

Report

Potential for a Food Processing Business in Hastings

For the Hastings Federation of Agriculture



Hart & Associates

Hart & Associates

Report: Potential for a Food Processing Business in Hastings

Completed for: Ms. Gayle Grills
Hastings Federation of Agriculture

Prepared by: Hart & Associates Management Consultants Ltd.

Date: May, 2009

Table of Contents

<u>Section</u>	<u>Page number</u>
I Background	1
II Your Objectives in Conducting this study	2
III Key Worksteps Taken	3
1. Meetings with the steering committee.	3
2. Review of economic development trends in the food industry.	4
3. Interviews and discussions with producers and growers in Hastings.	4
4. Surveys with growers and producers in Hastings	4
5. Interviews with potential customers to identify interest to match demand with supply.	4
6. Interviews with food processors to discuss co-packing interest.	4
IV Profile of Hastings County	5
1. Location of Hastings County.	5
2. Population and economic data on Hastings County.	6
3. The importance of the agricultural Sector to Hastings County.	7
V Results of Surveys.	8
1. Who responded to the survey.	8
2. What farmers grow in Hastings.	9
3. Off-farm Income	10
4. Number of years farming.	10
5. The size of farms	10
6. Sources of income	11
7. Interest in pursuing food processing idea	12
8. Could you increase production on your farm if a market could be found for the additional volume for you?	13
9. Would you be interested in adding or diverting some of your existing production to sell for a new market if one could be found for you?	13

Table of Contents

<u>Section</u>	<u>Page number</u>
10. Would you be interested in being involved in the start-up?	14
11. Would you be interested in investing?	14
12. What processed products could be developed?	15
13. What are limitations, hurdles or challenges ?	16
14. How best to sell to and reach consumers.	18
15. What types of consumers would be customers.	20
16. What consumers or sales channels should be targeted?	21
VI The Business Assessment	22
1. The number of farms in Hastings that could be suppliers.	22
2. New production volume will come with a lower profit margin.	26
3. What is happening in food promotions in Eastern Ontario.	26
4. The most likely products to promote.	27
5. The question of viability and a business strategy to implement	27
VII Conclusions	29
VIII Recommendations	31

I Background

The Hastings Federation of Agriculture undertook this study to identify how it could provide economic and employment growth for its agricultural communities. Specifically you wished to determine if a new food processing facility would be viable in the Hastings area.

Agriculture is one of the strategic sectors that Hastings County has focused on. Eastern Ontario has a number of advantages in the food processing industry including:

- low raw material costs
- high tech/biotech cluster
- local transportation
- low cost area (labour, land, others)

Hastings County has a population of 130,475 including Belleville and Quinte West and has an important food processing industry. As such the Hastings Federation of Agriculture wished to explore the creation of a food processing company to further add to the success of the Hastings economy.

The financial contributors to this study's budget were:

The Hastings Federation of Agriculture
Trenval Business Development Corp.
The County of Hastings
Eastern Ontario Development Program

II Your Objectives in Conducting This Study.

You wished to determine whether a new food processing facility would likely be viable in Hastings. In addition you placed several conditions on this plant as follows:

- the plant was to be located in Hastings
- it would use Hastings agricultural products or produce.
- it would sell products to Hastings area retailers and market

This focus of this study was to determine the business evaluation for potential of Hastings developing a food processing business.

The Market Assessment.

Our work focused on identifying the potential supply available from Hastings producers and to identify customer demand. The business segment of this stage also determined the best food processing business model.

The market study focused on:

1. Identifying the product focus on this proposed food processing plant.
2. Identifying the source of the product
3. Identifying the customers and likely demand.

The study was to provide conclusions on how best to proceed with developing a food processing entity in Hastings and provide a set of recommendations to help you implement the recommended strategy.

A feasibility assessment was originally planned for this study was excluded from the terms of reference of this study at the beginning due to budget restrictions. This phase could be included in the next stage of a business development of step.

III Key Worksteps Taken

Hart & Associates conducted a number of worksteps to complete this study. We specifically designed the workplan to ensure that we invited local producers to provide their input and suggestions for this proposed venture as they will be the key stakeholders and beneficiaries of the business. We also developed worksteps to ensure that we profiled the demand or customer side of this business. Included were discussions with potential partners from not-for-profit and neighbouring counties.

The key worksteps of this study were:

1. Meetings with the steering committee.

The steering committee for this project comprised the following members:

Gayle Grillscrest	Hastings Federation of Agriculture
Andrew Redden	Economic Development Officer for County of Hastings
Eric Lawlor	Rural representative for OMAFRA.

These meetings, both in personal and telephone meetings included the following:

- Kick-off meeting.
- Status report updates
- Discussions of interim findings
- Discussion of key findings review
- Final report meeting

2. Conducted a review of economic development trends in the food industry.

Reviewed reports and held discussions with industry representatives in Canada and the U.S. on economic development in the food processing industry. We conducted interviews and obtain information from the following organizations.

- Ontario Ministry of Agriculture Food and Rural Affairs.
- Agriculture and Agri-Food Canada.
- other provincial agricultural ministries
- U.S. governments (federal, state and county)
- U.S. industry food associations
- Statistics Canada

3. Conducted interviews and discussions with producers and growers in Hastings.

Conducted personal and telephone interviews and held a group community meeting interviews with a wide selection of individuals including those from:

- producers and growers
- economic development officials in eastern Ontario and other regions of Ontario.

4. Conducted surveys with growers and producers in Hastings.

- mailed in survey
- e-surveys.

5. Conducted interviews with potential customers to identify interest to match demand with supply.

Conducted telephone interviews with retailers, restaurant and inn owners, caterers in Hastings and Eastern Ontario.

