

Preliminary Analysis of Interviews with Key Stakeholders
SJR 13 Interim Study on Redevelopment of a Montana Food Processing Industry

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SJR 13 identifies 15 categories of key stakeholders to consult for input on how to improve food processing in Montana. These categories are: producers of livestock and crops; value-added meat processors; value-added nonmeat food processors; public and private economic developers; nonprofit, community-based food system advocates; Montana State University-Bozeman agriculture extension agents; Montana State University-Bozeman extension nutritionists; University of Montana-Missoula food system researchers; Agriculture Development Division staff at the Department of Agriculture; Business Resources Division staff at the Department of Commerce; food distributors and wholesalers; state legislators; the Governor's Office of Economic Development; the food and consumer safety section staff of the Department of Public Health and Human Services; and the Department of Livestock.

During September and October 2007, Grow Montana carried out 18 interviews with such stakeholders. This is not a representative sample, but it is significant that there were so many common responses across the different stakeholder groups. Additional interviews will be conducted; we welcome suggestions for potential interviewees.

In the course of the interviews, many barriers to redeveloping food processing in Montana were identified. The following presents possible solutions to these barriers. The numbers in brackets indicate the frequency with which a major theme was mentioned.

I. Perceived barriers to value-added food processing in Montana:

1. Lack of technical and marketing information and know-how, or a central clearinghouse for information and technical assistance (especially at local/extension level) [13 of 18]

<p><i>"Montana needs education or recruitment of people knowledgeable in value-added."</i> --Jon Stoner, Director, Montana Grain Growers</p>

2. Lack of processing infrastructure/facilities (existing plants are old, inefficient) [8 of 18]
3. High costs (transportation, energy, equipment/maintenance, marketing, insurance, technical assistance) [7 of 18]
4. Lack of capital (one person noted that Board of Investments Program requires too much equity; existing programs tend to favor larger, more capital-intensive projects) [7 of 18]
5. Need for a more cooperative and entrepreneurial climate (includes few cooperatives; go-it-alone-attitude; and ag and nutrition programs working separately) [7 of 18]
6. Regulations (often complex and overwhelming; force facility and process upgrades that can be positive but costly and burdensome; small businesses must operate under the same

regulations as large plants/companies; state inspected meat products must stay in state) [6 of 18]

7. Lack of transportation networks (including distribution and warehousing) [5 of 18]
8. Shortage of skilled labor (includes young people moving away and losing people to retirement) [5 of 18]

Less frequently mentioned responses include: lack of incentives for processing (financial and market-based); lack of political support; lack of support for organic; and broader market factors (e.g., low margins on food products; lack of fair prices; economies of scale; lack of efficient production/volume).

II. Perceived needs and opportunities related to overcoming barriers:

A. Promote research and training in the University System and other appropriate agencies.

Some specific suggestions include: [16 of 18]

1. Food Science Program at MSU with satellites at colleges and universities around the state
2. Focused feasibility studies to examine the barriers, needs, and opportunities for value-added food processing in specific markets around the state
3. Value-added food processing and workforce training (including a College of Technology training program for meat processors)
4. Increased marketing assistance (e.g., product formulation; labeling; Montana food branding; nutrition; sensory analysis)
5. Increased business planning assistance
6. Assistance with health and safety regulation compliance (e.g., web- and print-based clearinghouse)

“We need to address the University System to develop a core group of experts in this state to focus on food science and food production.” --Mary Stein, MSU nutritionist

B. Establish food-processing centers throughout the state to meet regional processing needs. [14 of 18]

1. Many respondents (7) specifically mentioned the need to establish 5 or 6 more facilities like the Mission Mountain Food Enterprise Center in Ronan. MMFEC provides marketing assistance, business and cooperative development incubation, technical support, a certified commercial kitchen and processing facility, and specialty food services. Additionally, chef programs and shared-use kitchens were also mentioned.
2. Some specific processing needs mentioned included: 5-6 small (12-15,000 head/year) beef packing plants throughout the state; a rendering plant; hog processing facility; chicken processing facilities; regional fruit and vegetable processing facilities; organic food grade oil seed processing plant; lentil decortications plant
3. A variety of promising products were identified as having potential for processing (including processed meat such as pork and beef; processed grain; baked goods; food grade oils; vegetables such as carrots and potatoes; legumes; dairy; freeze-dried foods; organics; and seconds processed into saleable products)

