

Montana Food and Agricultural Development Network

FY 2013 Annual Report
July 1, 2012 – June 30, 2013

For the Montana Board of Research and Commercialization Technology

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FY 2013

Annual Report to

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Background

The Montana Food and Agricultural Development Center program, authorized by the 2009 Montana Legislature, is a network of four centers, each housed within pre-existing, multi-county economic development organizations. The program's purpose is to meet the industry-specific needs of new and expanding Montana food, farm-derived renewable energy, and other value-added agricultural businesses.

In FY12 and currently, the state's four food and agricultural development centers are located at:

- **Bear Paw Development Corporation**, based in Havre
- **Beartooth RC&D**, based in Joliet
- **Headwaters RC&D**, based in Butte
- **Mission Mountain Food & Cooperative Development Center** housed at Lake County Community Development Corporation, based in Ronan

These centers, operating as a statewide network, have developed specific capacity to provide training, coaching and technical and financial assistance in:

- Product development, testing, analysis, labeling
- Regulatory compliance training and implementation
- Food processing
- Education on industry dynamics & technologies
- Cooperative development
- Industry-specific market analysis
- Business networking
- Business planning & development
- Access to financing

Highlights of Program Activities

Planning

Besides the network's ongoing service to Montana's food and agricultural entrepreneurs and businesses, an important accomplishment of the Food and Agricultural Development Network during the reporting period has been development of a strategic plan to guide the future direction of the program and improve its outreach and services to potential clients, partners and collaborators. The plan's primary purpose is to assure that the network can provide the best possible service and resources to Montana's food and other agriculture-related entrepreneurs and businesses. Key excerpts from the strategic plan begin on page 8.

Client Training

The need and demand for client training continues to grow, and the Food and Ag Development Network responded in FY 2013 with a broader array and number of trainings. The network's food manufacturing clients, especially, need training in food safety, food manufacturing process control, hazard prevention, documentation and trace-back protocols and employee training, to comply with state and federal laws and rules. Before the establishment of this program, the in-state opportunities for such training were limited to non-existent.

As training has become an increasingly important service of the network, the resources devoted to it have increased, which is reflected in the financial report on page 7. In many cases the Food and Ag Development Network is the only source of training on food safety and food regulation compliance in Montana. The training in food regulations and compliance are provided through the center network's collaboration with existing accredited trainers and their organizations.

During FY 2013 the network offered and held the following client trainings:

1. HACCP (Hazard Analysis and Critical Control Points) for food manufacturers – 2-day course, held twice.
2. Better Process Control (for manufacturers of acidified, canned food products) – 2-day course.

The network held the HACCP course in Great Falls in September 2012, organized and hosted by the center at Bear Paw and attended by 11 food businesses, taught by microbiologist Pam Ader of Polson, MT; in June 2013, in Ronan, organized and hosted by the center at Mission Mountain Food Enterprise Center at LCCDC, attended by 18 businesses and taught by Washington State University's Dr. Richard Dougherty, Extension Food Scientist.

The Better Process Control course was offered in Ronan in June 2013, following the HACCP course, also taught by Dr. Richard Dougherty. Seventeen businesses attended. Both courses were hosted by the center at Mission Mountain Food Enterprise Center.

Other training opportunities for clients of the Food and Ag Development Network in FY 2013 included:

3. An agriculture economic forum held in Ronan was attended by 20 participants in November 2012. The center at MMFEC hosted the forum.
4. A [conference on cultivating new generation cooperatives](#) in the food sector, held in Seattle in October 2012. Ten Montanans were among the 150 participants. Center staff from Mission Mountain Food Enterprise and Cooperative Development Center and program staff from the Montana Department of Agriculture were on the conference planning committee. The lead organizer and host was the Northwest Cooperative Development Center.
5. "Wholesale Success" training on Good Agricultural Practices for on-farm food safety, held in Missoula in March 2012, and attended by 61 participants. This course was taught by Atina Diffley of St. Paul, MN, as part of a national GAP training project funded by USDA and FDA, and managed by Family Farm Ed, based in Chicago. This training was organized and hosted by the center at Mission Mountain Food Enterprise and Cooperative Development Center (LCCDC).

6. “Introduction to Web Marketing” was held in Butte in June 2013, organized and hosted by Headwaters RC&D, with 12 attendees.

7. Food Safety Management System Tool-Kit was attended by 10, presented in Ronan in April 2013. This training was organized and hosted by the center at MMFEC.

8. The Montana Seed School, was a collaborative effort of the food and ag center at MMFEC and several other organizations. It was held in Missoula in January 2013, and was attended by 31 participants.

9. Multi-Functional Agriculture, another collaborative effort of Flathead Valley Community College, the center at Mission Mtn. Food Enterprise Center, the Montana Department of Agriculture and others, was held at FVCC in Kalispell and 17 farming businesses took the multi-class course designed to give farmers and ranchers ideas and tools for diversifying their farm-based income sources.

A table summarizing the year’s major trainings is in Appendix 1.

In addition to these special trainings offered by the Food and Ag Development network, individual centers conducted a variety of classes in their respective regions on standard business topics such as QuickBooks, often in conjunction with their area’s SBDC or a local economic development organization.

Increasing Center Staff Capacity

The Food and Agriculture Development Center program works to make sure the centers have the tools their staff needs to keep up with the changing needs of their clientele. The program budgets for professional development within the Network Services part of the program budget. Centers’ host organizations also contribute to the professional development of their food and ag center staff.