6. Conducted interviews with food processors to discuss co-packing interest.

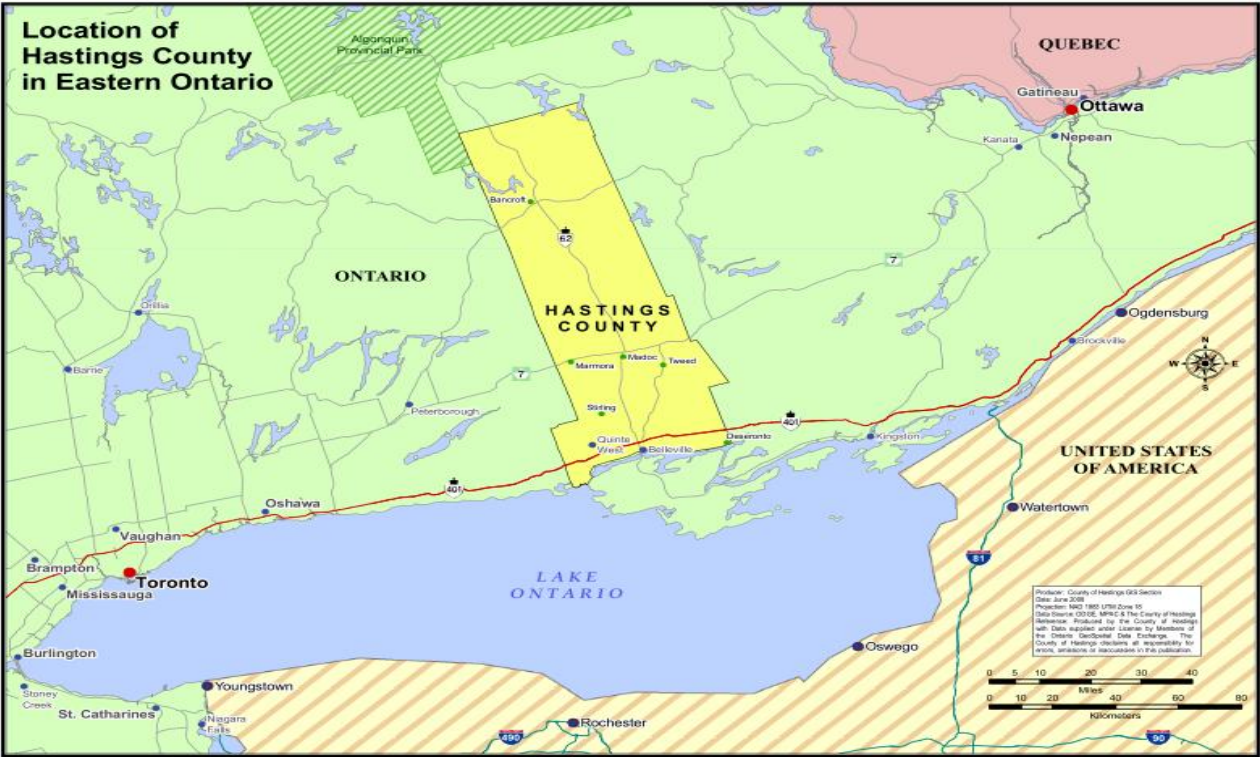
Conducted interviews with senior management and production managers at food processing plants in Hastings and Eastern Ontario to discuss interest in co-packing opportunities.

IV Profile of Hastings County

1. Location of Hastings County.

Hastings County, located 170 Kilometres east of Toronto, stretches from Belleville at the southern end to Bancroft to the north. The cities of Belleville and Quinte West are within Hastings but are separate entities from the cCounty.

**Exhibit IV-1
Map of Hastings County**



2. Population and economic data on Hastings County.

Some key information about Hastings:

Population, (Hastings county): 38,960

Population
(including Belleville and Quinte West: 130,475

Median income \$23,916
(compared to \$27,258 for Ontario)

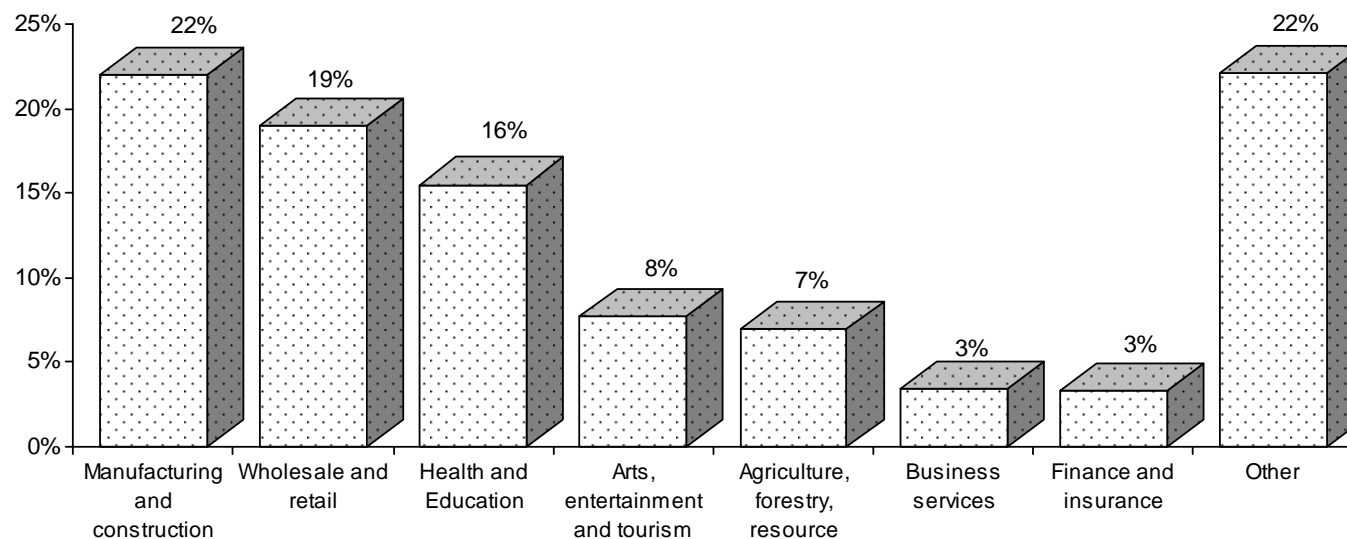
Population growth 2001-2006 Hastings County 1.1%

