

BUSINESS OF FOOD

Local scene appealing to national audience

By KATHY AMES CARR
kcarr@crain.com

Northeast Ohio food system supporters are the region's own best promoters. Echoes of culinary and urban agriculture prowess proudly resonate through blogs, community marketing materials and even local media coverage.

Local food advocates extol many of the region's restaurants, saying they represent some of the most forward-thinking concepts in the nation. Others laud Cleveland's progressive urban agriculture policies, and the proliferation of wineries and craft breweries.

The capabilities of new and established food manufacturing and processing facilities also garner praise.

But are these perceptions how food industry observers from outside the region view us? Yes, and not necessarily.

"I think when most Americans think about innovation, they tend to think about L.A., Dallas, Chicago and New York, but I think that's changing," said Darren Tristano, executive vice president of Chicago-based Technomic Inc., a food and food service industry consulting firm. "Cleveland may be under the radar, but it's doing more, and we're starting to see trends from the Midwest influence national trends."

Tough economic times are prompting some Americans to eschew uber-healthy West Coast cuisine for comfort foods with an innovative twist, he said. Local food sourcing, particularly in areas with strong agricultural roots, is becoming more ubiquitous. Heads are turning toward the Midwest and Northeast Ohio, Mr. Tristano said.

Michael Shuman, a national economist who co-authored "The Northeast Ohio Local Food Assessment," a comprehensive report conducted in 2010 that explores the food economy, said he thinks Cleveland and the larger region's diverse food ecosystem is gaining ground on the local and national levels.

Food system and economic development insiders are recognizing specifically the area's urban agriculture initiatives, which are backed by webs of public-private partnerships, along with innovative restaurant concepts that seemingly materialize by the month.

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Taking stock of the food economy

Crain's explores the impact of sector's key ingredients on NE Ohio



BEER, WINE AND LIQUOR PRODUCTION: Craft breweries and wineries continue to sprout up around NE Ohio. **Gross product: \$171.0 million.**



FOOD MANUFACTURING: This sector is growing and attracts new businesses. **Gross product: \$2.5 billion.**



RESTAURANTS: The region is gaining a national reputation as a foodie mecca. **Gross product: \$3.4 billion.**



URBAN AGRICULTURE: Cleveland in particular is known for its progressive policies that are advancing local food systems. **Gross product: unknown.**

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kcarr@crain.com

Northeast Ohio has a rich history in agriculture and food manufacturing. Those deep roots have cultivated an increasingly diverse food ecosystem that also is represented by avant-garde restaurants, progressive urban agriculture projects and other related entities.

The 16-county region has about 16,000 establishments — mostly small businesses — involved in food, employing about 315,000 individuals, including farmers, according to a study called "The Northeast Ohio Local Food Assessment," published in 2010 and commissioned by the Cleveland Foundation and the Kent State University Cleveland Urban Design Collaborative, among others.

Northeast Ohio has a work force of about 2.4 million, which means about one in eight workers is involved in a food-related business.

Northeast Ohio's food system, like

many other sectors, has been bruised over the last couple of years by the recession and subsequent sluggish economy, but signs of rebound abound.

In fact, if the region shifted food localization — or meeting local demand for food with local production — from the current 1% to 25% over the next 10 years, the economy could add about 28,000 new jobs, increase regional output by \$4.2 billion and generate \$126 million in additional state and local tax revenues, according to the food assessment, which has been referred to as one of the most comprehensive examinations of Northeast Ohio's food economy.

"But, there's a huge capital gap facing small businesses," said Michael Shuman, a co-author of the study and director of research and economic development at Washington-based Business Alliance for Local Living Economies. "We have to fix this gap to facilitate the transition."

In this special section, *Crain's Cleveland Business* explores some of the key food industries' current impact on Northeast Ohio's larger economy and signs of activity within each of the follow categories: beer, wine and liquor production; food manufacturing; restaurants and bars; and urban agriculture.

Employment and gross product data, inflated to 2010 dollars, for each of the subsectors is from Cleveland State University's Center for Economic Development, and the information takes into account a 19-county area.

It doesn't account for activity in large-scale farming, wholesale, retail, storage, waste management and advocacy.

