce the energy intensity of Oregon food firms by 25% in 10 years, a six year “innovation plan” designed to retain jobs, and the launch in early 2014 of the Food Resources & Education Institute (FREDi), an industry-led initiative to provide online, centralized and customized workforce development training resources for food processors, industry suppliers and service providers. NWFPCI maintains three working committees that reflect its priority issues including energy use, environmental impact and food safety.

Ontario Food Cluster

Mission: “To become the third largest food cluster in North America.”

Modeled after Food Valley in The Netherlands (cited as “probably the best recognized food cluster in the world”¹²), the Ontario Food Cluster (OFC) has initially focused on increasing foreign direct investment in the food manufacturing sphere while developing links between industry and provincial university research resources devoted to food. As a cluster, Ontario is similar to Chicago in size, as the 3rd largest food manufacturing cluster in North America (and largest in Canada) with nearly 2,900 establishments, 120,000 direct jobs and \$39 billion in annual sales.¹³

OFC consists of a network of various city, county and regional government agencies within Ontario, along with the provincial ministries of Agriculture and Food and of Rural Affairs and

¹² <http://canadianfoodinsights.com/2013/11/07/ontarios-growing-food-cluster/>

¹³ <http://www.foodandbeverageontario.ca/~fooda517/uploads/resources/files/mnp-economic-report-2.pdf>

Canada's Department of Foreign Affairs and International Trade. As a demonstration of its importance to the economy, the Canadian government has budgeted for significant investments in the "agri-food" industry, in part via the Growing Forward 2 program, a \$417 million initiative aiming to attract international manufacturers and expand existing agri-food companies with a range of services.

OFC's current primary goals are to recruit firms, promote trade and facilitate growth through collaboration and innovation. OFC is strongly linked to local agricultural resources as inputs into its manufacturing firms, with 65% of raw food inputs coming from farms in the province. The cluster is also building bridges to institutions that can catalyze the application of R&D, in particular the University of Guelph and NSF-GFTC, a major food safety and technology research center that in 2015 began an expansion of its facilities to double its capacity¹⁴. The complete funding structure of the cluster is unclear, but generally OFC receives substantial support from multiple government agencies.

In addition to the government-led FCO activities, in 2003 Food and Beverage Ontario (FBO), a not-for-profit, industry-led membership organization, was established by the Alliance for Food and Beverage Processors of Ontario to advance the interests of food manufacturing firms and promote collaboration. FBO "leads, coordinates and provides input on a number of programs, resources and tools available to the sector," including services related workforce development, professional development, membership networking and sustainability planning. In 2013, the Alliance released its Ontario Food Processor Plan, which presents key findings from an extensive strategic planning/SWOT analysis. The results are a specific set of program recommendations to advance the cluster through public-private partnerships focused on the following issues.

- Market Development (e.g., analytics, collaboration and development of partnerships through the value chain)
- Innovation and Technology (e.g., public investments, academia, information sharing)
- Workforce Development (e.g., recruitment, centralized pathways, mentorship)
- Creating Competitive Advantages for Firms (e.g., strategic consulting and pooled buying for smaller firms)
- Regional Branding, Promotion and Recruitment
- Regulatory Navigation and Advocacy

Plans are also underway to develop a comprehensive food and beverage innovation center to increase access to technology, business planning and supply chain management for early stage food SMEs.

¹⁴ O'Flanagan, Rob, "Global Food Safety Firm Building Facility in Guelph," *Guelph Mercury*, Feb. 19, 2015, <http://www.guelphmercury.com/news-story/5347312-global-food-safety-firm-building-facility-in-guelph/>

Rutgers Food Innovation Center (RFIC)

Mission: “To stimulate and support sustainable growth and prosperity to the food and agriculture industries in the NJ region by providing businesses with innovative research, customized practical solutions, resources for business incubation and a trusted source for information and guidance.”

Rutgers University has a longstanding role in food and agribusiness in New Jersey through its academic and research programming and its relationship with the New Jersey Agricultural Experiment Station. RFIC was started after a 1998 study identified negative trends in the regional food and agriculture sector and detailed key interventions that businesses needed to grow. Although RFIC is aware of industry trends such as the increasing costs of finding skilled employees, challenging regulatory barriers and closing farms and manufacturers, the center does not engage in a policy agenda. Instead it is primarily a service focused, placed-based enterprise, and has provided business assistance, incubation, and accelerator services to 1,200 companies since 2000. While its focus is on SMEs, RFIC has also worked with large multinational firms in product development as well as firm relocation.