Staff professional development training in FY 2013 included two trainings in WebCATS, including on the use of E-center Direct. Both trainings were attended by staff from all the centers. Joe Willauer, the manager of the Headwaters RC&D food and ag center took the NDC Economic Development 101 course, and plans to continue on through the four-part series.

To add a higher level of business financial analysis to the network services, the food and ag center at Bear Paw Development Corp. subscribed on behalf of the whole network to ProfitCents software, and Tiffany Melby, the center manager at Bear Paw, received training in its use. When any center in the network has a client that would benefit from more sophisticated financial analysis, they will work with Tiffany, who will provide the final product.

All the centers receive occasional training in how best to assist clients applying for a Growth through Agriculture grant or loan, as well as other business grant and loan programs. Since the Growth through Agriculture program began encouraging all of its applicants to seek the assistance of a Food and Ag Development Center or other business development organization prior to preparing their application, the quality of the grant and loan applications has improved noticeably.

In the early part of FY 2013, the Agriculture Department's marketing intern researched Montana's food manufacturing history. Montana currently has nearly as many food manufacturers as it did when approximately 70% of the food eaten in Montana was grown and processed here in the 1950s. However, it is apparent that the profile of food manufacturing in the state has shifted over those same decades, and the food and ag development program needed to have a better understanding of that shift and the current industry profile.

The September 2012 report that intern Rebecca Harbage produced of her findings is entitled, [*An Historical Analysis of Food Manufacturing in Montana.*](#)

Outreach and Publicity

The Food and Agriculture Development Network and its individual centers have been focusing more attention on outreach and publicity to elevate the program's visibility. Still being a relatively new program, getting better known among food and agricultural entrepreneurs as well as the information sources sought out by them is critical to growth in food and value-added agricultural businesses and to keep up with the growth in demand for related business and marketing assistance services.

Activities within the program include improving the network's and the individual center's web sites, communicating with other economic development organizations around the state on the range of services the food and ag centers can provide, and developing collaborative relationships that help Montana's economic development community provide a fuller range of services to food and ag clients.

The Department of Agriculture's full-time summer intern went on the road to interview business clients of the Food and Ag Network in June 2013. The interviews were designed to meet multiple objectives, including evaluating the interviewees' satisfaction with the assistance they received from the centers and what they felt could be improved; new services they'd like to see; what other sources of assistance they used and where opportunities for collaboration lie. The interviews also were used to develop a series of business profiles, news releases and success stories for use in multiple media to publicize the program.

The interviews took place toward the end of FY2013, with the writing of six new client success stories and business profiles, and six feature articles for issuing as press releases in FY2014. The next report will include more information on the activities and outcomes related to this outreach campaign.

The program also contracted with a logo designer toward the end of FY2013 to develop a logo and other branding materials for the Food and Ag Development Network. At the time of this writing, the program has chosen a final design and has begun developing strategies for using the new logo in a wide variety of outreach and publicity activities and venues.

All the Food and Ag Centers have updated their web pages and made their centers a more visible part of their host organizations' websites. Likewise, the Montana Department of Agriculture has improved the visibility and accessibility of the Food and Ag Development Network on its website. The centers identified and interviewed potential network partners, soliciting input for

the strategic plan and interest in closer working relationships to pool technical resources in service to Montana agriculture-related businesses.

Using social media is part of the network's outreach and publicity plan. See the program's strategic plan objective 2a. on page 10.

New Activity: Annual Client Survey

In order to both establish a baseline for accurately measuring client data that are cumulative, and thus prone to errors in measurement, and to gain feedback from program clients on the quality of their experience working with the program, we developed what will be an annual client survey. There are two parts to the WebCATS survey: Part I questions will provide a baseline to help us measure and enhance the effectiveness of the Center network in the years ahead, and Part II questions are evaluative, asking clients of the network about their experience working with their primary Food and Ag Development Center. The survey questions appear in Appendix 2.

A secondary purpose of the survey is to direct clients to E-center Direct, the feature in WebCATS that facilitates electronic communication between the centers and their clients, enables clients to create, view and make corrections in their own client data, and request a counseling appointment. The more clients that sign in electronically the easier it will be to provide them with the information and services they need.

Network and Client Milestones

In certain client milestone categories, such as jobs created and retained and funds leveraged, tracking and documenting the program milestones remains problematic due to the centers, at their inception, having differing milestone definitions and tracking formats. Remediating this situation has been a priority of the program as reflected in the earlier decision to subscribe to the WebCATS client tracking software and to provide ongoing training in the use and customization of WebCATS to accommodate the categories and definitions pertinent to the Food and Ag Development program. This continues to be an evolving process, with a significant jump in progress in the past several months, including recent steps in FY 2014.

We still haven't had complete confidence in the jobs data provided for previous reports from the centers due to the inconsistencies in tracking methods and baseline criteria among them, and the cumulative nature of the data in these categories. Because these inconsistencies that pre-date formation of the program and its use of WebCATS, we needed to more clearly define just what we are counting when, how we are counting it. We've also continued to customize WebCATS to meet the needs of the Food and Ag Development program.

In the latter half of FY 2013 the center network developed a client survey in order to create a clean baseline for tracking jobs created and jobs retained, funds leveraged, and new products introduced. However, we sent out the survey in the current 2014 fiscal year and we won't have the complete results for another month. The network-wide survey of our business clients is intended to provide us with the baseline needed to more accurately track cumulative types of quantitative data in the future using WebCATS.