“We need more processing centers like MMFEC that can help producers prove that their product is marketable and can be done. Then those farmers would be able to go to the bank for loans to build higher volume.” --Billie Lee, Lake County Community Development Corporation

C. Promote communication, networking, and partnerships among the various players in Montana’s food system, including industry, universities, regulators, and funding sources. [9 of 18]

“Networking is key. Industry needs to work with academia as well as government regulators.” --Carol Olmstead, Meat Inspection Division, Department of Livestock

D. Expand availability of capital that can be both long term and low interest, including: [9 of 18]

1. Grant and loan programs (including improving and expanding the Growth through Agriculture Program and allowing funding for experimental projects)
2. Economic development funds (for non-profit economic development agencies and others)

“We need grant programs, dollars, incentives. Period. We’re doing it with energy, now we need the same types of things for local food processing. People in Montana have great ideas, but it all takes dollars. It all comes down to money.” Chris Aageson, Governor’s Office of Economic Development

E. Design and implement targeted incentive programs. Specific ideas included: [7 of 18]

1. Tax incentives for private enterprise to purchase locally-produced food products
2. Tax credits for start-up businesses for the first five years
3. Programs to encourage market-based incentives (i.e., promote consumer demand for Montana products)
4. Other infrastructure incentives such as water and railroad access
5. Subsidies to help existing plants get up-to-date

F. Increase state government’s leadership of and funding for value-added food processing through: [7 of 18]

1. Creating a climate among government officials that is open to alternatives, champions Montana’s food products, and fosters entrepreneurship
2. Supporting laws that are friendlier to small businesses
3. Developing an initiative promoting the purchase of locally-produced food products across the state
4. Increasing support (money and manpower) for existing programs that enhance food processing (including Made in Montana, Extension, DPHHS, Meat Science Program at MSU, and value-added outreach at MDA)

G. Create a statewide food distribution system (including a centralized service for transportation information and technical assistance) [6 of 18]

“We need a clearinghouse for transportation and a centralized location where entrepreneurs could go for logistical help or technical assistance—ideally a one-call for answers, not endless referrals and loop de loop bureaucracy.” --Bob Quinn, food entrepreneur

H. Establish a cooperative program that allows participants to increase capacity by sharing things like bar-coding (UPC) ability, liability insurance, labeling, and ability to fund large orders. [4 of 18]

“One of the keys down the stretch will be implementation of the cooperative model. We tend to have a go-it-alone attitude, which amplifies problems. If we could pool our knowledge and resources, we would be much better off.” --Chris Aageson, Governor’s Office of Economic Development

I. Support development of specific market opportunities for value-added processed foods in Montana, including possibilities such as: [4 of 18]

National Park food concessionaires like Yellowstone’s Xanterra; schools; hospitals; colleges; Montana’s sister state, Kumamoto, Japan

J. Nurture an entrepreneurial climate. [4 of 18]

III. Programs and resources to explore here and in other states that effectively support value-added food processing:

- Entrepreneurial centers like Mission Mountain Food Enterprise Center and those in Oregon, Nebraska, and Iowa [7 of 18]
- Universities, including: [7 of 18]
 - Oregon State University’s Food Innovation Center and food science program
 - Washington State University’s food science program
 - Idaho State University-Caldwell
 - New Mexico State University’s program that provides seed money in the form of state funding and USDA grants
 - University of Nebraska-Lincoln’s food processing center
 - Other universities with innovative programs: South Dakota State University, Kansas State University, Iowa State University, Illinois State University, University of Wisconsin
 - Temple University: Philadelphia Sustainable Business Development