Summer 2006  Funding for Food Business Incubator Facility is Complete!

Food Innovation Center Awarded Operating Funding from 4 Sources

Business Association Mentoring Program Created

Rutgers Food Innovation Center Mission

To stimulate and support sustainable economic growth and prosperity of the food and agricultural industries in the New Jersey region by providing businesses with innovative research, customized practical solutions, resources for business incubation and a trusted source for information and guidance.
Funding for Food Business Incubator Facility is Complete!

With $2 Million Grant from US EDA, Construction Planned to Begin in Late 2006 or Early 2007

Despite the difficult economic climate that New Jersey has been experiencing, 2006 has been an extremely good year for the Food Innovation Center. As this issue of The Innovator is going to press, the Center has learned that it has secured the final piece of funding that is needed for its business incubator facility! A grant of $2 million has been committed to the Center from the United States Economic Development Administration (EDA) from their Public Works and Economic Development Facilities program. To date, the Center has secured $7.4 million in capital, including this funding from EDA, which will enable construction of a 23,000 sq. ft. facility to be located on Route 49 in Bridgeton, NJ. This new incubator facility will house state-of-the-art food processing equipment, technical and business support facilities and services, and a hub for distance learning and continuing education, according to Louis Cooperhouse, director of the Rutgers Food Innovation Center.

Funding for the incubator has come from federal, state, and community sources. The $7.4 million in capital funding came from the following sources:

- US Economic Development Administration – $2,000,000
- Casino Reinvestment Development Authority – $2,000,000
- State of New Jersey – $1,800,000
- New Jersey Agricultural Experiment Station (NJAES), at Rutgers University – $750,000
- Cumberland Empowerment Zone – $500,000
- City of Bridgeton – $350,000

“Approximately 90 percent of the funding for the Food Innovation Center incubator facility originated from outside of the university, which illustrates the tremendous support that the Food Innovation Center has received from our partners”, noted Bob Goodman, executive dean of agriculture and natural resources, dean of Cook College, and executive director of the NJAES. Goodman added that “We are extremely thankful for the strong support that the Food Innovation Center has received from United States Congressman Frank LoBiondo, State Senator Stephen Sweeney, Assemblymen Douglas Fisher and John Burzichelli, Bridgeton Mayor Michael Pirolli, Secretary of Agriculture Charles Kuperus, USDA State Director Andrew Law, former Cumberland Empowerment Zone Executive Director Sandra Forosisky, and many others since the inception of this project”.

Food Innovation Center projections indicate that the incubator will result in a tremendous benefit to the economy of New Jersey, particularly in the southern part of the state. According to our estimates, by 2010 the Food Innovation Center will have:

- Assisted 875 clients
- Created more than $200 million in cumulative new revenue (at an annual rate of about $85 million during 2010, with significant escalation each year thereafter)
- Created thousands of new jobs
- Returned local tax revenue of more than $5 million annually
- Retained tens of thousands of jobs via its programs in quality assurance, food safety, food security, and new technology integration.

Margaret Brennan, associate director of NJAES, said “The new incubator facility will not only meet the needs of clients, but will also serve as an outstanding resource for faculty, staff, and students from NJAES and throughout Rutgers University, in addition to collaborating researchers from other community and state colleges, and state and federal agencies.” Cooperhouse and Brennan have been the co-authors for each of the capital grants that the Center has received.
The Rutgers Food Innovation Center is pleased to announce the creation of a Business Association Mentoring Program. The new program will support the development of existing and new cooperatives as well as associations related to food, agriculture, and other targeted industries throughout New Jersey. This new program, the first of its kind in New Jersey, will result in the enhancement of economies in rural areas, and is the result of a $300,000 grant from United States Department of Agriculture (USDA) Rural Development. The Business Association Mentoring program will be integrated into and supported by the Rutgers Food Innovation Center.

Competition for rural land, the high costs of doing business, and stringent regulations have had a significant impact on the profitability of cooperatives in New Jersey. According to USDA, there are approximately 3,000 cooperatives in existence nationally today, but only 10 fully functioning cooperatives exist in New Jersey.

According to Andrew Law, state director for USDA Rural Development, “New Jersey has no organized cooperative assistance program at the state level, which has contributed toward the decay of the agricultural sector in our state. This funding will provide the necessary resources to work with the remaining cooperatives in the state and help in the establishment of new cooperatives.”

The USDA grant and matching funds will be used to work with rural residents and businesses that are not in agricultural production as well. Other cooperatives that will benefit from this grant include retail cooperatives, food cooperatives and buying clubs, library cooperatives and a wide array of other existing and developing business organizations.