Until then, this report is using only the most conservative of numbers related to the investment milestone, and is not including employment and product figures. We will update these numbers when we have the completed survey data.

At 115, the number of food business clients remains dominant among the three primary client categories, with “other value-added agricultural businesses” declining with just 8 clients, and “farm-derived renewable energy businesses” holding fairly steady at 6 clients.

The number of counseling sessions and hours are up considerably over the previous fiscal year. The growth in the number of trainings and breadth of topics is indicative of the increase in demand for industry-specific training and information provided by the program.

FY2013 Milestones

July 1, 2012-June 30, 2013 FY2013				
	Food	Other Value-Added Ag	Ag Energy	TOTAL
Active clients	115	8	6	129
Counseling sessions				480
Counseling hours				966
Client trainings held	7	3		10
Training participants	141	66		207
Hours clients used MMFEC food innovation center				696

In the reporting period the network’s clients are in 38 counties; 75 are new clients.

See page 2 for a description of client trainings in FY13.

NOTE: Until the network has established new baselines from the current client survey for the following investment milestone categories, we are using only the most conservative figures:

- Funds leveraged: **\$1,166,222**

Public Grants	\$233,271
Public Loans	\$258,000
Private Loans	\$403,265
Private Investment	\$271,686

We will update the above figures, as well as jobs created and retained in the next six-month report.

FY2013 Financial Report

FY13 Food and Agriculture Development Centers Financial Report

Center Operations	FY13 Budget	FY12 Carryover	Rev. Budget	FY13 Actual	Remaining
LCCDC - MMFEC	52,500.00	0.00	67,000.00*	67,000.00	\$0.00
BearPaw Dev. Corp.	52,500.00	4,129.21	56,629.00	56,629.00	\$0.00
Beartooth RC&D	40,000.00	(1,570.00)	45,000.00	45,000.00	\$0.00
Headwaters RC&D	40,000.00	28,536.00**	41,968.00	41,968.00	\$0.00
Center Sub Total	\$185,000.00	\$31,095.21	\$210,597.00	\$210,597.00	\$0.00

Network Services	FY13 Budget	FY12 Carryover	Rev. Budget	FY13 Actual	Remaining
Consulting	5,000.00	1,010.00	6,223.00	6,223.00	0.00
Food safety training	5,000.00		1,318.00	1,318.00	0.00
Strategic planning			4,905.00	4,905.00	0.00
Program Marketing			3,000.00	2,015.00	985.00
Prof. Dev./Training	1,000.00		750.00	750.00	0.00
Conf. Calls	500.00	320.53	260.00	227.54	32.46
Meetings	2,000.00	1,499.66	1,052.00	1,097.34	-45.34
WebCATS/E-center	1,500.00	-2,410.26	2,812.00	2,812.50	-0.50
Financial analysis software			1,950.00		1,950.00
Network Sub Total	\$10,000.00	\$419.93	\$16,047.00	\$13,125.38	\$2,921.62
Grand Total	\$195,000.00	\$31,515.14	\$226,644.00	\$223,722.38	\$2,921.62

99% spent

*Includes \$5000 for MMFEC to subcontract with WSU for the network's HACCP and Process Control training

** A result of cost savings due to a temporary vacancy in Headwaters' Food and Ag Center manager position in the middle of the 2013 fiscal year, as well as the temporary availability of Headwaters' internal funds for a portion of the position.

Financial Narrative

The program budget is divided into two main categories: "Food and Ag Center Operations," and "Network Services."

Center Operations

In a competitive process in advance of each new biennium, program applicants propose a scope of work and a corresponding budget in their application. Each center's financial needs are a little

different. For example, Headwaters RC&D has had some funding internally to contribute to the Food and Ag Center manager's salary. In the case of LCCDC's Mission Mountain Food Enterprise Center, the food manufacturing facility has additional operational staff and hard costs beyond what the other centers have. In the most recent biennium, the center at Headwaters RC&D underwent a personnel change that left the center manager position open for a time while a replacement was selected, resulting in program cost savings.

Within this context, the Montana Department of Agriculture strives to maintain a degree of equity among the different centers' compensation.

Network Operations

Though the program's enabling legislation allowed for \$10,000 annually for program administration, from the beginning the Department of Agriculture has used that funding for Network Services rather than administration. The program manager in the Agricultural Marketing and Business Development Bureau is supported by the bureau's budget.

The department revised its Network Operations budget upward in FY13 to meet the needs of this young and expanding program. Specifically, we increased the consulting budget to enable the centers to undertake strategic planning, with an emphasis on building program capacity, program visibility and collaborative relationships, which are reflected in the strategic plan objectives below, and in the centers' activities described beginning on page 11.

We also added a subscription to E-center Direct, a feature of the WebCATS client-tracking software, because it facilitates network-client communication and adds conference and client survey functions and client data analysis and feedback, which will help to assure the program is meeting the priority needs of its clients. The program also added a subscription to ProfitCents financial analysis software for its usefulness to both clients and counselors. The Food and Ag Center program bought a single subscription housed at the center at Bear Paw Development Corp., with Center manager Tiffany Melby using it to provide financial analysis services to all the centers as needed by their clients. Tiffany has a professional background in agricultural finance and lending and an interest in providing this service for the network.

The Food and Ag Development Center program ended up with an unanticipated year-end balance amounting to 1 percent of its FY 2013 budget when the Department of Agriculture used an alternative source of funds to pay for the financial analysis software, which may be used with Growth through Agriculture program clients, too.