As a placed-based, university-associated initiative, RFIC has a relatively large staff of 11, and they have made concerted efforts to recruit people with industry as opposed to academic credentials. Similarly, RFIC has worked to ensure that their business services are comprehensive and tailored to food firm needs. RFIC was launched debt free and in stages, with all of its \$8 million in initial financing coming from federal, state and community capital grants¹⁵. Today, the Center generates approximately 80% of their revenue through fees for services. There are currently no membership fees.

Scotland Food & Drink

Mission: “To position Scotland among the world's top three producers of premium food and drink products and generate £16.5 billion per annum for our industry by 2017.”

Scotland’s food cluster strategy is focused on building its regional brand through provenance (e.g., distinctly Scottish products), health and premium food products. This is an effort to respond to increasing global competition and perceptions that producing healthy and environmentally sustainable products will drive growth, both by responding to consumer preferences and through more efficient production. Central to Scotland’s strategy is developing the entire supply chain, with an emphasis on primary/agricultural inputs as a regional asset.

In addition to regional branding and marketing, Scotland’s initiative also facilitates access to public and private resources and services to individual firms. This includes providing extensive member benefits that offer a comprehensive range of discounted business services (e.g.,

¹⁵ Funders include the EDA, USDA, State of NJ, Rutgers NJAES, NJ Casino Reinvestment Development Authority, NJ Commission on Science and Technology, NJDOA, Cumberland Empowerment Zone and the City of Bridgeport.

marketing, insurance, consulting, legal), networking and collaboration opportunities and joint purchasing. In addition to private companies serving the food industry, Scotland Food & Drink is connected with national associations and workforce/economic development programs.

Currently, Scotland Food & drink is comprised of 300 member companies and 25 government and industry organizations, and is led by a public-private Leadership Council with strong representation from national trade groups. Membership fees are calibrated based on gross revenue and include small firms to large retailers, foodservice and trade organizations.

South Australian Food Strategy, Regional Cluster Program, and Food South Australia

Mission: “To support local regional agriculture, food and wine businesses to become more collaborative, productive and globally competitive.”

South Australia (SA) is one of six states in Australia. SA has participated in food industry planning since 1997, engaging both public and private sector entities to advance the industry. In 2010 the SA Premier’s Food Council issued a five year Food Strategy, presenting a multifaceted, multi-agency, public-private set of economic and social objectives. The strategy addresses the need for collaboration along the entire food value chain, which relies heavily on SMEs. Key areas of focus include:

- Increasing “Gross Food Revenue”
- Increasing the food industry’s contribution to SA’s wellbeing (via employment metrics, wages, etc.)
- Reducing the food industry’s impact on environment

Given the comprehensive, inter-agency approach, there are multiple government and private entities that touch or are engaged in SA’s food cluster interventions. Two central initiatives are the government sponsored Premium Food and Wine Cluster Program (PFWCP) and Food South Australia, Inc. (Food SA), a membership-based, industry-led cluster organization.

PFWCP was launched more recently, announced in the state’s 2013-14 budget as a four year, \$1.2 million, competitive grant making pilot program to support regional co-innovation. This program invites industry leaders and actors to define, develop and launch their own initiatives, with a focus on collaboration to improve supply chain value, innovation, productivity and employment and demonstrate engagement and collaboration with key government and industry stakeholders.

Food SA enjoys the participation of premier food industry groups, and partners with several South Australia government agencies, including the state’s departments of economic development, tourism and sustainability. Food SA offers an extensive and sophisticated range of membership categories with varying fees and benefits, including service discounts, trade promotion and access to exclusive events. In addition, Food SA provides industry data and business tool kits for small businesses and the industry at large.

Key FCO Observations

Though there is variation in the strategies, structures, and activities of the food cluster organizations described above, there are important commonalities that may inform organizing activities by Chicagoland's food cluster.