Population growth 2001-2006 Ontario 6.6%

3. The importance of the agricultural Sector to Hastings County.

In employment terms, the agricultural sector ranks 5th in Hastings but is an important economic and social fabric sector for the county. According to Statistics Canada, Hastings had 1,146 farms in 2006.

**Exhibit IV-1
Percentage of Hastings Jobs By Sector**



The agricultural sector was targeted as the top strategic industry sector in the 2008 County of Hastings Economic Development Strategic Plan. This report calls for development and promotion of the Hastings agricultural industry.

V Results of Surveys

-8-

The following chapter provides a discussion of the results of our mailed in and e-surveys completed by Hastings area agricultural producers.

1. Who responded to the survey.

We received a total of 48 returned surveys:

- 14 mailed-in

- 34 e-surveys

 - 34 from farmers from Hastings

 - 2 from farmers outside of Hastings

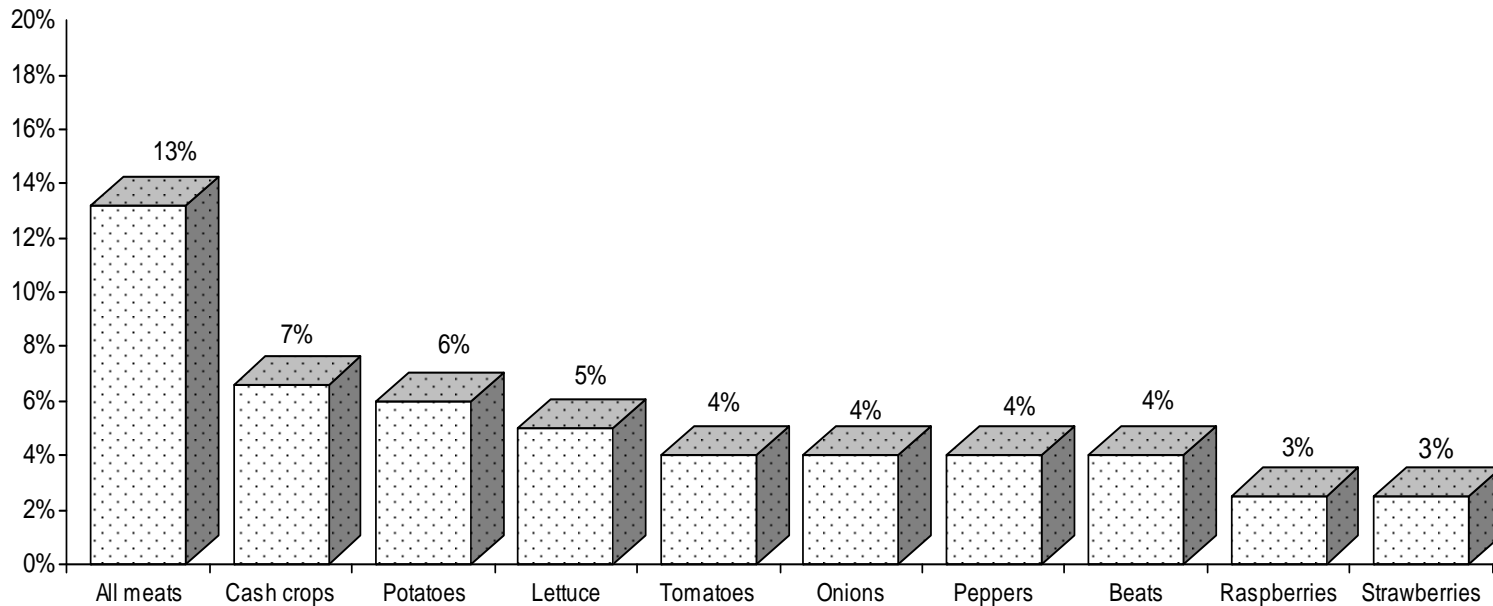
 - 12 from others with ideas to contribute.

We received both responses to questions as well as comments and suggestions from respondents. Our tracking system showed that respondents took an average of 15 minutes to complete the on-line survey.

2. What farmers grow in Hastings.

Hastings farmers grow a wide variety of produce and meats. As a later question reveals, most of the large acreage farmers are involved in beef and cash crops (corn, hay). Most of the remaining farmers grow vegetables with only a few growing fruit. These farmers consist of both sizeable farm operations and a large number of small acreage operations. Hastings is similar to other Eastern Ontario counties where farms are small compared to the large commercial scale fruit and vegetable producers located in areas such as the Holland Marsh, the Niagara Peninsula and Leamington areas of Ontario.

Exhibit IV-1
Hastings Farm output by commodity and crop
(Percentage of farmers reporting)



3. Sources of Income.

Farm income	46%
Off-farm income	54%

Overall off-farm income accounts for 54% of the farmers total annual income. Many of those making off-farm incomes operate smaller farms (under 75 acres).

4. Number of years farming.

Average	20.5 years
Longest	55 years
Shortest	1 year

The average farmer in this survey has been operating a farm for just over 20 years. The average is pulled up by many of the beef and cash crop farmers who have been operating multi-generational farms. Those growing vegetables and fruit typically have been doing so for less than 20 years.