Strategic Plan FY2014 - FY2017 (Excerpts)

In October 2012, the Food and Agricultural Development Network undertook development of a three- to five-year strategic plan. The key strategic directions and outcome goals for the program are included here:

Purpose Statement

The Montana Food and Agricultural Development Network helps Montanans innovate and grow businesses that produce and commercialize food, agricultural and renewable energy

products and processes – creating wealth and jobs in our communities and on our farms and ranches.

Future Vision

Montana’s communities are sustained by diversified economies, built on a variety of business types and sizes, many of which are locally owned and operated. These businesses make use of Montana’s agricultural and renewable energy resources, serve the community’s needs, and provide meaningful employment and a living wage for members of their community.

Three- to Five-Year Strategic Directions

1. Continue to provide first-rate client business development services, and build the capacity of Network staff and the number of organizational partners to reach and serve the current and changing needs of a more diverse clientele.
2. Foster an innovative vision for Montana’s agriculture, regional food economies and renewable energy development that creates jobs, cultivates vital rural communities and ensures environmental sustainability. Collect and provide the necessary and practical research, models, policies, practices and information that can aid clients, partners and rural communities to realize their goals.
3. Galvanize and coordinate the expertise and experience of Montana’s business community into communities of practice that can advise, mentor, create new knowledge and learn from each other.
4. Build a more collaborative and integrated Network of the four existing Centers and the Montana Department of Agriculture that has:
 - 1) a diverse and growing financial base,
 - 2) strong state budgetary support,
 - 3) partner organizations that expand and augment its services,
 - 4) an advisory board of stakeholders, field leaders and innovative thinkers, and
 - 5) a well known and respected presence throughout the state.

Strategic Plan Outcome Goals and Objectives

Outcome Goal #1: A strong and cooperative network of four centers provides exceptional and innovative business assistance and educational services to Montana’s food, agriculture and renewable energy enterprises that result in sound and solvent businesses and new jobs.

Objective 1A: Continue to provide high quality individual business assistance and timely workshop and training opportunities to the Network’s core client base, primarily start-up and expanding businesses in the food, agricultural and renewable energy sectors.

Objective 1B: Increase communication and work more cooperatively and strategically as a Network of four centers, along with the designated Department of Agriculture staff, to assess and match client needs with the most appropriate staff and/or partner resources.

Objective 1C: Strengthen and nurture a collaborative network of partnerships with government agencies, educational institutions, nonprofits and private consultants that can champion the Network's vision and mission, provide resources, facilitate client referrals, and expand and augment the services and expertise currently provided by the Network. Core partners may include: Montana Manufacturing Extension Center (MMEC), Montana State University and MSU Extension, Montana Small Business Development Centers (SBDCs), local economic development agencies, and others.

Objective 1D: Develop the skills and expertise of network professional staff in order to reach out and serve the needs of an expanded clientele, particularly mature and more conventional food and agriculture business wanting to expand, and "underserved business" (prioritizing tribal enterprises).

Outcome Goal #2: A compelling vision, message and practical strategies, resources and tools that help to create Montana's regional food and agriculture-based economies, attributed to the Food and Agriculture Development Center Program.

Objective 2A: Work with a communications and marketing firm to "brand the network," articulate its key visionary and practical public messages and develop a comprehensive and targeted outreach strategy and materials that publicize success stories, targeted to different key audiences and cliental.

Objective 2B: Develop and spearhead a strategic and smart marketing campaign around one Montana agricultural product (most likely beef) that leverages the "mystique of Montana" and provides a pilot for future product marketing initiatives. Evaluate the campaign's effectiveness in meeting its articulated goals.

Objective 2C: Create an accessible "library" of innovative business models, practices, case studies, policies, research, tools and resources that can aid businesses, communities, decision-makers and network staff actualize the network's vision of more vital regional food, agricultural and energy economies that sustain Montana's communities.

Objective 2D: Develop the Network's research, analytical and evaluative capacity to identify and take full advantage of emerging economic and business trends and stay abreast of changing needs and opportunities of Montana's agricultural, food and renewable energy businesses.

Outcome Goal #3: An active and strong network of innovative businesses that support and extend the assistance provided by the four centers and the Montana Department of Agriculture.

Objective 3A: Create and nurture a “community of practice,” or a “learning network,” of agriculture, food and alternative energy enterprises served by the network to mentor, innovate, support, and learn from each other. Fuel the community of practice by holding an annual statewide meeting, provide an on-line listserv and/or blog, provide mini-grants to cover travel costs to visit member operations, and other strategies identified by community of practice members to aid in their communication and transfer of knowledge and experience.

Outcome Goal #4: The Food and Agriculture Development Center Program is effective, stable and well managed, having the human and financial resources, structure and organizational capacity to efficiently carry out this ambitious strategic plan.

Objective 4A: Create an active Advisory Board of key stakeholders, field leaders and innovative thinkers that can champion its purpose and vision, help guide the network’s growth and development, direct the network to new financial and human resources, and outreach and market the network’s services and accomplishments. Careful and strategic thought will be put into developing the Advisory Board’s purpose, structure, size, roles and responsibilities and recruitment strategy.

Objective 4B: Allocate a full-time employee from the Montana Department of Agriculture to coordinate and manage the network and program and help develop, plan and implement the new initiatives outlined in this strategic plan.