- 1) FCOs have identified consistent food industry challenges, trends and opportunities: Although FCOs differ on the extent to which industry trends drive their strategies and services, there is substantial consistency in FCOs' strategic plans and market analyses about what these challenges and opportunities are. These trends largely mirror the Industry Trends and Challenges section of this report, and have been identified and analyzed by food trade associations and industry research firms. Common themes include changing consumer tastes (e.g., healthy foods, convenient products), emerging technology opportunities, food safety regulations and talent development.
- 2) FCOs include firms across the value chain but primarily focus on manufacturing firms: While firms and organizations throughout the food and beverage supply chain are frequently engaged in the discussion and design of strategies, programs and services, FCOs do not tend to target distribution, business services and equipment manufacturing firms in their outreach when developing their membership. Rather, FCOs help food processors identify and connect with these firms and services, and in some cases FCOs facilitate collaborations or membership-related discounts with non-processing companies.
- 3) FCOs often advertise, coordinate and consolidate existing programs and resources rather than create new ones: Providing the infrastructure to link firms to existing programs, versus developing and providing new services, is a crucial FCO activity, along with coordinating, aligning and enhancing those services to strategically develop the cluster. Several FCO executives commented on the importance of demonstrating to stakeholders and partners that the FCO does not intend to compete with existing service providers, but rather helps connect and scale activity, building an industry ecosystem which is "a whole greater than the sum of its parts." One FCO executive described his organization as a "resource cluster," and believed that this framing was an effective organizing strategy. When FCOs create new products and services, they often do so through supporting the expansion of existing providers, or as the result of generating new demand and then addressing emerging needs through new collaborations.
- 4) FCOs tend to not organize their activities and programs by sub-clusters: Most FCOs (excepting Scotland Food & Drink, which has adopted a focus on provenance and premium products) organize their strategies around broad industry trends and issues, delivering programs and services that are relevant across many types of firms. During outreach interviews, FCO staff suggested that it is easier to promote collaboration among firms when competitors are not concentrated within committees or programs. Organizing services by issues and opportunities with broad-based appeal may help food firms to maintain a perspective on the industry-wide benefits of the FCO's offerings.
- 5) FCOs engage the entire spectrum of firm stage and size, and tailor activities and strategies to varying firm needs: FCOs target early-stage and small firms for certain

services such as business planning assistance and one-on-one consultations, but firms of all stages and sizes utilize cluster services related to product development, process improvement training, networking, workforce training and seminars and workshops. While smaller and younger firms are more likely to be attracted to the benefits provided by a FCO's suite of services, some of the FCOs' offerings will provide value to firms regardless of their stage of development.

- 6) FCOs have, or are moving towards, placed-based incubation facilities: Most FCOs have already constructed or are planning to build innovation centers. In addition to providing placed-based incubator services to start-ups and early stage firms, these centers create opportunities for collaborative R&D and can catalyze the commercialization of food-related research. Given the trend towards outsourcing R&D, such facilities can provide value to large firms as well as SMEs.
- 7) Workforce development issues are a common focus, with varying strategies and intensity of service: While FCOs vary in which opportunities and issues they prioritize, one topic they consistently address is the need for workforce development. Some FCOs currently focus on strengthening traditional, existing workforce development programs whereas others address the issue throughout the educational pipeline, including secondary education, career recruitment and talent management strategies. FCOs are also cognizant of emerging issues, such as technology adoption and food safety regulations, that are heightening the importance of incumbent worker training programs tailored to food firms' needs.

FCO Initial Institutional Sponsors/Hosts

Cluster organizations aim to grow and develop private industries, which guides them towards institutional structures that maximize firm participation, not just as members but as directors of the organizations' mission, vision, strategies, services and products. At their outset, though, cluster organizations originate in various ways and with different host entities playing lead roles in guiding their initial organizational structures. A chamber of commerce, trade association or university may serve as the starting point for an FCO, providing institutional support as the FCO clarifies its goals and pilots products and services.

Options for initial sponsor/host organizations, and their advantages and drawbacks, include:

- 1) University: Most FCOs have relationships with regional universities, and many are launched within universities, with pros and cons. Advantages include greater access to experts in food and manufacturing technology and innovation, who may also serve as trainers to member firms; utilization of existing staff and potential cost sharing of administrative functions; access to university databases to identify potential cluster participants; and a commitment to research-driven strategies. Disadvantages include competing with university mandates and priorities; potential for over-emphasis on firm-based interventions and technology dissemination rather than industry-wide programming; a culture and set of institutional imperatives less compatible with business and industry operations; and less understanding of business and marketing needs, external relations, consensus building and industry collaboration.