5. The size of farms.

Average:	283 acres
Largest	1,200 acres
Smallest	35 acres

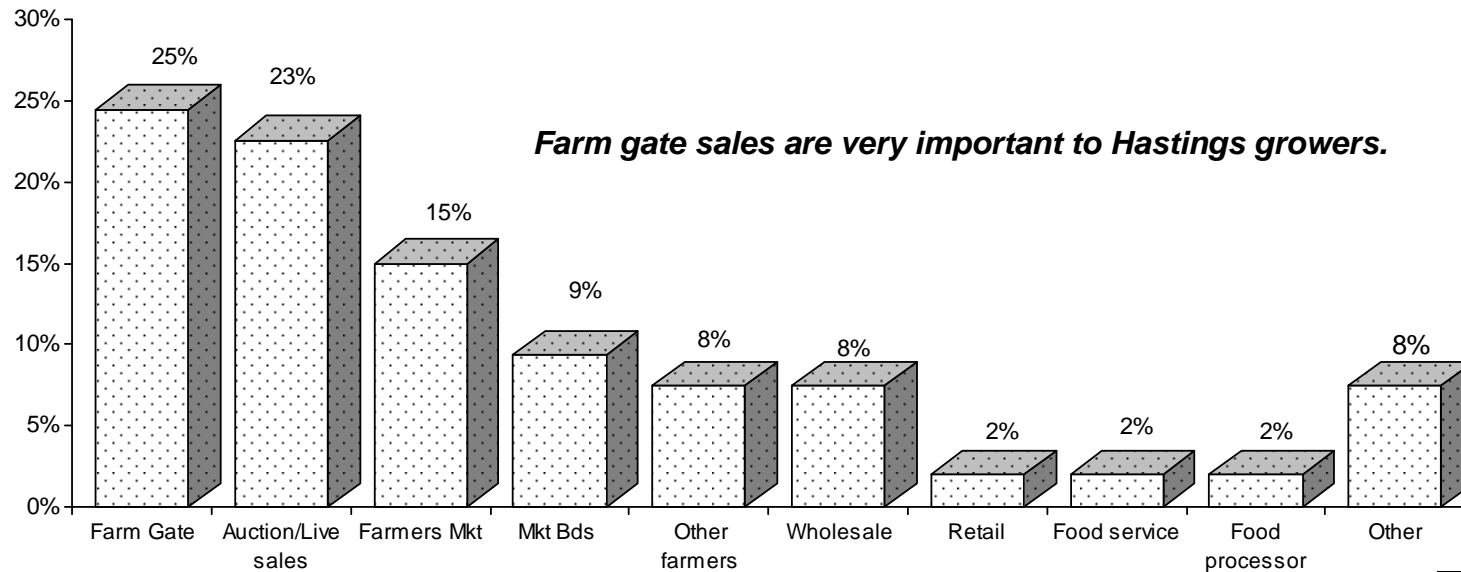
The average farm represented in this survey was 283 acres with the largest at 1,200 acres. As previously mentioned, the large farms were typically the beef and cash crop farms. The smaller farms consisted of berry growers and vegetable operations.

6. Sources of income for Hastings farmers.

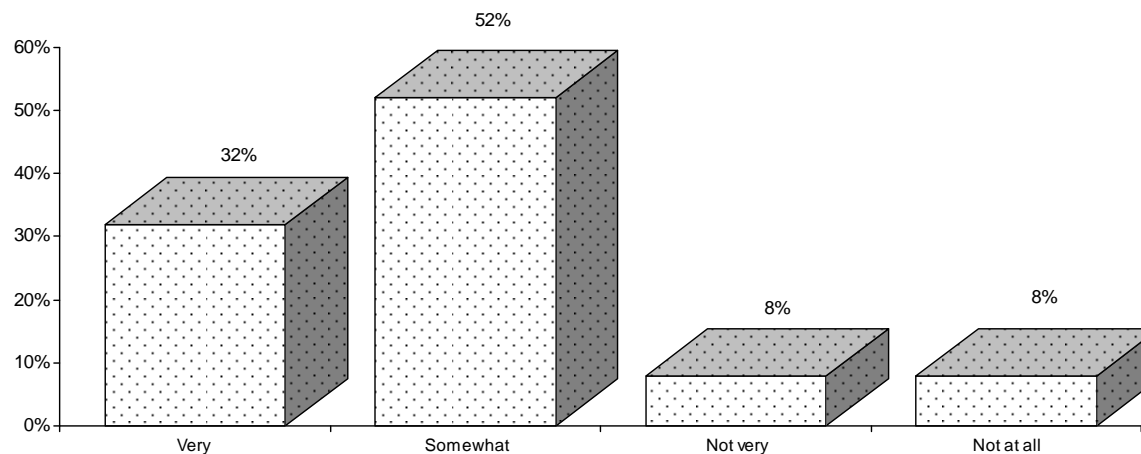
We asked farmers the source of their farm income. Farm gate sales, live auction and farmers markets were the three top sources for farm products and produce overall. The source of income depends on the product. For example milk and egg producers must sell through their marketing board (to dairies and egg packagers) while meat, vegetable and fruit producers have a number of different customers including farm gate, farmer markets and distributors.

Many Hastings producers now receive retail prices.

Our discussions with producers revealed a key finding as it relates to the proposed Hastings Food operation. Farmers that sell at their farm gate or farmers market receive at or close to full retail price for their products. If farmers will supply the proposed Hastings food processing operation product, it is logical that producers will continue to sell their existing at farm gate or farmers markets to receive their retail prices and provide any new production volume to the Hastings Food operation at a wholesale price level. From an income maximization standpoint, producers will sell any existing volume at retail and surplus or new production volume to the Hastings Food any operation at wholesale prices. A later question confirms that indeed Hastings producer are interested in increasing production to supply additional output to a Hastings Food operation.