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ONLINE: *Crain's* directory of Northeast Ohio's food economy

The new directory provides a comprehensive look at the region's food-related businesses. Search by company, county or category. <http://www.CrainsCleveland.com/section/food>

REGULAR FOOD BLOG COVERAGE: What's Cooking

Kathy Ames Carr's blog each Monday features news on restaurants, breweries, wineries and urban ag, with a business twist. Check it out at <http://www.CrainsCleveland.com/section/blogs02>.

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Food: Despite some lag, activity still robust

**Beer, wine, liquor production**

■ **2010 employment:** 1,384, down 18.92% from 1,707 in 2006

■ **2010 gross product:** \$171.0 million, down 9.95% from \$189.9 million in 2006

The job and gross product data show declines, but there are signs of progress that could position the local industry for a rebound.

The economic implications of wineries alone continue to come into focus, as more ancillary jobs sprout up around the growing winery industry, said Donniella

Winchell, executive director of the Ohio Wine Producers Association.

According to the Ohio Department of Agriculture, Ohio's grape and wine industry in 2008 generated more than \$580 million in economic activity, employing more than 4,000 (including in jobs like lodging and transportation) and providing a payroll of \$124 million. At that time, there were 124 wineries in the state; now there are 153.

Ninety-one of the 153 wineries are located in Northeast Ohio and account for more than 65% of the total wine production in the state.

Craft beer, meanwhile, is undergoing its own resurgence. When Great Lakes Brewing Co. opened its doors in 1988, it was the only

craft brewer in the area. Now, Northeast Ohio has nearly one-third of the state's 67 breweries, according to The Brewers Association, a national organization for craft brewers.

Similarly, craft distilleries slowly are cropping up as consumer demand for higher-quality, locally sourced product increases.

Only eight craft distillers are located in the state, although current Ohio laws make it difficult for artisan distillers to enter or expand their businesses. However, a bill moving through the state Legislature would ease restrictions on craft distillers and would open the market so more entrepreneurs could participate in the business.

While many of these startups initially may add only a smattering of jobs, economists say small businesses and these kinds of entrepreneurial efforts are key to stimulating an economic recovery in a region that was hit hard by manufacturing job loss during this decade.

(This category includes breweries, wineries, distilleries and manufacturers of soft drinks, water and ice. It does not account for beer, ale, wine and alcoholic beverage merchant wholesaling.)

**Food manufacturing**

■ **2010 employment:** 17,424, up 4.44% from 16,684 in 2006

■ **2010 gross product:** \$2.497 billion, up 15.92% from \$2.154 billion in 2006

Team NEO measures business leads by industry type. So far this year, out-of-state companies in bio-science and advanced energy are expressing the most interest in doing business in Northeast Ohio. No. 3? Agriculture and food processing.

Team NEO said these leads are especially significant because they represent businesses that desire to make a move within two to three years, with the goal of adding at least 20 new jobs and investing at least \$1 million each.

"I think it's because of some of

the companies we already have here," said Jay Foran, senior vice president of business attraction. "We have many assets already in place, with people growing things, making things and raising things."

Northeast Ohio's food manufacturing activity is reinforced by its geographic location and access to fresh water and abundant crops. The region is located within 500 miles of 60% of the U.S. and Canadian populations, according to Team NEO, which makes it an ideal

base for exporting products.

Some of the region's largest food-related employers include Solon-based Nestle Prepared Foods Co., which employs 1,626; Orville-based J.M. Smucker Co., with 1,200 employees; and Brewster-based Shearer's Foods, with 1,010 workers, according to *Crain's 2011 Book of Lists* and the *Crain's Directory of Northeast Ohio Food Businesses*. Mr. Foran said it's those companies and others that help attract interest from outside firms.

"There's an ongoing interest in the region because of many reasons, including access to markets and consumers, basic access to raw materials, our agriculture and machine-making capabilities," Mr. Foran said. "Those are great selling

points for this region."

Mr. Foran cited conveyor belt supplier AmbaFlex, which in 2010 moved to Canton from the Netherlands and brought 10 to 15 new jobs to that city. The Canton plant positions the supplier of

conveyor belts for food production to both regional and national markets.

"They're going north pretty fast," Mr. Foran said.

J.M. Smucker Co. recently moved into a new 153,000-square-foot headquarters, which the company said was its most signifi-

cant investment in history, and it announced plans to build a new \$150 million plant in Orrville.