- 2) Chamber of Commerce/Trade Association: An active, regional trade association or chamber of commerce has the benefits of existing committee structures, actively engaged industry leadership and a history of developing programming around industry trends and priorities. Drawbacks include a historically external orientation (i.e., focused on external advocacy and regulatory matters rather than building internal cluster collaboration and competitiveness) and a limited membership base.
- 3) Economic Development Agencies: The FCOs that are the product of economic development agencies are often preceded by, and connected with, well-developed regional food strategies that extend beyond the FCOs' purview, into areas such as agriculture or retail. Disadvantages of this option include the possibility of diminishing the cluster's credibility with the industry, being subject to the changing priorities of political administrations, and the limited resources of government agencies.

Regardless of the host, FCOs must consider various corporate structures (e.g., 501(c)(3), (5) or (6)), with the choice driven by firms' priorities identified in the planning process, as different activities lend themselves to distinct forms of incorporation.

FCO Financial Structure and Funding Sources

All FCOs rely on funding from multiple sources, with revenue streams varying by how dependent they are on support from government agencies and other grants versus private fees. At their inception, FCOs largely rely on public and foundation funding to seed initial operations. As the FCO demonstrates its added value to the industry through its services and products, the market will reflect this value by the willingness of firms to pay for cluster services and membership. Eventually, successful cluster organizations are fully or mostly funded through private revenue sources.

NW Food Processing Cluster Initiative, perhaps the most established U.S. FCO, leaned heavily on government seed funding at the outset, but today their budget is approximately 20% governmental funding. Rutgers, which built its innovation center debt-free, relied on foundation and government grants early on but now incorporates fees for service into its revenue model. Most FCO budgets are not publicly available¹⁶, but below is a list of common FCO revenue sources:

- 1) Public: Federal, State and Municipal Grants: Grant sources include the USDA; Department of Commerce, Economic Development Administration; Department of Labor, Employment and Training Administration; Empowerment Zone Funding; Small Business Administration; state Department(s) of agriculture, economic development and environment; regional economic development initiatives; and municipal economic development funds.
- 2) Foundations: Foundations often provide seed funding for initial planning and development activities, or funding for particular initiatives.

¹⁶ A search of GuideStar for the 990 reports of U.S. FCOs was unable to surface any relevant documentation.

- 3) Membership Dues: Dues for the FCOs studied here range from \$50 per year up to \$20,000 for some South Australia Food members, and are tiered based on multiple factors including:
- Individual and Corporate status
 - Type of firm (e.g., food, beverages, supplier, service provider)
 - Size of firm, based on number of employees or gross annual revenues
 - Levels and categories of benefits (e.g., full, vendor, partner; degrees of access to FCO resources)
 - Domestic or International status

Membership discounts may also be offered to those with memberships in affiliated groups like a chamber of commerce.

- 4) Fee for Service: Some FCOs provide services directly to cluster members (as opposed to connecting them with other firms) on a number of product and services, such as:
- Training and workforce development
 - Technical assistance, product development and process improvement
 - Events and conferences
- 5) Corporate Sponsorship: Sponsorship packages primarily offer marketing and branding opportunities to participating firms through standard packages or custom opportunities. Fees vary depending on level of access and exposure. In addition, corporate sponsors provide value by offering discounts to FCO members. Benefits to sponsors can include:
- Direct marketing to cluster members and industry
 - Preferred provider/vendor status
 - Logo and brand exposure on website, newsletters, materials and events
 - Access to events
 - Editorials placements
- 6) Private Investment: Though none of the FCOs detailed above are privately funded, interviews indicated that FCO-related projects may involve municipal and private venture funding.

Key FCO Partners and Collaborators

FCOs operate as part of a continuum of support for the food industry rather than as purely autonomous enterprises, and thus they partner with various stakeholders to deliver services and resources, as well as to establish credibility. These partnerships range from informal relationships to formal agreements, and in some cases may be covered by cooperative agreements expressed in memorandums of understanding. Common partners include:

- 1) Universities: While universities function as the lead organizations in two of the smaller FCOs reviewed, the more robust FCOs have them as central partners in applied technology, innovation and subject matter expertise. Universities are less involved with

business-related functions such as strategic planning, market research, etc., which are usually provided by private partners or sponsors.