Objective 4C: Increase state budget permanent funding by FY 2017 and raise additional funds from a more diversified set of sources.

Objective 4D: Develop an annual plan that details the major activities needed to implement the strategic plan objectives, which includes a specific timetable and designates responsibility for implementation as a collaborative effort of network staff. Furthermore, staff will meet in person quarterly to assess progress, update and/or modify the annual plan, discuss revenue generation strategies, and work on Network development.

Centers’ Activities

Center at Bear Paw Development Corporation

The Bear Paw Food and Ag Center has continued its relationship with Montana State University Northern’s Bio-Energy Center by working with agricultural entrepreneurs that hope to capitalize on the various technologies developed by the Center through commercialization. MSU-Northern’s Bio-Energy Center and Bear Paw Development Corporation were, as co-applicants, awarded an EDA grant in 2012 to further pursue and develop this objective. Considering the vast array of vital technologies and processes that have been developed by MSU-N, the potential for commercialization is tremendous.

The Bear Paw Food and Agriculture Center also continues to partner with the Montana Cooperative Development Center to provide education and training to its clients on cooperative development. During FY2013 the Bear Paw center was approached by a group of local ranchers

interested in starting a feed cooperative on the Hi-Line. The center has also been in contact with the Turner Grocery Store, which recently formed a cooperative to run this community resource.

Throughout FY2013, the Bear Paw Food and Ag Center assisted three clients with their Growth through Agriculture grant applications. Amerish Development Corporation and Global Agro Commodities both submitted applications in the September 2012 funding cycle. Global Agro was successful in securing grant funds for \$50,000 and have continued work on converting the grain elevator purchased in Chester into a pulse crop processing facility. Although Amerish Development was unsuccessful in securing GTA funding they have continued to move forward on the feasibility of a straw board manufacturing plant in north central Montana.

The center at Bear Paw assisted Big Sandy Meat Shop acquire funding in March of 2013 for the purchase of a new and expanded energy efficient freezer for their operation. The freezer will allow the business to increase production, approximately doubling their current capacity, and allow them to hire another full-time employee.

The Bear Paw Food and Ag Center also assisted a client with a renewable energy proposal to install a wind turbine near Fairfield that was submitted for funding to USDA's Rural Energy for America Program (REAP). The proposal will compete in the federal 2013 funding cycle.

Bob Quinn of Big Sandy contacted the Bear Paw Food and Ag Center for technical and regulatory assistance in starting a snack food manufacturing business (a.k.a. Kamut Crunchies). Bob is interested in purchasing equipment from a liquidating business in Canada. The center will work with Kamut Crunchies to come up with a business valuation of the liquidating entity, develop a comprehensive business and marketing plan as well as provide financial analysis and product development assistance.

In January of 2012, Karen Powell of Helena came to Bear Paw Food and Ag Development Center for assistance in identifying sources of Montana grain and other Montana-grown ingredients to be used by her start-up business, Triple Divide Spirits, opening soon in Helena. The financial packet the Food and Ag Center and the Havre SBDC helped put together for Triple Divide led to the new distillery getting funding from a local bank in Helena.

The main challenges identified by the center at Bear Paw are better marketing of the center's services to the general public and access to capital for their clients. Although the center has greatly increased its client base in during the biennium, they want to better market their services to potential clients and help get the word out about what the other centers in the network do and what resources they provide. They plan to conduct outreach to banks and other organizations that have consistent contact with agriculture producers, along with other plans for a proactive marketing campaign as part of the Food and Ag Network's strategic plan.

Center at Beartooth RC&D

This center has been working with between 15 and 20 projects at any given time, with approximately 2 to 3 new projects per quarter. The projects are diverse, with most being food-related or value-added agriculture.

The center at Beartooth RC&D assisted with several clients' USDA grant applications. In that process, staff identified a variety of training needs of those clients. The center received a USDA grant to provide Regional Small Business Training to meet those needs. Training topics the center identified as client priorities include E-Commerce, on-farm food safety GAP training, and tax planning.

The center at Beartooth helped four clients acquire USDA-RBEG funding to undertake marketing plans and go on to develop logos, labeling, packaging, websites with online shopping capabilities, newsletters and promotional materials. These businesses felt they could not have afforded this type of business assistance themselves. They view the results as a turning point in their businesses. These businesses included a commercial herb greenhouse operation, a business adding value to local wool, a store/food service operation making grab-and-go food products from ingredients produced by area farmers and ranchers, and a business making spice mixes, dips, salsas and beverage-mixes.

Another notable achievement has been the promotion and use of local foods in area schools. The Food and Ag Center at Beartooth and the Red Lodge Local Food Partnership Council shared an Americorps FoodCorps member that led the local food efforts.

The Beartooth center helped educate the Roberts Public Schools and other districts about the regulations that do and don't apply to using local food in the schools. Many school food service directors thought fresh farm ingredients had to be USDA-inspected. Learning that that wasn't the case freed up the Joliet schools, also, to purchase food from local farmers. The center at Beartooth has helped to make sure schools have the OPI publication entitled, *Purchasing Local Food: Guidelines for Montana School Service Programs*. The food and ag center has also begun developing a Good Agricultural Practices for food safety training for ag producers who want to sell products into the schools and other markets.

The center's assistance with community organizations and area schools to get local foods into regional schools has generated a positive partnership with the local school districts and resulted in good information about what they can and cannot serve. These projects are also working to fit school gardens in with their existing education curricula. These partnerships are leading to more exposure of these types of projects and is helping the center to establish itself as a recognized resource by local food businesses on food safety and other local food questions.