Cleveland-based Pierre's Ice Cream Co. in June opened a \$9.2 million ice cream factory, which has enabled the nearly 80-year-old company to increase its production efficiency.

Anderson-DuBose in Lordstown, a supplier of paper products and frozen items to McDonald's, also has broken ground on a multimillion-dollar headquarters and distribution center.

Restaurants and bars

■ **2010 employment:** 139,788, down 6.56% from 149,598 since 2006

■ **2010 gross product:** \$3.350 billion, down 7.89% from \$3.637 billion in 2006

Both employment and gross product data have declined in this sector, which includes everything from McDonald's to Chinese takeouts to locally owned eateries, so it's difficult to extrapolate the local restaurant impact on the greater regional economy, economists say.

According to the Ohio Restaurant Association, the state's restaurant industry is the third-largest private sector employer in the state. In 2011, Ohio restaurants are projected to register \$16 billion in sales, and every \$1 spent in Ohio's restaurants generates an additional \$1.14 in sales for the state economy.

"Restaurants serve as cultural magnets and gathering places for diverse ethnicities, of which Northeast Ohio is very rich," said Jarrod A. Clabaugh, communications director for the association.

Northeast Ohio's restaurant scene represents 117 ethnicities,



PHOTO PROVIDED

Pierre's Ice Cream opened a new factory in June.

Culinary scene shows potential to attract chefs, tourists

By AMY ANN STOESSEL
astoessel@crain.com

Greg Forte, hospitality management dean at Cuyahoga Community College, sees Cleveland as being "on the verge" of becoming a culinary destination.

That seems to be the consensus when it comes to the question of whether the food sector serves as a magnet for bringing culinary talent and tourism to the area.

The region's reputation appears to at least be whetting the appetites of recreational and professional foodies — but that's not to say that those in Northeast Ohio aren't craving more attention.

Mr. Forte, for one, thinks a concerted branding effort could help further advance the region's stature as a culinary hotspot.

"Our food here is as good ... as any place in the U.S.," he said. "Here we have restaurants where these guys are craftsmen."

At Positively Cleveland, culinary marketing campaigns currently encompass one-third of the organization's leisure tourism resources, which amounts to roughly 20% of its overall ad budget, said Lexi Hotchkiss, communications manager for the con-

vention and visitors organization.

"All the trends across the U.S. is experiential tourism is where it's at," she said. "Culinary is a way to connect with a community."

Culinary has become a theme of its own in the organization's promotion efforts: The food sector is highlighted on Positively Cleveland's website; culinary press trips are hosted to introduce the national media to Cleveland's bounty; and a dining guide is produced to promote the region's eateries.

"The food industry is becoming more popular and relevant," said Ms. Hotchkiss, noting that any visitor to the area eventually is drawn to food of some sort. "It's a theme whether we want it to be or not."

A chefs' melting pot

The region serves up an ideal training ground for student chefs, said Mr. Forte, whose Tri-C Hospitality Management Center is located on Public Square.

There's a wide range of restaurants — and therefore hands-on training opportunities — within a 20-mile radius of downtown, and it's a place where a student chef can see if he or she can compete.

"The nicest thing about Cleveland is that these guys work together," said Mr. Forte of the region's

"In Cleveland, I feel like it's still a little bit fresh and a little bit new."

— Brian Goodman, executive sous chef, The Greenhouse Tavern

chefs. "There's a camaraderie."

Brian Goodman, who moved to Cleveland from New York City to open and work at The Greenhouse Tavern with chef Jonathon Sawyer, said this region gives young chefs chances they might not have in larger locales where "it's very small fish, big pond."

"You get to be the big fish here," he said. He also noted that it's more realistic for a young chef to be able to raise the lower level of capital needed to open a restaurant in this region.

Meanwhile, Britt-Marie Culey, owner and executive pastry chef of Coquette Patisserie, was "looking for a big city with a small-town feel" when she and her husband decided to move to Cleveland from Connecticut.

Ms. Culey specializes in French pastries, making an average of 1,000 to 1,500 a week from her home kitchen in Cleveland Heights.