- 2) Trade Associations: U.S. FCOs do not see high participation rates by trade organizations as core partners or vendors (excepting NW Food Processing Cluster Initiative, as they were founded by the NW Food Processors Association). U.S. FCOs list trade associations on their websites and have working relationships with them for outreach to industry firms, but do not tend to have more formal relationships.
- 3) Regional Economic Development Initiatives: Since several FCOs are the products of regional and municipal economic development efforts, the organizations stay closely linked in terms of funding, planning and coordination.
- 4) Private Sector Value Chain Businesses and Services: Private firms that support the food industry are frequently identified as partners. They tend not be represented in FCO committees or governance structures, but instead act as service providers.
- 5) Workforce Development and Education: Workforce development agencies are central partners in service delivery and funding. In addition, some FCOs engage workforce development and secondary education partners in their governance and committee work to link FCO activity with education pipelines and workforce training efforts.
- 6) Sustainable, Environmental and Anti-Pollution Organizations: Given the critical issues of waste reduction, energy efficiency and sustainability in the food industry, several FCOs have formal partnerships (both advisory and for service delivery) with university-based and civic environmental groups.

Sponsors and Vendors:

Whereas partners provide resources and expertise to support cluster objectives, sponsors and vendors offer commercial services to cluster members and view the FCO as a direct marketing opportunity. The degrees to which FCOs help their members source operational, product and service resources vary from informal and opportunistic to highly formal and fee-based. The more developed sponsor/vendor programs generate revenues from participating firms through sponsor fees, and garner group discounts in exchange for website link postings, preferred provider status, marketing/naming opportunities, and sponsored events. Sponsors are most often ancillary firms such as energy, legal, banking, consulting and marketing. Less developed FCOs such as FaB Wisconsin use a membership directory to help facilitate these relationships, but do not designate preferred providers or facilitate discounts for members.



Appendix D: Best Practices for Cluster Organizing

To inform the cluster organizing process, a literature review was undertaken to identify best practices, taking into consideration the overall goals of the Neighborhood-Cluster project and the desire to create a replicable model for application to other clusters. This appendix summarizes that research, and incorporates input from former cluster organization managers on the preferred methods for cluster organizing. This work will continue to inform the Chicagoland food cluster as it progresses toward broader industry engagement and formal cluster structures.

Organizational Model Overview

To lay the groundwork for a firm-driven cluster organization, the process for organizing the FCO balances a content-first method with a structure-first approach. Leading with some degree of content (i.e., preliminary cluster products and services) is necessary to demonstrate the cluster's potential added value to firms and elicit their interest in cluster participation. At the same time, the content naturally needs to be informed and refined by what cluster products and services are of interest to firms, and a center of gravity has to be established around which firms can organize and content can be developed and delivered. This necessitates a preliminary organizational structure, led by the firms and food associations that have expressed early interest in the cluster concept and potential services, and are interested in leading creation of the cluster through outreach to their industry networks. Approaching the cluster organizing from these parallel tracks enables mutually reinforcing stakeholder engagement and product development at key moments, which will maximize the cluster's legitimacy and impact and encourage greater industry participation.

Literature best practices and expert input suggest that cluster development should include the following activities:

- A. Cluster mapping
- B. Organizing Committee and Working Group identification and recruitment
- C. Cluster chartering and branding
- D. Securing seed funding
- E. Broad industry/stakeholder recruitment
- F. Full cluster convenings

Each activity, with references to the literature, is described in more detail below.

Roles and Partners

This model for cluster development suggests the following key roles and partners:

- *Organizing Committee:* This model proposes the early establishment of an Organizing Committee (also referred to in the literature as a Board of Advisors). The Organizing Committee will be comprised of leading industry stakeholders who have shown a strong interest in the cluster concept, have credibility in the industry, and bring diverse and

extensive networks that they are willing to leverage for outreach to the industry. In addition, this Committee will recruit and hire the cluster's Executive Director, create the cluster's formal structures, secure seed funding and administrative resources and provide the early strategic direction for the cluster organization. This Committee will be mostly comprised of key industry representatives of various sectors and firm sizes, with some additional representation by public stakeholders and academic participants.