To see how Rutgers Business Association Mentoring Program can assist you with identifying business growth opportunities for your organization please visit our website at: www.foodinnovation.rutgers.edu

Food Innovation Center Partners with OCLTT at Venture Fair

Rutgers Food Innovation Center partnered with the Rutgers Office of Corporate Liaison and Technology Transfer (OCLTT) www.ocltt.rutgers.edu to participate in the New Jersey Technology Council Venture Fair on March 29. As exhibitors, we were able to act as liaisons with potential investors and food related businesses. Attending the Venture Fair also presented an outstanding opportunity to network with numerous emerging high tech entrepreneurs and other service providers. New Jersey food companies who have developed a business plan or are in the process of completing their plan and are interested in attracting potential investors, can contact the Rutgers Food Innovation Center for further information and assistance.

Photo caption: Lou Cooperhouse, Director of Food Innovation Center with Michel Bitritto, Former Director of Business Relations, NJ Commission on Science and Technology at NJ Technology Council Venture Fair
Organic Foods: A $30 Billion Opportunity

The Organic Food Industry has come a long way over the last several years. Organic foods, once a small niche category, have now become mainstream products in America.

In the past, consumers preferred organic products because they believed that less intensive farming techniques were more beneficial for the environment. This small group of consumers were known as the “True Naturals.” They were willing to pay more because they felt they were doing their part to protect the planet.

The organic consumer has evolved from this small group and can now be found in mainstream America. This expanding group of consumers has taken the organic industry from $4.2 billion in sales in 1997 to a projection of $30.7 billion by the end of 2007.

The growth of the organic foods market could have a significant impact on New Jersey agriculture. New Jersey farms are within a short drive to three of the largest organic foods markets in the country: Boston, New York/New Jersey, and Philadelphia. The ability to market to such large pockets of consumers helps to ensure the financial viability of agriculture in the state. From fresh produce and grains to milk and meat, consumers are clamoring for a consistent, high quality, and fairly priced supply.

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NOFA-NJ Organic Processor/Handler Certification Facts

Northeast Organic Farming Association of New Jersey’s (NOFA-NJ) Organic Certification Program has been certifying processors and handlers since 1995. With the passing of the National Organic Program in 2002, NOFA-NJ recognized the certification program was a better fit for the New Jersey Department of Agriculture. The Organic Certification Program is transitioning to the NJ Department of Agriculture, Division of Marketing and Development. The Department has hired the NOFA-NJ Certification Administrator, Erich Bremer, as the Supervisor of the Department’s Organic Certification Program. The accreditation of the NJDA program is expected by the end of the year. Until that time, the NOFA-NJ program will continue to certify organic handling and processing facilities.

To apply for an organic certification, national regulations require the company to thoroughly document the organic processing or handling system, material inputs (all ingredients and processing aids), sanitation procedures, audit trail, record keeping systems, pest management activities and materials. This information is disclosed on the application forms. If the completed application passes the preliminary review, a trained, independent organic inspector visits the facility to verify the organic system plan. The inspector files a report that is reviewed by members of the Certification Committee, which makes the final certification decision. Once the processor or handler has been certified, an organic certificate is issued. The certified operation must be reviewed and re-inspected each year.

Fees: Organic Processing and Handling application packets can be ordered through the NJDA Supervisor Eric Bremer for $35. Under the current program, handling and processing applicants pay a $650 Administrative Fee and $550 Inspection deposit (minus the $35 paid for the application packet). Assessment Fees based on gross organic sales also apply. Costs are lower for the required annual update. The full NOFA-NJ fee schedule, order forms, and contact information for the certification program can be found at http://www.nofanj.org/certsvcs1.htm. The pending New Jersey Department of Agriculture organic certification regulations, to include the new processing fee schedule (in effect once NJDA becomes accredited) can be found at http://www.state.nj.us/agriculture/rule/rule278.html.

For additional information, please contact Erich Bremer at (609) 984-2225 or by e-mail at erich.bremer@ag.state.nj.us.
President of Specialty Foods Organization Speaks at Food Innovation Center Seminar

What is a specialty food?

The Food Innovation Center hosted a seminar on March 14, 2006 to answer this and other questions for people interested in starting a specialty foods business.

“Several decades ago, a specialty food usually was an imported item primarily from Europe that was hard to find in the United States,” said John Roberts, president of the National Association for the Specialty Food Trade (NASFT) and seminar presenter. “Through the years, the definition has broadened to include many domestic products which generally offer a quality level greater than what is available in that commodity or is generally difficult to find in the consumer marketplace. The definition of specialty foods has also broadened to include such broad categories such as organic, kosher, and ethnic.”