7. Interest in pursuing food processing ideas



84% are either “very” or “somewhat” interested in pursuing food processing ideas

We found that 84% of the farmers were interested in pursuing food processing ideas. The support came from those operating large and small farms and was equally shared across most product categories. The lowest interest came from cash crop farmers.

8. Could you increase production on your farm if a market could be found for the additional volume for you?

Yes	84%
No	16%

9. Would you be interested in adding or diverting some of your existing production to sell for a new market if one could be found for you?

Yes	84%
No	16%

The results of the last two questions confirm that producers are interested and would likely increase their farm production levels if new markets could be found. Our individual discussions with farmers also revealed that most would welcome the opportunity of growing more vegetables, fruits or raising more goats for example if a market facilitated through the Hastings Food operation could be found.

To help gauge interest in this initiative, we also asked respondents to tell us whether they would be interested in organizing or management the operations. Thirty-eight person o the people said they would be interested in both the management and possibly as an investor. This translates into about 18 people. These individuals may be called on to participate in the Hastings food processing operation when it is established.

10. Would you be interested in being involved in the start-up, management or operations of a new food processing business if one were started in Hastings?

Yes 38%
No 62%

11. Would you be interested in investing in such a business if one could be developed?

Yes 38%
No 62%

12. What processed products could be developed using Hasting's grown products?

We solicited ideas from the survey participants about what products they feel could be produced using Hastings grown product. Some of these suggestions include:

- meat products, organic beef
- develop "Locally Grown" as a beef brand.
- locally produced, finished and processed meats
- freezer trade meat
- artisan cheese made from local goat, sheep and water buffalo milk
- goat cheese
- local cheese- would contribute to Eastern Ontario Cheese cluster
- sausage
- meat products like sausages
- canned goods
- frozen fruits and vegetables
- jams, jellies and pickles as well as chili sauces and dehydrated apples and tomatoes.
- local berries are not available in stores.
- local flour, local preserves
- maple syrup products
- granolas using organic grains
- canned goods, preserves

13. What limitations, hurdles or challenges would producers face in increasing farm production?

Survey participants provided numerous examples of hurdles that they expect to face if they increased production to meet the demands of a Hastings Food operation.

Some of the main hurdles site include:

Not enough land, especially pasture

Cost of adding production

Receiving wholesale prices vs.retail

Limited size of the farm and have heavy soil - must produce what it will grow.

Slaughter facilities are over 100km away

Need to add livestock housing.

Labour costs & equipment

Wages (and good help!)

First priority is what we can produce in our soil, in future years is may be staffing issues

Purchases of new equipment

Cost of quota (milk)

Limitations (continued)

We need to develop markets for products other than farm gate sales.

Location, customers want a shopping experience, we'd need to create large display gardens to attract more

Customer awareness, we'd need to increase our marketing budget dramatically

Without a stable, long term market which can consistently show a positive return on investment (profit) why would anyone expose themselves to more financial risk by increasing production?

Combined resources, time and marketing
time & money

14. How best to sell to and reach consumers.

We received a number of suggestions as to how best to promote a Hastings food product including the following: .
- Have farm gate tours
- have a "Savour Hastings" program which would be a promotion of restaurants, Inns, B&Bs serving local Hastings produce/foods
- Look at culinary tourism through the Ontario Culinary Tourism group
- Have a dedicated group approach restaurants in the cities like Belleville, Kingston etc. and get them to buy more local produce from Hastings
Develop a common directional signage plan to help consumers find local growers and allow signs free of charge on major roadways for farmers. Also, help different growers to come together and create "sampling" groups that can take the produce or processed food out to various special events in the county. This may require a coordinator to bring the various growers together and develop "menus" that can be taken out to various gatherings, special events etc. in Hastings County.
regular market presence
Don't just promote farmgate sales.

14. How best to sell (continued)

- local ads
- relax regulations
- farm gate, farmers markets, local advertising
- Samples at farmers market on a regular basis
- Use Coop style booth at a farmers market so that more than one producer could be represented by one person in one location
- Consumers should be organized into significant groups so they could talk to potential producers and suppliers. This could be done by approaching existing labour unions and suggesting that they expand their mandate.
- Use the area branding of identification, ie. Taste of the County, Harvest Hastings, etc.
- Local farmers map showing produces who do farm gate sales. Along the lines of a "wine tour" we do a farmers tour.
- advertise, getting the products in local grocery stores, farmers markets,
- Establish local Branding EG: ComfortCountry
- By processing fresh items in a licenced kitchen the products can be sold in local stores and restaurants not just at the farm gate.
- Work with retailers to source product locally
- Since large scale processors seem unable to compete with multinationals any new processing should be aimed at the premium market. Lots of support from local food outlets, 'new' delivery systems, for convenient, low cost delivery (i.e. like delivering local frozen salad or soup through a vending machine)
- brand the area
- get producers and growers LFP certified
- co-brand with neighbours

15. What types of consumers would be customers.

- Target Hastings county residents to buy locally produced goods and tourist sales to bring in new dollars to the area
- Organic/natural/locally grown products
- People who are looking to buy local, the health conscious, tourists, environmentalists
- local people, so we are looking are reducing carbon footprint
- young families
- urban
- smaller "Specialty "stores
- Customers who want to know where their food comes from and what went into making this local product. - Customers want the story behind what they are paying for, and they deserve the story and the best product Hastings can offer.
- Gen X
- The cashed up baby boomers who are very used to quality and are happy to pay for it if the product is good quality and represents value.
- co-operative efforts
- word of mouth
- local food stores & restaurants

16. What consumers or sales channels should be targeted for a Hastings food product?

Market to Toronto's, Ottawa's and Kingston's farmers markets. Get local goods into those areas to make cities more aware of what's in their own Ontario backyard
Those consumers who are interested in healthy eating. They will have to be convinced that locally produced food will not be dramatically higher priced than imported foods.
I think we should first concentrate on getting our local people to buy local produce. The farmer's market is busier with city folk than locals. An effort to bring local foods to various local events/sponsored by local growers, would increase this awareness. This can certainly be tied in with the 100k idea.
local bulk stores and boutique country stores
vegetarians health conscious organic eaters milk product allergic consumers
Organic Locavores

VI The Business Assessment

This section of the report provides our findings on additional research we developed that helps the reader further understand the focus and opportunities for the proposed Hastings food processing operation.

