

## Proposal Summary

Meeting Date: 8/23/17 (originally presented on 3/1/17)

### FamilyFarmed Request # 115339

<b>Project Title:</b>	Expanding Capacity: FamilyFarmed Entrepreneurial Programming
<b>Duration:</b>	36 months
<b>Request Date:</b>	1/18/2017
<b>Request Amount:</b>	\$400,000
<b>Recommended Amount:</b>	\$400,000 including partial matching award
<b>Program Area:</b>	Education\Continuing Education\Adult\Entrepreneurship
<b>Population Served:</b>	General Public
<b>Type of Support:</b>	General Operations
<b>Grantee Location:</b>	Chicago, IL
<b>Primary Contact:</b>	Ms. Katie Daniel

#### Project Abstract

The proposal is for general operating support to enable the expansion of services to aspiring and practicing entrepreneurs in the local food sector. The organization would build on its successful accelerator program to establish an Incubator Without Walls providing technical assistance and mentoring to food entrepreneurs, enabling them to achieve greater business success.

#### Organizational Background

FamilyFarmed was founded in 1996 with the mission to expand production, marketing, distribution and accessibility of Good Food in order to enhance the social, economic and environmental health and wellness of people and communities. Good Food is defined as delicious, healthy and accessible food produced as close to home as possible by family farmers and producers who use sustainable, humane and fair practices. FamilyFarmed provides thought leadership in the form of publications on food safety, wholesale marketing and an annual publication which sizes the local food market. It crafts opportunities for producers, distributors, retailers, consumers, entrepreneurs, investors and other Good Food champions to connect, learn, collaborate and do business via its annual Good Food Conference. It leads market development, education, training and technical assistance through an accelerator for new food businesses located at 1871 as well as other training programs offered at its own nearby location.

#### Annual Revenue Sources

Grants	20%	Government	26%	Earned Income	5%
Fees	3%	Private Support	20%	Other	26%

#### Finances

	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	12/31/2017	12/31/2016	12/31/2015
<b>Revenues</b>	\$2,126,017	\$1,439,289	\$1,232,256
<b>Expenses</b>	1,781,606	1,354,877	1,086,950
<b>Surplus (Deficit)</b>	344,411	84,412	145,306
<b>Net Assets</b>	--	\$166,371	\$308,125

### Program Description

Local and organic food is a fast-growing, multi-billion-dollar industry, and the market for all Good Food is expanding rapidly. The Good Food movement needs thriving food and farm businesses. These businesses will fuel the rapidly expanding markets for sustainably produced local food. To take full advantage, food entrepreneurs and farmers need help developing skills and access to resources that foster the success of their enterprises.

FamilyFarmed launched the Good Food Business Accelerator (GFBA) in 2014 in recognition of the need to provide substantial strategic, operational, financial and marketing guidance and support to the food and farm entrepreneurs who are building the local and sustainable food supply chain.

Last April it graduated its second cohort of nine competitively selected entrepreneurs. This program, now working with its third cohort, provides selected entrepreneurs with mentoring, strategic support and access to capital over an intensive six-month period. The 27 past and current GFBA cohort participants are the most direct beneficiaries of FamilyFarmed programming and more than 120 business leaders are now engaged in the Accelerator as advisors, speakers or mentors.

Focused on key facets of a well-structured business, Accelerator Fellows complete the program with clear deliverables and outcomes:

- Vetted business, market development and finance plans
- Investor pitches
- Opportunity to be showcased at FamilyFarmed's three-day Good Food Financing & Innovation Conference
- Access to a developed mentor network for ongoing support

GFBA staff, mentors and FamilyFarmed's board members work as a team throughout the year to ensure the success of the Fellows and program:

- GFBA Team holds weekly meetings to discuss work plan and critical needs of the cohort.
- GFBA steering committee (which includes Super Mentors), meets monthly to report Fellows' progress and collaborate on next steps.
- Members of FamilyFarmed's Board of Directors are formally briefed at least quarterly, and are invited to participate in the program at many levels.

Beyond attracting investors to the Good Food space and contributing to the entrepreneurship ecosystem, its program participants have seen measurable positive results. Upon graduation, Cohort 2 (2015-16) experienced 239% increase in Markets, 23% increase in sales, and a 26% increase in FTEs. 100% of Fellows from the second cohort reported that they received significant benefit from their interactions with the GFBA network, and were able to directly apply what they learned during the program to their

businesses practices. Graduates of the first two cohorts have raised more than \$7.5 million in debt and equity financing. More than \$30 million in deals have been stimulated overall — including GFBA Fellows and other cluster businesses — by the Accelerator and the Good Food Financing & Innovation Conference.

The Incubator Without Walls program (IWOW) would be the first of its type in the Midwest, and over the course of the three-year grant will expand its reach throughout the entire region. All businesses that apply to the IWOW would receive an initial assessment and recommendations for how to improve their business outcomes and referrals to other professionals in the FamilyFarmed network (i.e. consultant partners) who can assist them with specific issues on a low-cost or pro bono basis. Those selected for more in-depth services would also receive one-on-one technical assistance from IWOW staff.

