Welcome to

What’s the Big Deal?

ASSESSING and FINANCING REGIONAL FOOD ENTERPRISES
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PART 1: INTRODUCTION to FOOD SECTOR
Food covers many distinctly different industries.

- **Production**
- **Wholesale Distribution**
- **Food Service**
- **Food Retailers**
- **Processing**
- **Direct-to-Consumer/CSA**
- **Consumer Packaged Goods**
Each of these business sectors has varying needs, impact and risks.
How do food sub-sectors compare to other sectors?

Average Operating Profit Margins, 2014

How do food sub-sectors compare to each other?

Within the Food Sector, Profit and Growth can differ widely by sub-sector.

Why invest in food?

Local Economic Development

New, More Farmers

Feed 10 Billion by 2050

Food Security

Resource Limits Water/NPK

IT’S IMPERATIVE!
Why invest in food?

It touches ALL sectors

- Consumer Preference
- Energy
- Defense
- Healthcare
- Education
- Economic Development
Why invest in food?
Major shifts in consumer food are creating opportunities for rural businesses.

Rebuilding Rural Middle Class and Ag of the Middle “Building from Within”

Job growth and retention from small and new business
Emerging trends driving growth and investment

- Convenience
- Millenial driven shifts
- Healthy snacking
- Online & Mobile Retail
- Transparency & Traceability
Not long ago organic was an “emerging” trend

U.S. organic food sales reached $28 billion in 2012

And now apparently “local is the new organic”

62% of consumers try to purchase local food whenever they can

“Local” is emerging as a category poised to surpass both organic and natural

“Shoppers will switch stores for a better local food selection...Shoppers will pay more for local food...one third would pay 10% more.”

“[E]nergy cost of producing and transporting food has increased....byproduct [is consumers] more attracted to locally sourced foods”
Companies like ECO are building regional businesses around local food markets

Old space in Pittsboro, NC

The beginning

$240k in SALES
35 Customers (grocers)

New space in Durham, NC

Today

~$4 Million in SALES
100 Customers (grocers, restaurants, & home delivery)
Regional Food Enterprises are capturing demand, building markets for local foods and shoring up a new base of farms.
What do Regional food enterprises do?

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<th>First-Mile Aggregation</th>
<th>Last-Mile Distribution</th>
<th>Retail or Diversified Markets</th>
<th>Processing for Convenience</th>
<th>Processing for Preservation</th>
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<td><img src="image1.png" alt="Tractor" /></td>
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<td><img src="image3.png" alt="CSA" /></td>
<td><img src="image4.png" alt="Convenience" /></td>
<td><img src="image5.png" alt="Preservation" /></td>
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Regional Food Enterprises support producers in unique ways

What distinguishes regional food enterprises from traditional food companies?

1. Expanded Market Access
2. Professional Development
3. Pricing and payment practices
Growing Regional Food Enterprises have large potential for impact

**Economic impact**
- Effect of dollars staying in a local economy and cycling through that economy

**Job growth**

**Increased revenue**
- For small local businesses
What does this mean for potential investors?

1. Start with what the business needs
2. Evaluate different ways the business can meet investment needs
3. Help business think across different types of investment and how they fit together
4. Determine how existing programs fit