The center partnered with the Western Sustainability Exchange in a training for livestock producers on surviving the drought.

In the area of renewable energy development, the Beartooth center has worked with a wind energy consultant that is utilizing the data the center gathered from its wind anemometer, along with his own wind data, to market the project to wind developers. The client is now working on an official proposal to the county for approval of the project. The center at Beartooth has also received a request from another property owner in Fallon County that is interested in purchasing the wind tower and anemometer to gather information for a wind project in his area. This is a significant amount of progress considering this project was completely stalled for two years.

The center at Beartooth has begun working more closely with Jason Rittle and Jim Atchison to handle Food and Ag clients they refer. This has so far proven to be a good partnership. There are

other economic development groups that border Beartooth's region that the center has been working to develop more of a synergistic relationship with, in terms of those organizations knowing they can refer food and Ag clients to the center. The Beartooth center sees this as a work in progress. The center currently has two potential projects from Terry and the Baker area.

Center at Headwaters RC&D

Change of personnel. Until early in this reporting period, Warren Harden and Katie Weaver shared management of Headwaters RC&D's food and ag development center. In the first quarter of FY13, Harden left Headwaters and Katie Weaver took over as the Food and Agricultural Development Center manager. However, Weaver then left Headwaters toward the end of the second quarter to take a job with the National Center for Appropriate Technology in that organization's renewable energy program. Headwaters RC&D was determined to find a candidate familiar with and able to provide superb service to Headwaters' southwestern Montana region.

As a result of a widely advertised competitive process Headwaters hired Joe Willauer from Twin Bridges. Joe started his job in late February 2013 and has proven to be a go-getter who has been traveling widely throughout the seven-county Headwaters region, introducing himself and the program to dozens of food and agricultural businesses, local economic developers and others. Both Headwaters RC&D and the Montana Department of Agriculture are very pleased with Joe's knowledge of the people and the economy of the region and his drive to provide direct service to businesses, as well as to collaborate a lot more with other economic developers in the region.

Along with learning the ropes in his new job, spent about a day per week for the first three months of employment reaching out to targeted businesses throughout the region to explain services offered by the Centers. He also met with local MSU extension agents to brainstorm about value-added ag businesses in their counties. The extension agents have been great resources for referring clients. The results of this activity were five new clients added to the program before the end of the fiscal year, with the groundwork laid to provide services to three more clients in the 2014 fiscal year.

The Headwaters centers' new clients are from counties whose food and ag businesses had not utilized the network's services previously. The new clients include a beef producer with high end markets, a lamb producer looking to do more online marketing, two meat processors (one long-time plant under new ownership and one start-up plant), and a new creamery.

The center at Headwaters assisted clients with two successful grants, one a potato producer who utilized the funding to purchase a new centrifuge machine that expanded production capacity and allowed for market expansion into the Livingston school district. The second grant was for a vacuum packaging machine for a cattle ranch and beef processor outside of Ennis, and allowed for a more efficient and safer packaging of their processed beef products, which enabled them to market their product into Montana State University for the first time.

The Headwaters center and the SBDC together hosted a web-marketing class in Butte that was attended by 17 students, and taught the basics of web marketing and logo design. The attendees received handouts that guided them through the basics of social media and very basic web design. Several of the students have since improved their social media presence, as well as

created simple websites that they did not have previously. Several members of the Headwaters RC&D and SBDC staff also attended. The Department of Agriculture Marketing Intern also attended the training, and subsequently improved the online presence of the Food and Agricultural Development Network, with business profiles and feature stories about the Food and Ag Network's clients, and other content that was not previously available.

The western part of the Headwaters region has several clients that have been served by the Food and Ag Center program, but otherwise has largely gone under-served. At the beginning of the new biennium the center plans to focus on Powell and Granite Counties, searching out the value-added agricultural businesses that are located there. The extension agents in the region have referred the center at Headwaters to businesses that would be a great fit for the program's services, including an innovative cattle rancher in Granite County, a wool processor who distributes their product throughout the country, and several other businesses.

The Bozeman region presents a unique opportunity to work with clients that have not been served by the Food and Ag Development Network in the past, and is full of businesses that create unique value-added agriculture products. The center manager plans on spending at least one day a month on average visiting new clients in the Bozeman area to meet new clients and serve existing clients in the area.

During Katie Weaver's tenure as the center manager, in July 2012, the center contracted with Minneapolis-based [Crossroads Resource Center](#) (Ken Meter) to conduct a local food and farm economy study for the seven counties in Headwaters' service area. Entitled, *Economic Study of Southwestern Montana's Food and Farm Economy*, the draft report was received in September 2012. This analysis will help define and strengthen the center's efforts around local food and agricultural economic development.

Also during Weaver's tenure the center assisted clients with two successful Growth through Agriculture grants worth over \$63,000. The Headwaters center has been deliberate about internally educating the Headwaters RC&D staff, board and clients on the opportunities around local food and agriculture economic development. The collaborative relationship between Headwaters' SBDC and Food and Ag Center is a model for other centers in the network.