All FamilyFarmed programming participants receive the opportunity to connect with funders before and during the Good Food Financing & Innovation Conference in Chicago (next scheduled for March 16, 2017), held on the opening day of the Good Food Festival & Conference. Selected Fellows pitch their business plans at the event.

In order to build capacity, FamilyFarmed would hire a Program Director in early 2017 to assume managerial responsibility for program activities, enabling the CEO and Founder to concentrate on new collaborative relationships, board development and organizational strategy. Additionally, there are plans to expand its board of directors which in the short term would include new Chicago-area leaders to increase organizational fundraising capacity and visibility. In mid-2017, plans are to on-board a new staff member who will manage IWOW as well as a Chief Investment Officer charged with linking client businesses to the investor community and cultivating additional mentors for entrepreneurs served.

### Expected Outcome

#### For GFBA:

- Nine entrepreneurs will be admitted annually.
- 90% will have improved understanding of what their business needs in order to meet their unique goals; will have increased knowledge of what resources are available to help them with their business and how to access them; will have improved skills in an identified area of weakness which will help them achieve their business goals; will have better access to financing tools and investment for their business; will have an improved understanding of how to sell or buy local food products (including a variety of topics such as marketing and distribution, labeling and branding).
- 75% will create a written plan that outlines steps to be taken to establish growth.

#### For affiliate firms:

- 150 businesses served will actively participate in annual conference/cluster events.
- Debt and equity investments will amount to at least \$3 million a year.

#### For IWOW:

- Launch IWOW in the third quarter of 2017.
- 90 local food businesses will receive consulting services for specific projects (e.g. branding, customer development and sales, production, human resources, business planning and financing)
- 48 local food businesses will receive in-depth technical assistance services in key areas of development.

- 8 new businesses will be launched with assistance from IWOW services
- 50% of all IWOW participants will see an increase in revenues
- 40% will report they have created new jobs

### **Program Budget**

This three-year general operating award would provide \$125,000 in calendar years 2017 and 2018 and \$150,000 in calendar year 2019. The 2017 sum represents approximately 7% of the organizations operating budget. Other major funders of the organization in 2016 were the United States Department of Agriculture (\$298,000), Chicago Community Trust (\$212,650), Walton Family Foundation (\$200,000) and JP Morgan Chase (\$98,000).

### **Prior Grants**

This would be CFI's first grant to FamilyFarmed.

### **Recommendation**

This proposal aligns with CFI's Entrepreneurship Education Impact Plan strategies to fund efforts to improve the capability of academic and community based E curriculums' to build core self-employment skills and to fund community based experiential and support networks (accelerators, incubators, maker spaces) and potential links to academic programs.

Though it is more than twenty-years-old, FamilyFarmed is an example of the many recently-emerged community-based providers of services for aspiring and practicing entrepreneurs. CFI became aware of the organization by attending its Good Food Conference two years ago and observing the vibrant local food community including many small start-up firms. We've monitored its work since then, particularly its accelerator program which has shown promise in its first three cohorts. Last year we introduced the organization to entrepreneurship educators from DePaul and Illinois Tech (formerly IIT).

In recent years, FamilyFarmed has grown its support to include a diverse array of funders and is making inroads with others such as a nascent relationship with the Rick Bayless Foundation which was recently profiled in the Chicago Tribune. This award of general operating support indicates our alignment with its overall work and interest to support the growth of its ability to provide support to aspiring and growing self-employed individuals in the local food sector. Additional staff will enable the organization to create a deeper network of mentors and consultants to its client firms, to establish the IWOW program and to enable the CEO and founder to delegate program operations to staff while concentrating on further capacity building.

The award would be structured as a partial dollar-for-dollar matching grant as follows:

- Year 1: \$125,000 not in the form of a matching award
- Year 2: \$125,000 of which \$50,000 would be in the form of dollar-for-dollar matching grant
- Year 3: \$150,000 entirely in the form of dollar-for-dollar matching grant

We recommend approval of this request.

### **ADDENDUM for August 23, 2017 BOD Meeting**

On June 23, 2017, CMc invited MWH to join the CEO/founder of FamilyFarmed and key staff for an update on the organization's activities which had occurred since the BOD deferred consideration of the FamilyFarmed grant proposal at its March meeting. This meeting also enabled MWH to learn directly from the organization about the organization's programs and ask questions which addressed his own concerns.

A written update provided to us subsequent to this meeting contained session topics for the Good Food Business Accelerator which ran from November, 2016 to April, 2017. Also included was a written list of the roles and responsibilities of mentors and mentees in the program as well as the text of the agreement an accelerator participant must sign which lists required aspects of participation. These include:

- a. Six hours per week of workshops, seminars and guest speakers in addition to a minimum of 1 hour of preparation.
- b. 1-3 hours per week of 1:1 contact with mentors and program staff plus 2-4 additional hours engaging with others within the program and its affiliates.
- c. Other time spent working on the participant's business.

We recently received an update on the progress of the Accelerators 3<sup>rd</sup> cohort which completed the program this spring. Businesses in this group have secured \$1.8 million in financing and have experienced a 350% increase in FTEs, a 183% increase in market distribution and a 37% increase in sales.

We recommend approval of this request as presented at the March BOD meeting.