The majority of Ms. Culey's work is wholesale, supplying the region's eateries with her tasty

treats. Coquette Patisserie also sells some retail, including at the Shaker Square farmers market.

Ms. Culey's goal is to have a retail location — and she's targeted the Cleveland area. "Our whole goal from the beginning is to open a shop eventually," she said.

While there are those like Ms. Culey and Mr. Goodman, who come to Cleveland to work, train and build a business, some say there could be — and should be — more.

"In Cleveland, I feel like it's still a little bit fresh and a little bit new," said Mr. Goodman, who at The Greenhouse has worked with chefs from Texas, New Mexico, California and Philadelphia. "People are coming here, it's just not in the masses I was once used to."

Mr. Goodman, a native of New Jersey, praised the region's local food supply, deeply ingrained food culture and heritage, and family feel, and he, too, plans to stay in Cleveland. He said it's an easier style of living, and he sees it as a good place to build his career.

"The tools are all here and the ability and potential to grow," he said.

Of Iron Chef fame

Todd Gauman, president and co-founder of Northeast Ohio Food Tours, also sees room to grow, but

in a different segment of the food industry — culinary tourism.

Northeast Ohio Food Tours offers small groups walking and dining tours of Northeast Ohio's various neighborhoods and their culinary attractions. The organization, a relatively new venture started within the past year, recently conducted its eighth tour.

"Cleveland always seems to be a few years behind," he said. "Culinary tourism is definitely trending across the nation."

As for Cleveland's place in this trend, Mr. Gauman said Michael Symon of Iron Chef fame has helped in directing attention to the region's food scene. "He has definitely played an important role in pushing us on a national level," he said.

And while the Iron Chef may have rung the bell, other people and entities, like the West Side Market, in Northeast Ohio have "kept the tone ringing."

About 40% of attendees on Mr. Gauman's tours are from outside the area, most coming from a 100- to 150-mile radius. The majority of customers, however, are local, with some making repeat trips.

Still, Mr. Gauman contends, "We are gaining national recognition now for our culinary uniqueness." ■

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and many of the region's establishments and chefs repeatedly draw national media attention from outlets such as the Food Network, *Gourmet*, *Esquire*, *Bon Appetit*, *Food & Wine* and many more.

Iron Chef Michael Symon, owner of Lola, Lolita and others, has been credited with catalyzing Cleveland's reputation as a foodie mecca; now, food enthusiasts from coast to coast tout cutting-edge culinary approaches from Greenhouse Tavern chef Jonathon Sawyer, serial restaurateur Zack Bruell, Dante Bocuzzi of Dante, Melt Bar & Grilled's chef Matt Fish and others.

Northeast Ohio advocates commend the region's restaurants and market them vigorously to outside visitors and business travelers.

Team NEO incorporates restaurants into its business attraction efforts, and the indirect contribution of these establishments can be significant.

"There is a growing awareness of our culinary capabilities, and we sell that as part of the quality of life (of Northeast Ohio)," to prospective outside businesses, Mr. Foran said. "When we bring in

(prospective) companies, we take them to our different restaurants to woo them. "People leave much more impressed and recognize that we're hip and cool. Companies want that for attracting and retaining employees," he said.

Urban agriculture

■ **2010 employment:** Unknown

■ **2010 gross product:** Unknown



FILE PHOTO/MARC GOLUB
Iron Chef Michael Symon

The employment and economic impact is hard to quantify in this nascent industry, according to local observers and economists. Most urban farmers likely are working on a part-time seasonal basis, either as a hobby or for supplemental income. Other urban farms are extensions of nonprofit work, including Refugee Response, which employs resettled refugees at its six-acre Ohio City Farm.

Nonetheless, urban agriculture has been gaining ground over the past few years as vacant swaths of land become more available because of the foreclosure crisis. Efforts are under way to repurpose



FILE PHOTO/JASON MILLER

Peter McDermott has an urban farm in Cleveland

these unproductive sites into farms, which yield the locally grown foods consumers increasingly are demanding.

Morgan Taggart, a program specialist at Ohio State University Extension in Cuyahoga County, references as an example of urban agriculture's resurgence the organization's market garden training program that launched in 2006.

At that time, there were less than a handful of commercial small-scale farms in Cuyahoga County.