Center at Mission Mountain Food Enterprise Center at LCCDC

The Mission Mountain Food Enterprise Center continues to play a significant role in food business development in the state of Montana. In the last fiscal year the center provided technical assistance to existing clients and 43 new clients to help them build their food businesses. The center's processing facility presently provides Tipus Chai Tea, Orchard at the Flathead, Uncle Bills Sausage Co., Rooks Hot Sauce, Western Montana Specialty Foods, Angels Fire, Thunderhead Gardens, Fat Robin Orchard and Eric's Wicked Seasoning food processing infrastructure for their food product production and development. The center also provides freezer storage and warehousing to a number of clients. In FY 2013, 23 of the center's clients used the center's processing and storage facilities, for a total of 696 hours.

More significantly, in addition to serving the state's large and growing food product business clientele, MMFEC continued developing new opportunities for Montana food producers and processors to connect with institutional food service buyers, principally K-12 schools and the

University of Montana. In FY2013, MMFEC helped the Western Montana Growers Cooperative launch Farm to School programs in six regional school districts, enabling the co-op's 40-plus farmer-members to begin selling their fresh fruits and vegetables for the schools' Fresh Snack program, as well as process their products at MMFEC, such as frozen beans, peas, cherries, carrots, squash, pumpkin, an all-Montana lentil patty and lentil burger crumbles.

During the fiscal year MMFEC provided processing capacity that enabled the Growers Co-op to sell \$39,294 worth of value-added farm products to the Farm to School Programs in Butte City Schools, Kalispell Public Schools, Missoula County Public Schools, the Polson School District, and the Ronan/Pablo School District. The Kalispell schools accounted for the majority of these purchases, with its full commitment to purchasing Montana-produced food. For the others, this pilot effort promises to grow significantly as the schools and the Co-op learn which products work best and as additional schools and institutions develop their own Farm to Cafeteria programs.

Other significant activities include the delivery of HACCP, Process Control School and Food Safety Program training. There continue to be significant requests for the training programs in the new fiscal year. The center is committed to continue providing leadership and expertise in food safety to all the Food and Ag Development Network clients and those who need to meet the demand of the marketplace in meeting third party audits and other food safety requirements. The center at MMFEC continues to host educational experiences for collaborating organizations, for example, for the National Center of Appropriate Technology in their Pastured Poultry educational series in which the MMFEC center provided technical expertise in the food safety issues in poultry processing.

MMFEC's partnership with the Western Montana Growers Co-op has resulted in the creation of new aggregation, processing, distribution, and accounting capacity needed for small growers to move into wholesale markets. By processing (mostly chopping, pureeing and freezing) their fresh produce for the school/university markets, the WMGC is able to extend its market season through the whole school year. MMFEC acquired additional freezer space, funded by a GTA grant, in the last quarter of FY 3013 to meet the growing needs of its clientele.

The Mission Mountain Food Enterprise Center is expecting a 30 percent increase in client use of its food manufacturing and food storage facilities in the next fiscal year, and a 40 percent increase in food processing for Farm to School programs.

Program Manager's Comments

The Food and Agricultural Development Network continues to gain visibility and work to meet the needs of its expanding clientele. One benefit of the relative newness of the program is the flexibility and nimbleness it has to adjust to the needs of its clients. The program's biggest challenge now that it has proven its capacity to provide services the state's food, value-added agriculture and farm-based energy entrepreneurs need, is to further increase its visibility and to make better known just what services the network provides.

It was the need to meet this challenge that the network engaged in a professionally facilitated, strategic planning process in October 2012. The network of centers is using its plan to stay on track in addressing this challenge.

The centers are doing more outreach, not only to other economic developers, but to people at the local and county levels, such as Extension agents and county sanitarians, who know the businesses in their communities and, with knowledge of the services the Food and Ag Center program provides, are able to refer businesses and entrepreneurs to the network. The centers are also working more closely with other economic development organizations in order to provide the best complement of services to their clients. Especially notable is the increasing cooperation between the Food and Ag Centers and their area SBDCs, with the former providing the industry-specific technical assistance and training, and the latter providing assistance with financial projections and basic business training.

The center managers are also concentrating more on traveling to the far corners of their multi-county regions and meeting with area EDCs and eastern Montana's CRCDCs, and the food, ag and energy businesses to let them know about the specific services the program offers. With the newest center at Headwaters RC&D, the network is expanding the program's visibility and reach throughout the southwestern part of the state. The program is about to launch its new branding and marketing efforts, which it spent the last quarter of FY13 preparing for.

Client training in industry-specific areas, many of which are legal requirements for doing business (such as Hazard Analysis and Critical Control training and plan development and certification) continues to be a growing segment of the Food and Ag Centers' activities. The network is also doing a great job of keeping up with changes in the food regulatory environment, participating actively in the planning for implementation in Montana of the approaching on-farm food safety and other requirements called for in the new federal Food Safety Modernization Act. The Food and Ag Development Network is preparing Montana food and farm businesses to meet the new requirements.

During the reporting period the program continued to acquire new clients, again mostly food manufacturing clients, which is consistent with the trends in Montana's manufacturing sector. Food businesses continue to be the single biggest category of clients served, with the much smaller number of value-added agricultural businesses and renewable energy clients remaining fairly steady.

The center at Mission Mountain Food Enterprise and Cooperative Development Center at LCCDC is increasing its role in development of new markets for Montana's food producers, particularly in the institutional food service markets. MMFEC also continues its central role in assisting the entire Food and Agricultural Development Network's food business clients. The services it provides to food manufacturers across the state are principally related to food product development and the labeling and process verification requirements that apply to nearly all processed food products.