- *Executive Director:* The Executive Director will be responsible for administering the cluster organization's day-to-day management, strategic initiatives and promotional activities. This role will initially be filled by the Organizing Committee, and eventually the Executive Director will report to and coordinate with the cluster's formal Steering Committee.
- *Steering Committee:* The full Steering Committee will eventually advise and direct the development of cluster priorities, while sub-committees organized around topic areas (e.g., workforce development, SME services) will further clarify priorities, design and refine initiative business plans, and guide the execution of cluster services and programs. Members should be recruited from the groups noted in the previous appendix as key cluster stakeholders: industry, supply chain firms and providers, local food associations, general business associations, economic development and workforce development agencies and academia. For all groups, the literature suggests a strong correlation between participant diversity and overall cluster success. Some notes on particular participant groups:
 - *Industry:* Firms will lead the cluster organization and will serve as its primary customers, and therefore should compose the majority of the cluster committee members. Small firms will balance the influence of larger firms and tend to be more enthusiastic toward cluster activities, while medium-to-large firms legitimize the cluster's activities and have extensive networks that maximize cluster impact. The literature also suggests that recruitment of key industry partners should position the cluster organization as an opportunity to better develop the industry through collaboration.
 - *Public Sector/Non-Profit Organizations:* Public, public-private and not-for-profit organizations can serve as arbiters between competitive firms and foster collaborative, cluster-wide engagement. In the context of the Neighborhood-Cluster project, the cluster team has sought to engage a broad variety of stakeholders, ranging from local neighborhood community/workforce organizations to regional/state economic development organizations.
 - *Academic Organizations:* Academic participants in the cluster can provide the foundation for certain industry initiatives, both in terms of providing research support and expertise and in serving as a base to conduct programs. Since these two roles need not be provided by the same institution(s), recruitment of academic participants can take two forms. First, identifying experts to provide analysis and research to support cluster activities can include engagement with leading national

academic institutions. Second, the cluster may connect with local academic organizations that provide (or may someday provide) the business services, product research and development or training programming to meet the needs of the cluster industry. Academic participants may be particularly valuable partners since they often provide seed funding for cluster activities as the cluster's priorities emerge and evolve.

Key Organizational Activities

Based on available literature, the following approach for establishing a Chicagoland food cluster is proposed:

A. Cluster mapping

To effectively identify key industry, public sector and academic stakeholders, the literature suggests beginning with a comprehensive cluster mapping initiative. This activity has been the focus of the Neighborhood-Clusters project's current phase, which has included identifying:

- Food industry leaders and suppliers in production, innovation, workforce training, etc.
- Public-sector and academic stakeholders
- Existing communications channels/food industry initiatives and firm participation
- Industry trends, market failures and shared challenges and opportunities
- Potential food cluster leaders

B. Organizing Committee and Working Group identification and recruitment

The most recent phase of the Neighborhood-Clusters project has identified and begun recruiting an Organizing Committee, and has laid out draft plans for the cluster's organizational structure, a recruiting process for the Executive Director, preliminary research on funding sources and models, etc. This report provides the cluster organizing body with a comprehensive evaluation of the Chicagoland food industry and a preliminary vision of the cluster's main priorities.

Along with the Organizing Committee, Working Groups are in development around the issues identified by Chicagoland firms as some of their top priorities: workforce development, SME services, collaborative R&D, and place-based developments (e.g., food manufacturing incubators, food innovation parks). Key stakeholders expressed interest throughout the outreach process of this project in designing these "lead initiatives." Preliminary work is underway to organize these groups and to develop the business plans that will eventually lead to the cluster's primary services and early "quick win" initiatives, which will establish cluster legitimacy and value to regional firms. In time, these groups will

evolve into the cluster's formal sub-Committees, operating with Steering Committee guidance and further informing the design of the cluster's services and products.

C. Cluster chartering & branding

After key roles have been filled, the literature advises that emerging cluster organizations should create an official statement of the cluster organization's establishment ("the Charter") that includes the organization's purpose, operational structure and statement of goals, both immediate and long-term. This document should align with early cluster activities, serve as a promotional tool for potential stakeholders and assist recruitment of industry firms. Emphasis should be placed on detailing the short-term, quick-win, collaborative priorities for the cluster organization (i.e., the "lead initiatives" mentioned above). The literature repeatedly cautions that cluster organizations' long-term viability often directly corresponds to the cluster team's ability to produce a list of achievable easy-win goals that will benefit cluster firms.