1. The number of farms in Hastings that could be suppliers to the Hastings Food Processing Company

Statistics Canada reports that there are 1,146 farms in Hastings County. We further analyzed this data and present the number of farms by commodity or grower type on the following page. Based on the results of the survey conducted for this study and our discussions with producers, we also show in the right hand column below the number of farms by product type that could potentially be a supplier to the proposed Hastings Food Company.

To develop this count, we discussed the opportunity of each of these types of producers in Hastings to supply produce or product to the Hastings Food Company. We feel there is a good fit for producers of vegetables, fruit as well as producers of goat milk and some meats. At the time of this project, the meat producers through their industry association were developing their own value-added strategic plan. While the final results of this study was not available at the time of this writing, it is believed that some beef producers in Hastings could be a supplier to the Hastings Food Company. As a result, we have conservatively estimated that about one-third of the Hastings beef producers could be a supplier to this proposed food processing operation.

Two hundred growers in Hastings could be suppliers to the Hastings Food Operation.

As the following table identifies, we estimate that there could be 200 Hastings suppliers to the proposed Hastings food processing operation from the dairy, goat, sheep, fruit and vegetable sectors. Further identifying the product matches will be one of the key outcomes of the proposed market development phase of this venture. Further evaluation will be required to determine interest, capacity and product focus however we feel this is a realistic estimate at this time of the potential suppliers to the proposed Hastings food processing operation.

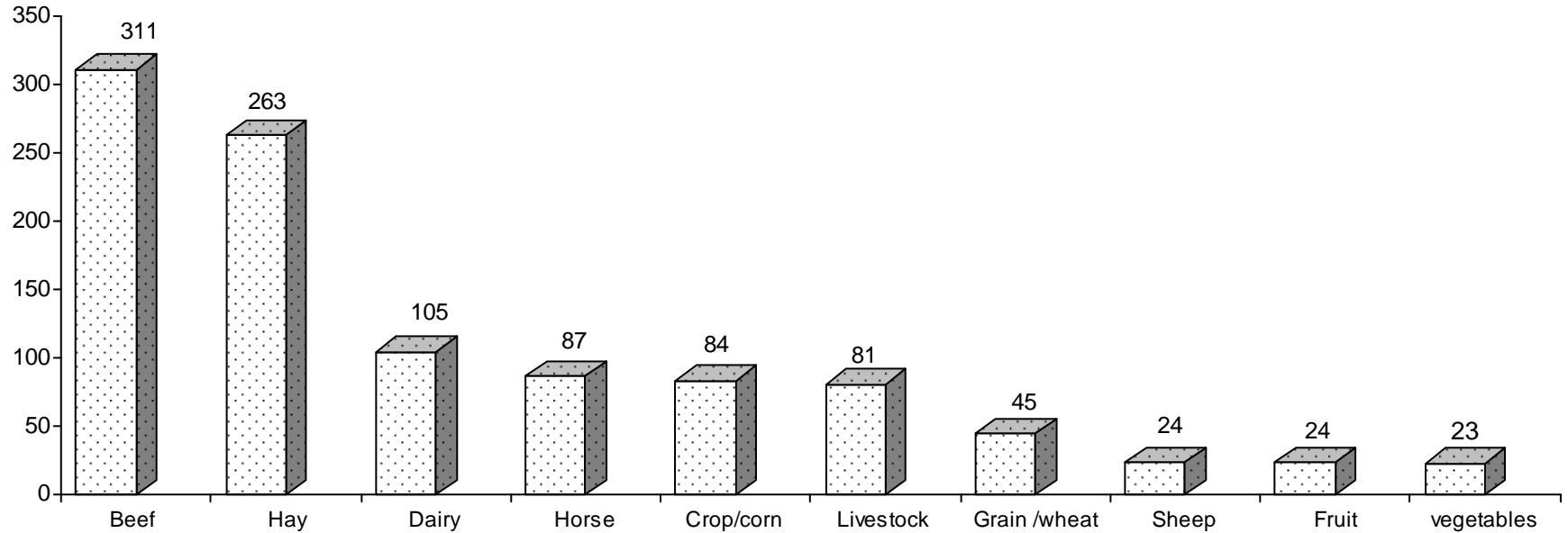
Exhibit V-1

Number of Potential Suppliers to the Hastings Food Processing Company

The table below shows the number of producers by commodity type in Hastings as of 2006. The middle column shows the estimated number of producers by sector that potentially could be suppliers to the proposed Hastings food operation.