Roberts went on to describe how the industry is growing through two different paths. “The industry on one level is maturing and being influenced by large, sometimes global, food manufacturing companies that market brands in their portfolios to the specialty food segment,” he said. “They often bring intense market research, consumer marketing budgets, and demographic analysis to bear on the introduction and sales of specialty items.

“Additionally, growth in the specialty foods industry is still spurred by the creative and entrepreneurial spirit of smaller, creative companies. Many of the most successful products in the category can trace their roots to a dream of a chef, or a brainstorm of an entrepreneur. This type of development still allows for smaller companies to get started and prosper.”

Roberts also pointed out the need for identifying where a company should market their products. He told the group that, “Supermarkets represent only a portion of the market. Alternate format stores like Whole Foods, Wild Oats, and Trader Joe’s, as well as independent specialty food stores, are a significant portion of the sales opportunity. Food service has become more important as consumption patterns of the U.S. consumer tilts more towards eating food outside the home. Americans spend an average of 11.5 percent of income on food. In 2002, 4.9 percent of income was spent on food away from home versus 6.6 percent at home. This signals a great opportunity for specialty food suppliers to work with chefs for their ingredient needs.”

The seminar also covered how to determine the price of a product for an adequate profit margin. Roberts warned the attendees not to be too concerned about the price a consumer will pay, but rather to be very concerned about the quality, value, and packaging of their product. “For example, mustard can sell for 6 cents per ounce or 60 cents per ounce,” he said. “If the consumer can see a point of difference, they will pay the premium.”

The NASFT are the sponsors of the Annual Specialty Foods Trade Show, known as the Fancy Foods Show. They have three shows per year. For further information, visit their website at www.nasft.org
Create Your Elevator Pitch

As an entrepreneur, meeting new people either in professional business settings or within a casual experience is a common occurrence. Networking interactions often lead a new acquaintance to ask, “What do you do?” or “Tell me about your business.” When asked this question, you need to have your “elevator pitch” ready.

An elevator pitch is a brief description you provide about your company in the time it takes to ride an elevator a few floors, ideally stated in about 30 seconds. Your elevator pitch must be clear and concise. If developed correctly, it shows that you recognize the core and relevant aspects of your business.

In preparing an elevator pitch, you must decide the elements of your business you need to reference, keeping in mind time limitations. There will be aspects of your business that you will simply not have the time to describe. Eliminating these facets of your business is often difficult. For instance, you may be very excited about just landing a new account or hiring a new employee, or even implementing a new technology, but you must leave these features out of your speech if they are not central to the core of your business.

Your elevator pitch should touch on the products or services that you sell, the market you serve, and your competitive advantage. Without these elements, it can be too general. For instance, you could say, “I sell marinades.” But so do thousands of other manufacturers. A more interesting pitch that encourages listeners to want to learn more about your business might be, “I sell Caribbean-style tropical fruit-based marinades to adventurous gourmets who appreciate authentically prepared flavors and recipes, and then market them in non-traditional ways.”

In addition to being concise, your elevator pitch must be clear. Practice it on people who are totally unfamiliar with your project. Ask them to play back what they have heard. Modify your pitch if the key points have not been clearly communicated.

After you believe that you have perfected your elevator pitch, find yourself a five to six story building with an elevator. Ride it up and down so you will be prepared to make your business shine in only seconds of time.

FIC in Leadership Role among New Jersey’s 12 incubators

Lou Cooperhouse, director of the Rutgers Food Innovation Center, was recently appointed to serve as president of the New Jersey Business Incubator Network (NJ BIN). NJ BIN is a collaborating association of 12 incubator centers based at 10 locations throughout New Jersey. New Jersey’s incubators collectively provide a professional business environment, physical space for startup companies, and administrative support to more than 500 companies throughout New Jersey. These incubators provide a wide array of services that help to accelerate the growth of companies. Services include: business planning, marketing, finance, legal and manufacturing strategies, research and development support and technology transfer and commercialization. Each incubator provides a different area of specialty, such as life sciences, defense, telecommunications, environmental and food/agriculture. The Rutgers Food Innovation Center is the only incubator in New Jersey that provides this level of support for the food and agricultural industries.

It has been demonstrated that companies that work within an incubator facility are much more likely to stay in business and become successful. In addition, these companies are able to raise considerably greater funding than companies that do not have such resources available to them. The majority of incubator “graduates” establish their businesses in the local community, thereby resulting in incremental and higher-paying jobs for NJ residents.