This Cluster Charter will demonstrate potential value added and spur collaborative thinking among normally competitive entities. To help this process, the literature also emphasizes the importance of cluster branding at this stage to both promote the cluster's activities and stimulate industry collaboration.

D. Securing seed funding

Literature suggests that seed funding, often provided by a public, academic or not-for-profit entity, or some combination thereof, plays a pivotal role in the long-term viability of a cluster organization. Seed funding not only provides the means to conduct foundational activities (e.g., lead initiative development, kick-off meetings and convenings, hiring of cluster staff), but the literature also suggests that these funds legitimize the cluster organization and incentivize firm participation. For more detail on potential cluster funding models and sources, see Appendix C, "FCO Financial Structure and Funding Sources."

E. Broad industry/stakeholder recruitment

While the preliminary Charter is being developed and seed funding secured, the Organizing Committee and Executive Director should begin recruiting industry representatives to participate in the cluster. A variety of roles will be available: Steering Committee, Working Groups/Cluster sub-committees, cluster membership (which may be informally arranged until a membership fee structure is in place) and partnerships (possibly formalized through MOUs). The literature suggests an inclusive recruiting approach, with emphasis on engaging a range of small, medium and large sub-sector firms as well as partners from academia and the public sector. This will entail recruitment efforts directed at high-value "leadership" firms and second-tier firms as well as industry groups like food-related associations (e.g., Institute of Food Technologists) and local business organizations.

F. Full cluster convenings

The final stage suggested here (but not necessarily the last in the overall cluster organization development process) is the convening of a series of meetings to bring together newly recruited firms with members of the Steering Committee, Working Groups, key stakeholders and partners. These meetings should be used to review and obtain feedback on the official Cluster Charter and reevaluate key cluster priorities, both short- and long-term. This should be an opportunity for stakeholders to discuss key challenges, opportunities and their vision for the cluster organization. These meetings would also provide an opportunity to begin delegating responsibilities and to recruit participation in Working Groups. The literature does note a trend among cluster organizations to value process and analysis over action, which the Organizing Committee will need to address when finalizing cluster priorities and transitioning Working Groups to more formal sub-committees.



Appendix E: List of Interviews

Name	Firm/Organization	Title
FOOD MANUFACTURING & PACKAGING FIRMS		
Jesse Edwin Evans	Ale Syndicate	Co-Founder/Brewer
Oliver Lemoine	Claussen Pickles	Plant Manager
Sam Scott	Corn Products International (now Ingredion)	Former CEO
Mike Loquercio	D&W Fine Pack	Area Director of Manufacturing & Supply Chain
Jonathan Miller	Element Bars	Founder, CEO
Marc Schulman	Eli's Cheesecake Factory	President
Alejandro Silva	Evans Food Group	CEO/Chairman
Brandon Schmidt	Harvest Foods	Plant Manager
John Notz	Hodo Soy	Founding Partner, Director, CFO
Shashank Goel	Ineeka Tea	Owner
Steve Hill	Kraft Foods	Senior Director of Research
Leah Bradford	Kraft Foods	Program Officer/Corporate Foundation
Markus Schramm	Manna Organics	Owner
Bob Mariano	Mariano's	CEO
Hilary Rose	Meadowvale	General Manager
Aylwin Lewis	Potbelly	Chairman & CEO
Brian Furrow	Power Packaging	Director, Human Resources
Jose Louis Prado	Quaker Foods North America	Former President
Stu Waters	Stu Pickles	Owner
Mark Felix	World's Finest Chocolate	Marketing Manager
OTHER FOOD FIRMS & ORGANIZATIONS (NON-MANUFACTURING & PACKAGING)		
Charlie Baggs	Charlie Baggs Culinary Innovations	Chief Executive Chef
Jim Reynolds	Charlie Baggs Culinary Innovations	Director R&D
Adam Moore	Charlie Baggs Culinary Innovations	Corporate Chef
Guy Meikle	Charlie Baggs Culinary Innovations	Corporate Chef
Matt Botos	ConnectFood	Founder
Marcia Schurer	Culinary Connections	President
Jim Slama	FamilyFarmed	Founder and President
Karen Lehman	Fresh Taste	Executive Director
Sheree Moratto	GROW Chicago, Rogers Park Business Alliance/Glenwood Sunday Market	Director Marketing and Sustainability
Harry Rhodes	Growing Home	Executive Director
Ron Thomas	Hyde Park Produce	Owner
Chuck Templeton	Impact Engine	Director
Jeff Adams	Inspiration Corporation	Director of Operations
Alexis Levernthol	Kitchen Chicago	Owner