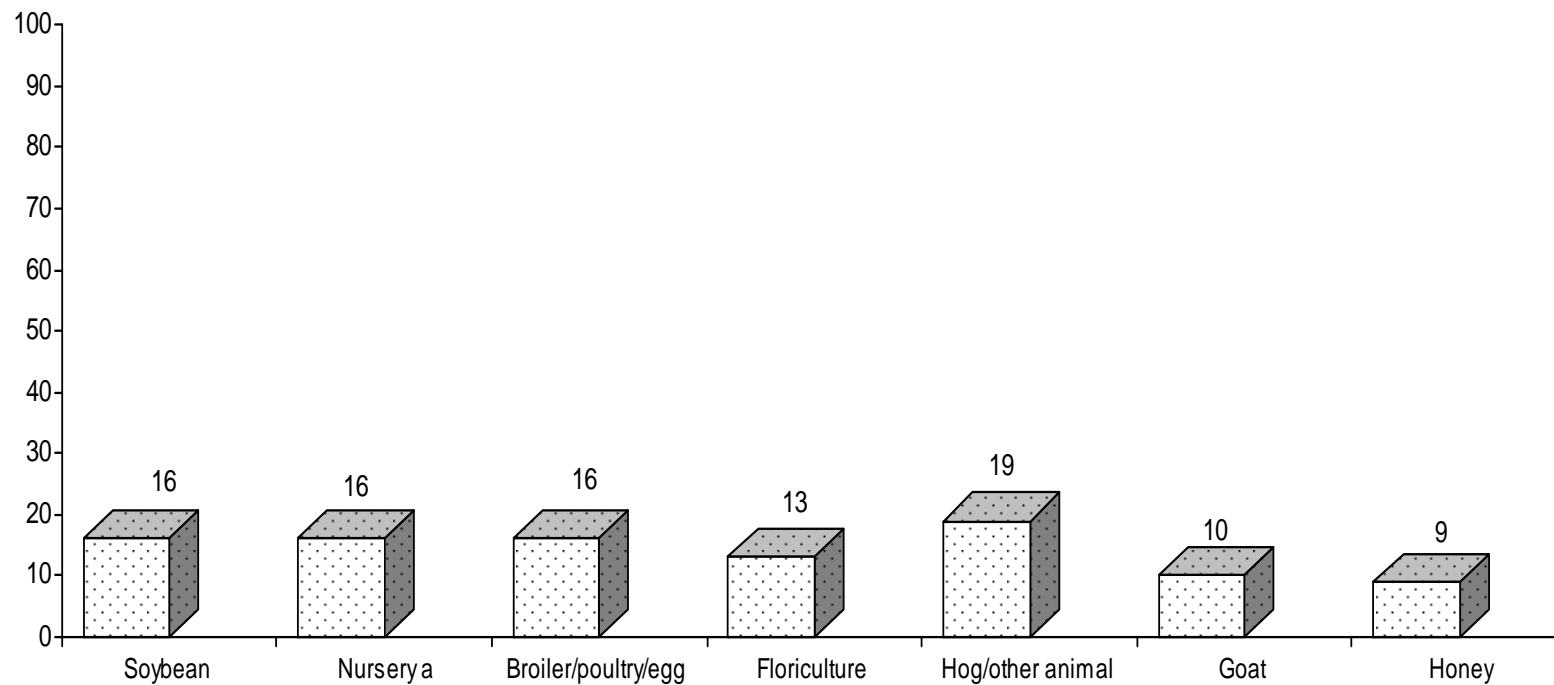
Potential supplier to Hastings Food Company		Total number of farms	
		Yes	No
Beef	311	75	236
Hay	263		263
Dairy	105	35	70
Horse	87		87
Crop/corn	84		84
Livestock	81		81
Grain /wheat	45		45
Sheep	24	24	
Fruit	24	24	
vegetables	23	23	
Soybean	16		16
Nursery a	16		16
Broiler/poultry/egg	16		16
Floriculture	13		13
Hog/other animal	19		19
Goat	10	10	
Honey	9	9	
Total	1146	200	946

Exhibit V-2
Number of farms by Commodity or Crop
(Statistics Canada data for Hastings County)



Reflecting the results of our survey in this study, beef producers and hay producers are the largest commodity sectors for Hastings County.

Exhibit IV-2b
Number of farms by commodity and crop
(Statistics Canada data for Hasting)



This chart shows the number of farmers for the remaining product categories for Hastings.

2. New production volume will come with a lower profit margin.

Developing new demand for Hastings farm products will mean that the new production volume for many farmers may be at wholesale level, not the retail level. This means that new incremental farm production going to a new Hastings food processing operation will provide a lower profit margin for farmers but it will add to their total revenue and total profit. For example, from our discussions with some beef farmers in Hastings that they now sell beef at about \$3.20 a pound for freezer beef sales. Any food processing operation generated in Hastings would pay the wholesale price-typically 30% or more off this retail price. However, farmers could add production to their farm for beef (or fruit and vegetables) still keeping their farm gates sales and obtain new sales albeit at a lower profit margin.

3. What is happening in food promotions in Eastern Ontario.

There are a number of other economic development and promotional initiatives now underway in Eastern Ontario and across Ontario that we recommend this food project tie into and work with. Some of the main initiatives include:

1. The Four County Initiative.
2. Harvest Hastings.
3. Taste of the County
4. Culinary and food promotion programs provided by OMAFRA.

A number of these programs are promoting grower promotion programs for fresh produce. Hastings should coordinate and work with these counties to leverage awareness of grower supporter programs. Harvest Hastings, for example, should play an important role in encouraging consumer interest in buying locally produced product.

4. The most likely products to promote.

-27-

We feel that this proposed Hastings food project focus on:

- flash freezing fruits such as strawberries, raspberries and other berries.
- selling finished beef to local specialty butcher shops
- processing jams, jellies, sauces using Hastings berries and vegetables
- cheese products
- specialty soups
- other products as identified in the next development stage of this project.

5. The question of viability and a business strategy to implement.

The central question we were asked to address was whether and under what conditions would a Hastings food processing plant be viable. Based on the diverse and relatively small scale production of the Hastings farm community and given the wide variety of products that could be made, we do not recommend that Hastings build a food processing plant to provide a matching of Hastings supply to the market demand.

