2007 Incubator of the Year

Rutgers Food Innovation Center
New Jersey Agricultural Experiment Station

Rutgers, The State University of New Jersey
87 E. Commerce Street
Bridgeton, N.J. 08302
www.foodinnovation.rutgers.edu

Year established: 2001

Size: 2,700 square feet (expanding to 23,000 square feet in 2007)

Focus: Agricultural and food products

Incubator clients: About 150 clients annually

Incubator graduates: The Rutgers Food Innovation Center has provided mentoring services and educational seminars to 725 clients to date.

Organizational structure: The Rutgers Food Innovation Center is a nonprofit economic development program of the New Jersey Agricultural Experiment Station of Rutgers University.

Mission: To stimulate and support sustainable economic growth and prosperity to the food and agriculture 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.

Goals:
(1) To develop a world-class resource network so that clients can be provided with extremely comprehensive and trusted services.
(2) To identify public and private funding sources to benefit the center and its client companies, enabling world-class expertise, equipment, technologies and funding to become available to client companies.
(3) To create infrastructure and programming that will lead to world-class education and distance learning for incubator clients and the greater community and region.

Growing Food Businesses

Rutgers Food Innovation Center stimulates economic growth in state

BY LINDA KNOPP

When you mention the term "university-based incubator," most people first picture a program designed to spin the latest high-tech invention out of a major research university. But the Rutgers Food Innovation Center, a unit the New Jersey Agricultural Experiment Station at Rutgers University in Bridgeton, N.J., is out to change that perception.

Launched in 2001, the incubator aims to stimulate economic growth among New Jersey's food and agricultural industries. From a downtown Bridgeton, N.J., office, Director **Lou Cooperhouse** and his staff have provided entrepreneurs with assistance in business development, market research, product and process development, quality assurance and food safety.

Since the program began accepting clients in 2001, it has assisted more than 700 food and agriculture entrepreneurs with only 2,700 square feet of office space. "The greatest success of the incubator has been the impacts that we have been able to achieve for our clients without even having an incubator facility," Cooperhouse says. "Several of these clients have received international recognition because of our efforts."

In recognition of its success, NBIA presented the Rutgers Food Innovation Center with the 2007 Incubator of the Year award at NBIA's 21st International Conference on Business Incubation in Seattle last spring. Read on to learn how the program has achieved such success and how it plans to serve even more entrepreneurs in the future.

SERVICE FIRST

The small size of the offices at the current Rutgers Food Innovation Center site was by design. "We began pure to service, with no real physical space to house clients," Cooperhouse says. "Sometimes, you see incubation programs get tied up with the needs of the physical space, and we didn't want that to happen. We realized that the food industry, in particular, really needed targeted services."

So, the staff rented offices for incubator personnel all of whom have significant experience in the food industry, both with small entrepreneurial firms and large corporations to launch the program and gather information on the specific types of equipment and services its clients need. With its eight-person staff and connections to the resources of Rutgers University, the incubator has provided food entrepreneurs with product and market development assistance, workforce development training, manufacturing support and more.

RUTGERS
FOOD INNOVATION CENTER
New Jersey Agricultural Experiment Station

In fact, over the past six years, the incubator has served as a one-stop shop to help farmers and others throughout New Jersey develop successful value-added food enterprises. Clients include farmers and cooperative organizations, start-up food companies, small and medium-sized food businesses seeking to enter new markets or improve operations, and retail and foodservice establishments wanting to purchase locally grown

products.

One of the firms that has benefited from the incubator's assistance is Sheppard Farms, a 1,600-acre family-owned farm in Cedarville, N.J., in operation since 1682. Though long a successful enterprise, the company turned to the Rutgers Food Innovation Center for help entering the convenience food market. In the summer of 2006, the incubator helped the Sheppard family launch a new line of fully prepared, microwave-ready, fresh-cut asparagus.

"The product was considered so innovative that it was featured on the cover of *Fresh Cut Magazine*, the leading trade journal of the industry, giving the company national and international publicity," Cooperhouse says.

On the heels of that success, the center has already helped the company receive a $30,000 grant from the U.S. Department of Agriculture to conduct a feasibility study to evaluate other value-added products.

Another food-based business that has benefited from the center's assistance is Circle M Farms of Mullica Hills, N.J., which is operated by a third-generation peach farmer that produces over 1 million pounds of peaches annually. Before working with the Rutgers Food Innovation Center, farmer **Santo John Maccherone** had to throw out or plow under approximately 10 percent of those peaches because they were too delicate to withstand shipping.

With the center's help, Maccherone found a way to turn those discarded peaches into additional revenue for the farm by making peach cider. Incubator staff helped the firm with every step in bringing the value-added product to market, including helping Maccherone receive two USDA grants to pay for manufacturing and shipping expenses; acquire needed insurance, licenses and permit; and develop marketing materials. Center staff also helped Circle M Farms develop a marketing strategy, package design and nutrition labels for the cider.

"Without them [Rutgers Food Innovation Center], I would have just thrown up my hands and given up," Maccherone says. Instead, with the additional revenue brought in from the peach cider, he has been able to expand his farm operations by about 60 percent and is exploring other value-added product opportunities.

Success stories such as these have helped the incubator capture the attention of potential clients and stakeholders. In particular, they've helped the center attract funders.

In July, the Rutgers Food Innovation Center broke ground on a 23,000-square-foot facility that will anchor a new industrial park in Bridgeton, N.J. Incubator staff raised nearly $8 million for the project from federal, state and local sources to ensure that the facility would open debt-free. The grand opening of the new building will take place in the summer of 2008.

"Our successes with clients have enabled us to raise over $12 million in capital and operational funding over a four-year period, and we will be entirely debt-free in our new incubator facility," Cooperhouse says.

NEXT STEPS

Based on its work with food entrepreneurs over the last several years, the Rutgers Food Innovation Center has designed plans for a new 23,000-square-foot facility, which is under construction now. "After our recent successes, we see that what we're really lacking is that physical space," says Cooperhouse, noting that many clients and potential clients have had to move out of the state to access the physical resources they need to grow their businesses.

That should change next year, when the center's new $8 million facility is complete. Funded entirely with grants from federal, state and local sources, the incubator will offer entrepreneurs shared-use food processing areas where they can prepare and package hot and cold foods, baked goods and perishable products.

It also will feature a product development test kitchen; a sensory analysis laboratory where entrepreneurs can carry out consumer taste testing; microbiology and chemistry labs where companies can conduct chemical analysis and food safety testing; and teleconferencing facilities that will link the center to the main Rutgers campus and other outside agencies. These teleconferencing facilities also will provide distance learning capabilities that can help entrepreneurs from throughout the state access the incubator's training resources.

"The incubator facility will become a resource for all Rutgers faculty and staff who want to apply their research and directly impact clients in the agricultural and food sectors of New Jersey," Cooperhouse says.

Over the past two decades, the center's South Jersey region has been economically hard hit by the loss of farmland to commercial development, the loss of food processing firms due to high labor and regulatory costs, and the closing of businesses in support industries, such as agricultural equipment. Research conducted at Rutgers University has found that addressing the needs of small agricultural and food businesses is a key factor in the stability of the economy of southern New Jersey, so the new incubator facility will come on line at an opportune time, Cooperhouse says.

"Our new facility will offer entrepreneurs a hybrid of programs and services that doesn't really exist elsewhere," he says. "We will have all of the capabilities of a community nonprofit kitchen incubator backed by the resources of a state university and grant funding to help clients. We're starting to be seen as a model that can be replicated worldwide of how a university can be integrated into its community."