John Geocaris	New Food Strategies LLC	Managing Partner
Nell Funk	Now We're Cooking	Owner
John Edel	The Plant	Founder
Teri Lowinger	SloFig (Sustainable Local Food Investment Group)	Founding Member
Chuck Wolf	Walter S. Mander Foundation	President/Treasurer
Bob Weeks	Weeks Communications LLC	Consultant
OTHER PRIVATE FIRMS WITH FOOD EXPERTISE		
Erica Kuhlmann	BMO Harris	Managing Director - Food, Consumer, Agribusiness
Mike Fordney	BMO Harris	Managing Director - Food, Consumer, & Retail Group
Brian Smith	Freeborn & Peters	Partner
Marco Galante	J.H. Chapman	Principal
Betsy Holden	McKinsey (former CEO of Kraft)	Senior Advisor
Ashish Kothari	McKinsey	Partner
Oren Lund	Stericycle	Associate Counsel
FOOD ASSOCIATIONS, ACADEMIA & CLUSTER ORGANIZATIONS		
Dan Best	Chicago Section, Institute of Food Technologists (IFT)	Long Range Planning Committee Chair
John Chambers	Chicago Section, Institute of Food Technologists (IFT)	Past Chair
Denise Michalik	Chicago Section, Institute of Food Technologists (IFT)	Marketing Committee Chair
Shelley Jureswicz	FaB Wisconsin	Executive Director
Lori Healey	FARM Illinois	Project Director
Tyler Strom	FARM Illinois	Project Manager
Andy Harlan	Finger Lakes Food Cluster Initiative	Director
Jill Gifford	Food Processing Center at the University of Nevada	Food Entrepreneur Assistance Program Manager
Steven McCullough	Greater Chicago Food Depository	VP, Community Partnerships
Gerry Maguire	Greater Chicago Food Depository	VP, Supply Chain
Armand Paradis	IIT Institute for Food Safety and Health	Director of Business Development
Will Maurer	IIT Institute for Food Safety and Health	Professor, School of Applied Technology
Emily Knight Williams	Kendall College	President
Kim Shambrook	Kendall College	Director, Professional Education and Community Outreach
Nick George	Midwest Food Processors Association	President
Deirdre Flynn	National Association of Foodservice Equipment Manufacturers	Executive Vice President
David Zepponi	Northwest Food Processors Association	President

David Klick	Northwest Food Processors Association	Director
Lou Cooperhouse	Rutgers Food Innovation Center	Executive Director
GENERAL BUSINESS SUPPORT, FOUNDATIONS & GOVERNMENT		
Jonathan Brereton	Accion	CEO
Robin Greiner	Accion	COO
Pam McDonough	Alliance for Illinois Manufacturing	Executive Director
Craig Chico	Back of the Yards Neighborhood Council	President & CEO
Theresa Mintle	Chicagoland Chamber of Commerce	President & CEO
Michael Davidson	Chicago Community Trust	Sr. Program Officer, Sustainable Development
Steve Koch	City of Chicago, Mayor's Office	Deputy Mayor
Shania Doar	City of Chicago, Mayor's Office	Chief of Staff, Mayor's Economic Council
Elle Ramel	City of Chicago, Mayor's Office	Economic Policy Associate
Kathy Dickhut	City, Dept. of Planning and Development	Deputy Commissioner
Dan Swinney	Chicago Manufacturing Renaissance Council	Executive Director
Gail Longmore	Global Midwest Alliance	CEO & Managing Director
Steve DeBretto	ICNC	President
Mark Harris	Illinois Science and Technology Coalition	President & CEO
Jeff Margolis	Illinois Science and Technology Coalition	Managing Director
David Weinstein	Illinois Science and Technology Coalition & Fresh Water Advisors	Consultant
Juan Salgado	Instituto del Progreso Latino	President & CEO
Ricardo Estrada	Instituto del Progreso Latino	VP, Education and Programs