A. Another approach is recommended - A Co-packing strategy.

However we do recommend that the initial objectives set out in this study could be met by the Federation following a flexible production business model. Rather than investing significant funds in one food processing plant, we recommend that Hastings develop a business that produces products by co-packing with existing food manufacturers.

The mandate of this company therefore will be to:

- source product from growers in Hastings and other areas to produce a set of products that meets the needs of customers.
- reach co-packing arrangements with Hastings and surrounding area food processors that specialize in each of the products this company will produce.
- create a brand and market and sell products to your customers.
- this business will focus on producing, selling and marketing processed foods.

B. Your Customers.

We see the main customers for this operation as:

- specialty food stores in Hastings and elsewhere
- mid and fine dining restaurants
- local and regional retailers
- caterers, inns

Due to the low volume and seasonal nature of the output we do not see you selling to major grocery chains

C. Your Business Strategy:

- Identify and strike co-packing arrangements with food processors in Hastings and other regions of Ontario.
- Use existing food plants to produce, package and ship product (until such time as a full-time plant can be warranted)
- Use shipping and cold storage facilities on a contract basis in Hastings
- Work with and create partnerships with organizations such as:
 - Harvest Hastings that could assist in building awareness and markets
 - Other counties in Eastern Ontario (Prince Edward County and the other Four County partners) to widen the sourcing opportunities to leverage efficiencies for the overall operation.
 - "Taste of the County" and OMAFRA culinary promotional programs.

This approach greatly reduces the need for capital and hence, reduces the business risk on the part of funders, allows time to test the viability of the products and leverages the existing food safety practices already in place at existing food processing plants.

VII Conclusions.

-29-

The results of the survey as well as our discussions with industry representatives lead us to the following conclusions.

1. There is a keen interest among Hastings agricultural growers to expand markets to increase their production levels and revenues by starting a food processing operation.
2. This interest is shared across all agricultural product segments from meat and dairy/cheese to vegetable and fruit growers.
3. There is likely a demand for Hasting produce and products.

We conducted interviews with:

- food processors in eastern Ontario
- owners of inns and spas, caterers.
- selected retailers.

We found that, with conditions, many do have an interest in buying locally grown and processed foods. Some of these conditions include buying fresh produce from “local” producers and processors meaning that customers located in Prince Edward County for example would prefer to buy from a Prince Edward County supplier for fresh fruit and vegetables. However, processed foods such as jams, sauces and cheeses would face a less restrictive distance condition which would open up the whole Eastern Ontario market for any Hastings produced food products.

4. Products we feel would effective for Hastings include:
 - Artisan cheeses Goat cheese
 - Jams, sauces, pies
 - Specialty soups

5. Follow a co-packing business model.

Follow a co-packing business model that allows the Hastings Food processing company significant flexibility and leverage in developing networks with growers and customers, developing products and forging processing, packaging and food development initiatives with existing food processors in Hastings and surrounding counties.

This provides considerable advantages for Hastings:

- Reduces the capital requirements to enter the business.
- Reduces the business risk
- Relies on the experience of existing food manufacturers for expertise in food recipe formulation and food development, food production, safe food handling and HACCP requirements.
- Assistance in food labeling design, storage and distribution would also be provided under this model.

The success of this business will be its ability to contract with Hastings suppliers for the right products, to develop and market processed products and secure customers that provide good profit margins to allow this business to be financially self-sustaining.

6. This business could be established as a co-op or a not-for-profit structure.

While some individuals expressed an interest in investing in a food processing venture, we suspect that at least in the early stages, that this venture would be structured as a co-op, community based business. This business model may fit the financial needs of the proposed venture as very little investment will be needed for assets as a co-pack operation is recommended. However, there will be requirements for cash flow to fund the start-up and development stages until the business becomes financially self-sufficient.

VIII Recommendations.

-31-

To help this business move to the next stage, we have developed several critical recommendations.

1. Undertake a detailed market and business evaluation.

We recommend that the Hastings Federation of Agriculture examine the co-packing business model further. Although this study points to interest from Hastings producers, the scope of this project did not allow for a comprehensive evaluation of customer demand or food processing capacity. Therefore, we recommend the following:

1. Define customer demand.

Before Hastings proceeds to an implementation stage, we recommend that it conduct a customer needs assessment for the following segments:

- small and independent retailers in Eastern Ontario
- inns, caterers and fine dining restaurants.
- regional farmers markets.

2. Identify potential co-packing partners.

We also recommend that this next evaluation examine in detail and prepare a food product matching of food processing companies that could be a business partner for Hastings for their first stage production phase.

This project could be funded by OMIF as it appears to meet the local food production and distribution requirements of this program. The funding should be secured such that this phase of work could commence by late summer.

3. Develop a feasibility assessment and business plan.

Some of the specific elements would be:

- identify the scale of the operation or perhaps scalable options in terms of size of plant and production volume
- identify the capital cost structure of the business
- identify the “break-even” level
- prepare pro-forma income statements

2. Hire a contract business manager to drive this initiative.

At the conclusion of the market development and business planning stage, we recommend that Hastings hire a business manager to help launch the enterprise.

We suggest that several key steps need to be taken to allow this initiative to:

- arrange co-pack agreements.
- develop a critical mass of Hastings producers willing to contribute product.
- develop product offerings, food formulations, packaging, labeling
- secure customers in all segments (retail, restaurants, food service)
- coordinate the marketing of products including items such as:
 - branding
 - relationship and potential programs with Harvest Hastings
 - partner with programs “Taste of Ontario” , Harvest Hastings and others.

Funding for this individual could possibly be provided by an OMIF grant.