In his role as President, Cooperhouse is broadening the reach of NJBIN and has enlisted a team from the Rutgers Business School to assist in the development of a strategic plan for the organization. This will be especially important as Governor Corzine’s Economic Development plan suggests that investments in key economic growth areas, such as the high-tech sectors served by New Jersey’s Business Incubator Network, will be vital to the future health of the state economy. More information on the NJBIN organization can be found at www.njbin.org

New Jersey’s Business Incubators

1. ACIN Camden Center for Entrepreneurship in Technology
2. Burlington County College High Technology Small Business Incubator
3. Economic Development Authority Commercialization Center for Innovative Technologies
4. New Jersey City University Business Development Incubator
5. New Jersey Institute of Technology Enterprise Development Center I, II, III
6. Picatinny Technology Innovation Center/Morris County Community College
7. Rutgers Camden Technology Campus, Inc.
8. Rutgers EcoComplex
9. Rutgers Food Innovation Center
10. Trenton Business and Technology Center/Mercer County Community College
Simple Pleasures from the Garden State: Farm-Fresh Asparagus

• New Jersey farmers cultivate varieties of the New Jersey Male Hybrids (Jersey Giant and Jersey Knight) because of New Jersey's climate and the high yield, longevity and tolerance to disease.

• Twenty years ago New Jersey farmed over 20,000 acres of asparagus; today less than 1000 acres are dedicated to this plant.

• The plants are grown from crowns (roots + origin of new shoots)

• Each crown will send spears up for about 8-12 weeks during spring and early summer.

• Warm nights stimulate the young plant and fields may require picking every 24 hours; normally 4-5 days transpire between pickings in early spring.

• The purple asparagus varieties are renowned to be sweeter and milder than the green type. The white asparagus is produced by denying light to the growing spears.

• Asparagus is great for you, containing Vitamin B-6 and C, Thiamin, potassium, fiber, zinc, protodioscin, saponin and many micronutrients. Asparagus also contains antioxidant properties that are believed to help in the battle against colon cancer, leukemia and melanoma.

• Store fresh asparagus in refrigerator standing upright in a shallow pan of water; this method will help to preserve freshness.

• Whether steamed, roasted, grilled, stir-fried, sautéed, or tossed into your favorite pasta or egg dish, asparagus makes a delicious addition to many meals. We are sure you will enjoy this simple Roasted Asparagus recipe compliments of Walker Brothers Farm.

Roasted Asparagus

1 lb. Jersey Fresh asparagus
1/2 tbsp. olive oil
Salt and freshly ground pepper
1 tbsp. minced fresh garlic
Balsamic vinegar

Preheat oven to 400°F. Cover a cookie sheet with aluminum foil. Rinse the asparagus, dry and place on cookie sheet. Drizzle with olive oil, tossing well and sprinkle with salt, pepper and garlic. Roast the asparagus for about 15 minutes or until tender. Drizzle with balsamic vinegar. Serves 4.

Mark-Ups and Margins in Produce and Food Distribution

Many farmers and manufacturers are concerned about the final selling price of their food products in retail distribution. The final selling price reflects the overheads built in to the mark-ups and margins of each participant in the distribution process. Each participant in the supply chain requires a profit in exchange for services provided. In general, participants in the supply chain include farmers, shippers, packers, manufacturers, brokers, wholesalers, distributors and retail and food service operators.

As the chart shows below, a product with an initial producer selling price of $1.00 (including producer margin) may cost the retail consumer up to $2.42 (using the example high margins).

The following table illustrates typical mark-ups in typical food distribution.

<table>
<thead>
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Those firms operating on low margin operate with high business and market risk, and those firms operating with high margin invite new market entrants and pricing competition.

In general, it is possible to negotiate pricing, mark-ups and margins but the business opportunity must remain profitable for all participants in the distribution process.

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Upcoming Events

New Jersey Pavilion at the Fancy Food Show – July 9-11, 2006
Through a series of promotional events and supporting activities, the NJ Pavilion will attract significant commercial, trade, industry and media attention for NJ exhibitors. Click here to log on and learn more.

Food Business Basics Workshop – July 18, 2006
A must-attend workshop for entrepreneurs in the planning and early start-up phase of small scale food business. Click here to log on and register.

Let us know what you think!
We are continually looking for ways to improve our newsletter. In order to get better, we need to hear from you! Please click here to complete a short survey about The Innovator.

The Innovator is a periodic newsletter published by Rutgers Food Innovation Center, an off-campus outreach center of the New Jersey Agricultural Experiment Station

“stimulating and supporting economic growth and prosperity”