This program continues to rely on out-of-state resources to meet its clients' food science needs. The program participants continue to advocate for creation of food science capacity within

Montana, both to better facilitate and support expansion of the state's food manufacturing sector and to provide the education and training that the Food and Agricultural Development Network sponsors. The program is doing its best to meet these needs using resources from outside the state, and is largely succeeding, but acquiring in-state capacity for food science services would be a boon to the state's growing food manufacturing sector and this program.

The centers in the network have their niches in terms of each one's capacity to provide unique and complementary services needed by the program's clientele. The strategic planning process that the centers engaged in last October has resulted in stronger relationships among the centers, leading to increased collaboration and cooperation among the centers and enabling them to provide an enhanced level and range of services to businesses all across the state.

This report was submitted by:

Nancy Matheson, Special Projects Coordinator
Montana Department of Agriculture
Agricultural Business and Marketing Development Bureau
406-444-0131
nmatheson@mt.gov
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APPENDIX 1
Client Training

FY13 Food and Agriculture Development Network Training				
Start Date	End Date	Host	Training Title	Attendance.
6/26/2013	6/27/2013	MMFEC	Better Process Control School	17
6/24/2013	6/25/2013	MMFEC	Hazard Analysis Critical Control Point (HACCP) School	18
6/11/2013	6/11/2013	Headwaters	Intro to Web Marketing	12
4/25/2013	4/25/2013	MMFEC	Food Safety Management System Tool Kit Course	10
3/28/2013	3/28/2013	MMFEC	Multifunctional Agriculture	17
3/6/2013	3/6/2013	MMFEC	Wholesale Success (for produce farmers)	61
1/21/2013	1/25/2013	MMFEC	Montana Seed School	31
11/13/2012	11/20/2012	MMFEC	Ronan Ag Forum	20
10/5/2012	10/5/2012	MMFEC	NW Cooperative Food Summit	10 MT (150 T)
9/19/2012	9/20/2012	BPAW	Hazard Analysis & Critical Control Points (HACCP) Training	11

10 classes; total attendees: 207 Montanans

APPENDIX 2 Client Survey

Food and Agriculture Development Network Client Survey Questions

Part I. The following set of questions will provide a baseline that will help us enhance the effectiveness of the Center network in the years ahead.

1. Is your business currently in operation? (Yes/No, required)
2. How would you describe the stage of your business? (Picklist, required)
3. What year was your business established? (Number, required)
4. Including owners, how many full-time employees do you currently have? (Number, required)
5. Including owners, how many part-time employees do you currently have? (Number, required)
6. Including owners, how many full-time employees have you added in the past year? (Number, required)
7. Including owners, how many part-time employees have you added in the past year? (Number, required)
8. Did assistance from the Food and Ag Centers result in your business adding or retaining any jobs? Please select all that apply. (Multi-select, required)
9. How many different products or services does your business have? (Number, required)
10. How has the number of products or services changed over the past year? (Picklist, required)
11. Has assistance from the Food and Ag Centers helped you develop new products or services? (Yes/No, required)
12. Where do you currently distribute your products or offer services? Please select all that apply. (Multi-select, required)
13. Over the past year, has your business expanded its distribution or service area? (Yes/No, required)
14. Do you want to expand your product distribution or service area? (Yes/No, required)
15. What range most accurately reflects your annual gross sales for 2012? (Picklist, required)
16. How do your current sales compare to this time last year? (Picklist, required)
17. Did assistance from the Food and Ag Centers help you increase your annual revenue? (Yes/No, required)
18. Have the Food and Ag Centers helped you acquire any capital? (Yes/No, required)
19. During the past year, has your business undergone a major expansion or development in the following areas? Please select all that apply. (Multi-select, required)
20. In which areas are your greatest capital needs? Please select all that apply. (Multi-select, required)
21. Which of the following would benefit your business the most? Please select all that apply. (Multi-select, required)
22. Please list any services or trainings you would like to attend: (Single-line Text, required)
23. How would you like to receive business updates and resources from the Food and Ag Centers in the future? Please select all the apply. (Multi-select, required)

Part II. The following questions are about your experience working with your primary Food and Ag Development Center. If you have utilized more than one center, please rate the one you have been working with the most over the past year. At the end of this section of questions is an area for you to share your thoughts about any of the other Centers you have worked with. Some of the questions are about your experience, and ask you to fill in a text box to provide specific answers. Please be as detailed as you are comfortable with when providing a narrative answer.

24. Which Food and Agricultural Development Center do you consider the primary one you have worked with? (Picklist, required)
25. Please rate the overall quality of the service you have received from the Center you selected in the previous question: (10, required)
26. How was the Center's follow-up when you initially made contact? (10, required)
27. How was the Center's timeliness and follow-up once you formally became a client? (10, required)
28. How satisfied are you with the ease of utilizing Center services? (10, required)
29. How satisfied are you with the training opportunities that are available from your primary Center? (10, required)
30. What services have you utilized at your primary Center? (Single-line Text, required)
31. What other Food and Ag Centers have you worked with, and how do you feel about the services and training opportunities available? Please feel free to write about each Center you have worked with. If you have only worked with

your primary Center, please leave this field blank. (Multi-line Text)

32. Do you have any additional thoughts on how the Food and Ag Centers can improve their services or training opportunities? (Multi-line Text, required)

33. Have you recommended the Food and Ag Center services or programs to others? (Yes/No, required)

34. Please share any additional comments you have about working with the Food and Ag Centers. (Multi-line Text, required)