

## AGENDA PRIORITIES

5. Establish food business districts to encourage food businesses to locate in the same area and to support their collaboration.

### ENTREPRENEURS GROW IN CREATIVE PLACES

It's widely understood in economic development circles that if you want new entrepreneurs to start up and grow, a good strategy is to bring them together and let the creativity roll.

A good example is People's Pierogi Collective, which has grown in one year from a startup hot food cart at Detroit's Eastern Market to contract talks with local and regional grocers and requests to franchise nationwide. Founder Kimberly Stricker is keeping the franchise potential in mind as she ramps up her new business, currently at nine part-time employees and growing, producing pierogis (filled dumplings) for retail outlets and for expanded food cart sales at other farmers markets and locations around southeast Michigan.



Photo courtesy of [www.peoplespierogi.com](http://www.peoplespierogi.com)

Stricker attributes much of her success so far to the diverse community of customers, other small businesses, and related resources she has found in and around Eastern Market, a retail and wholesale hub for fresh food sales and local food enterprises since 1891. Just as economists predict, when similar businesses cluster together at places like Eastern Market, new products, sales, and needed facilities and services emerge.

Stricker was able to develop and test her product affordably at Eastern Market by setting up as a farmers' market vendor. Customers there are actually part of product development, coming up with ideas for pierogi ingredients. This "collective" approach and the company's ethnic Detroit roots are all part of its unique branding. Eastern Market staff also helped Stricker connect with others, such as a nonprofit organization that provided willing workers and kitchen facilities. They also suggested she consider using a hot food cart instead of a simple tabletop for marketing her product, which generated new business for an existing equipment fabrication business in the area.

"Eastern Market has really been pivotal," Stricker says. "It's a big part of what changed us into a real business."

#### **Opportunity**

Michigan has the potential to reduce its unemployment rate by nearly 1.5 percent over three years by committing to a comprehensive support system for agri-food startup success, according to a 2006 MSU Product Center study.<sup>1</sup> The report notes that nearly half of the jobs could come through relatively small investments in small businesses, which could emerge with more focused business development attention.

# AGENDA PRIORITIES

Making sure more Michigan communities have “food innovation districts” like Eastern Market is a powerful way to accomplish this. Such districts can provide valuable business-to-business synergy and stimulate development of new enterprises. Smaller-scale food processing and distribution often develops in conjunction with food innovation districts, which can serve as regional aggregation and distribution points for local products, or “food hubs.”

Frank Gublo, a business counselor with MSU’s Product Center for Agriculture and Natural Resources, points many entrepreneurs in the direction of Eastern Market and other places where they can hook up with and learn from other small businesses, and conduct low-cost market research and product development.

“I tell clients, before they launch, they should really be engaged in a community like that at Eastern Market, he said. “Even though they might not sell there for very long, people there know how to do things. It’s where they can go to learn and connect.”

## Need

While special business districts are common in local economic development, a focus on food business innovation in such districts is relatively new. Yet the concept is growing along with the many activities and enterprises one would find in such a district. They include community kitchens and nutrition education for local residents, retail and wholesale farmers’ markets, destination restaurants and food retail, and regional food hubs that provide space and services for area farms that need to aggregate, store, process, and further distribute their products.

To develop agri-food enterprises with food innovation districts in Michigan, local governments could use help designing such districts for their communities and building a package of incentives that can attract food enterprises and spur their growth.

## Action

**Michigan can take three clear steps forward for food innovation districts:**

1. *The state Legislature can spur food innovation district development with targeted incentives for them, such as tax abatements.*
2. *State economic development officials can work with local governments to package existing and new programs and incentives in support of food innovation districts.*
3. *Planning and development officials can provide land use guidance, such as a model overlay zoning district that can ensure land use compliance, encourage agri-food businesses to co-locate and provide a geographic focus to a community’s food business development efforts.*

## 1-2-3 Go!

You can get started by identifying likely spaces in your community for a food innovation district, and recruiting local and state officials to help in their development.

<sup>1</sup>Peterson, HC, Knudson, WA, Abate, G. (2006) “The Economic Impact and Potential of Michigan’s Agri-Food System” Strategic Marketing Institute Working Paper. The Product Center for Agriculture and Natural Resources at Michigan State University, No. 1-1606, January.