



Our Value Chain Model: Building a resilient and sustainable food economy for the Pittsburgh region.

A major focus of this work highlights the role of Controlled Environment Agriculture (CEA) opportunities. These CEA facilities will quickly benefit the Pittsburgh region by adding significant amounts of locally grown fresh foods to the market.

In parallel with this development, there is also a major opportunity to grow the Pittsburgh region's economy by proactively developing the regional food supply chain in the area.

Historically, supply chain management has often been driven solely by speed and cost efficiencies. A newer, more comprehensive approach to this subject within regional food systems is called the Value Chain.

Value chain development focuses on proactively working to develop strategic alliances between supply chain actors that are *intentionally structured* to produce both business success and social benefit.



Food21 has adopted this approach. In addition to the development of CEA opportunities, the team has developed the Pittsburgh Food and Beverage Network. One of the early focuses of this work is the need for smaller scale food product production capacity, referred to in the graphic as aggregators/processors.



A focus on growing our food companies.

While there are a number of food ‘maker spaces’ in the region, we lack an integrated value chain allowing those early stage companies to grow into the opportunity.

The early focus of the Food21 team is to connect all areas of the food value chain in the Pittsburgh region to one another.

Our initial emphasis is on locating, utilizing, and developing food manufacturing capacity in the region, while helping integrate the new Food21 CEA opportunities

Across North America, there is a significant gap in food product manufacturing at the smaller scale.

Many communities, including the Pittsburgh region, have experimented with shared-use (hourly-rental) commercial kitchens. These are designed to nurture entry level food businesses. This is often a vital piece but there is not a ‘next-step’ available to these new brands when they outgrow the smaller facilities they started in. The only options are to build their own food manufacturing facilities or find a third-party contract food manufacturer to produce their product for them.

It is at this point the regional food system is significantly broken. New companies that want to build new food manufacturing plants face significant capital costs and regulatory pressures. All this at a time when their limited time and funds are critically needed for marketing and sales to grow.

Finding third-party companies to manufacture their food products under contract at smaller scales is virtually impossible across North America. Because of consolidation in the industry, and high pre-existing demand from larger food companies, third-party contract food manufacturers are rarely available to smaller, emerging food brands. This is among the most dysfunctional pieces in the food industry or any manufacturing industry in North America.

However, business problems can also become significant opportunities.

The Food21 team has developed the Pittsburgh Food and Beverage Network to meet this opportunity.

By networking food makers and their supporters in the Pittsburgh region we can identify excess production capacities, as well as existing needs for production capacity from within the group.

We can also use this information to bring companies from outside the Pittsburgh region to have their products made here. Examples are already underway.



By integrating this opportunity with the Pittsburgh region's mid-tier and larger food manufacturers, distributors, foodservice operations, and consumers, as well as the new CEA farms, Food21 and the Pittsburgh Food and Beverage Network can increase business opportunities for all involved.

The next stage of this development could be the creation of new artisan scale contract food manufacturing in the region. By building on the momentum of a collaborative Food and Beverage Network to solve this problem, our region could quickly become the leader in this sector of the food industry. Smaller, emerging food brands can utilize this expertise and capacity to grow their own brands from wherever they are located, while our region captures the jobs and revenue inherent to the manufacturing and packaging of those brands.

Food21 and the Pittsburgh Food and Beverage Network have already attracted a focused group of industry focused leaders that bring expertise in early stage financing, brand development, food safety, human resources, intellectual property, law, banking, and university-based research, among others.

Artisan scale food manufacturing can become a globally-recognized specialty for the Pittsburgh region, building on its long history of world-class food development and production.

Our Value Chain approach that includes farms, distributors, restaurants/foodservice, consumers and those who supply inputs and services to this market collectively works to increase opportunities and social benefits at every level.

Food21 and the Pittsburgh Food and Beverage Network are working to meet this opportunity.