

Scaling Your Food Business with Financing

It's All in the Preparation

- Chris Wendel, Northern Initiatives
- Angelia Sharp, Detroit Development Fund
- Vicki Zilke, Zilke Farm Kitchen



WELCOME



Michigan Good Food Fund: HOW WE CAME TOGETHER

- Michigan Good Food Fund was born in June 2015 to work across the value chain to build an inclusive food system
- \$30 million public-private partnership with a range of financial and technical assistance



We lend across the value chain.



FUND IMPACT TO DATE

Growing Michigan's Good Food Future



**IN THE 2 YEARS SINCE
FUND LAUNCH...**



\$10.5+ MILLION INVESTED

In good food enterprises
from field to fork.



90+ BUSINESSES SUPPORTED

With financing and
business assistance.



7 WORKSHOPS & WEBINARS

From Business Boot Camp
to online webinars.



**390+ JOBS CREATED
OR RETAINED**

Across the state and the value
chain.

Cumulative results from Fund launch to August 2017.



We use a “Mission-Driven Scorecard”

Enterprises are reviewed based on mission alignment:



Healthy Food Access

Grow, process, distribute, add value, and/or sell healthy, whole, and minimally processed foods that are available and affordable in low-income and underserved communities.



Economic Development

Create quality jobs with benefits, a living wage, healthy, safe, and fair working conditions, and opportunities for training, growth, and advancement, particularly for low-income residents.



Racial & Social Equity

Owned and operated by or employ women, people of color, or low-income residents, and/or feature products or services that are culturally appropriate.



Local Sourcing

Source, sell, or make products from Michigan grown produce; support local vendors for other business requirements.



Environmental Stewardship

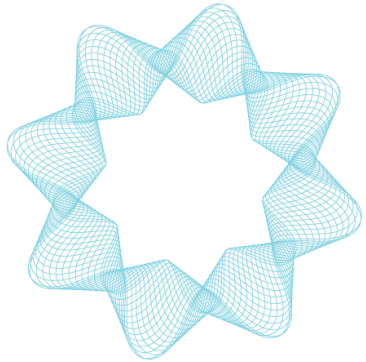
Sell or use produce or ingredients that are organic, sustainably-grown, and/or chemical-free, employ waste reduction strategies, and practice sustainable management of farm resources (if a grower).



WE ARE PART OF A LARGER COLLABORATION

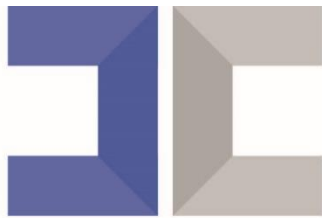


INTRODUCTION TO OUR ORGANIZATIONS



DETROIT
DEVELOPMENT
FUND

Helping You Get There



CAPITAL IMPACT
PARTNERS



NORTHERN INITIATIVES
Prosperity. That's Our Business

EXAMPLES: FEAST



EXAMPLES: The Local Grocer



EXAMPLES: Baobab Fare

BAOBAB *fare*



EXAMPLES: Torti Taco



Scaling Up

- What do we mean by scaling up?
 - Established Market Demand
 - Increased Market Demand
 - Wider Production & Distribution is Possible
 - It's a Viable Way to Grow the Business



Why Scale and Grow?

■ Use proven methods to increase sales

- Maximize equipment capacity
- Duplicate proven processes
- Increase customer base
- Increase Economies of Scale

■ Increase net profits

- Established Market Demand
- Wider Production & Distribution is Possible



When Does Scaling Up Become a Challenge?

- ❖ Demand and Orders Surpass Capacity
 - ❖ Equipment
 - ❖ Production Space
 - ❖ Facility
 - ❖ Personnel



Becomes a Cash Flow Issue

- ❖ Must Carefully Look at:
 - ❖ Anticipated Monthly Sales
 - ❖ Monthly Expenses
 - ❖ Accounts Payable (Money Owed)
 - ❖ Accounts Receivable (Money Owed You)
 - ❖ Seasonal Ups and Downs



Cash Flow Determines Money Needs

- ❖ Does the Company Have Cash On Hand?
- ❖ Is Additional Cash Needed?
 - ❖ Term Loan
 - ❖ Line of Credit



Where to Find Funding

- ❖ Savings
- ❖ Friends, Families
- ❖ Traditional Financing
 - ❖ Bank
 - ❖ Credit Union
 - ❖ Lending Intermediaries
- ❖ Investor Funding
- ❖ Crowdfunding
- ❖ Others



What Lenders Look For

- ❖ Cash Flow
- ❖ Colateral
- ❖ Industry/Trends
- ❖ Credit History
- ❖ Experience
- ❖ Management/Systems



Zilke Farm Kitchen



What Else?

- ❖ Tips
- ❖ Tools
- ❖ Practical Steps



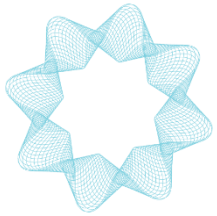
Q & A



THANK YOU!

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