"Now there are 40-plus small-scale and suburban farms throughout the county," said Ms. Taggart, a founding member of the Cleveland-Cuyahoga County Food Policy Coalition.

Urban revitalization advocates and food enthusiasts throughout

the nation took note of the city of Cleveland, which has developed progressive policies supporting urban agriculture. Cleveland was one of the first major cities in the United States to develop zoning allowing the keeping of chickens, bees and livestock within its

borders.

The formation in 2009 of the Cuyahoga County Land Bank, meanwhile, allowed the county to repurpose vacant land for productive uses, including urban farms.

Urban agriculture's growth is nurturing the development of other ancillary business efforts, such as community-supported agriculture programs and farmers markets.

According to the OSU Extension, Ohio has 353 farmers markets, far more than double the 141 operating in 2008.

Edward "Ned" Hill, dean of the Maxine Goodman Levin College of Urban Affairs at Cleveland State University, commends the urban agriculture efforts to a point, but says this particular sector's eco-

nomie contribution will continue to be limited.

"We just need to be sure we're not overpromising, and calling it what it isn't," he said. "It's a bigger part of community development than economic development."

But what began just a few years ago as grassroots efforts among some entrepreneurs has evolved over the last two to three years into a field with more sophisticated partnerships.

Urban growers now are interconnected with grocery chains and restaurants, economic development organizations, government agencies, universities and even local banks.

"We have the health care institutions, the Cleveland Clinic, (University Hospitals), investing in local food purchasing or sponsoring farmers markets," said Brad Masi, founder of the New Agrarian Center, a nonprofit in Oberlin focused on growing a sustainable local food system in Northeast Ohio. "That's a significant contribution in terms of purchasing power. That has an enormous economic impact." ■

DATA SOURCES: Cleveland State University's Center for Economic Development; "The Benefits of Food Localization for Northeast Ohio & How to Realize Them" by Brad Masi, Leslie Schaller and Michael Shuman; Team NEO; 2011 Crain's Book of Lists; Crain's Food Economy Business Directory; Crain's research.

View: Chefs, urban ag pique interest

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"Local food is a common entry point for people to rethink economic development, and for people not familiar with what's going on, Cleveland seems to be an unlikely place" for food economy progression, Mr. Shuman said. "Michael Symon has helped put Cleveland on the map, but there are still those stereotypes about the burning river, the rust belt.

"I say, let's forget about the tired old stereotypes and give Cleveland a second look at what's happening. (The report) really has elevated Cleveland, not just in the locavore circles but progressive economic development circles," he said.

Food for thought

The Northeast Ohio Local Food Assessment explores the region's current assets and deficiencies, and analyzes the possibility of a 25% shift toward meeting local demand for food with local production.

"Your region is pretty diverse in food stuffs, probably one of the most diverse I've seen in the country," said Mr. Shuman, noting how such food businesses in retail, wholesale, manufacturing, restaurants and urban agriculture intersect. "I think that gives the region an incredible opportunity to model a successful food system earlier, faster and cheaper."

Mr. Shuman for 15 years has studied local economy and food issues and has worked on similar assessments for Detroit and New

Mexico, among others. He speaks about food systems and the Northeast Ohio report on a weekly basis all over the country and even in Canada and Brazil.

Dan Carmody, president of the Eastern Market Corp., a public market in Detroit, said he has been studying local food system redevelopment in cities throughout the nation, including Philadelphia, Chicago, his own home city and the Cleveland area.

"We think Detroit and Cleveland and a handful of other cities are where it's happening in metropolitan and regional food systems," he said. "It's not just about urban agriculture, it's about the production, supply, distribution and retail, too."

The network of food-related businesses surprised food editor Amy Rosen, who had never been to Northeast Ohio prior to a Positively Cleveland culinary press tour conducted in mid-October.

The weekend jaunt included stops at The Greenhouse Tavern, Great Lakes Brewing Co., Firelands Winery and the Culinary Vegetable Institute in Huron, at which chefs from throughout the world convene to experiment with new techniques.

"I loved the weekend and am hungry to come back for more," said Ms. Rosen, who is writing a story for *enRoute* magazine, Air Canada's in-flight publication.

National media have covered the region's food scene from different angles; articles on restaurants or urban agriculture initiatives appear in publications like *Food & Wine* or *Entrepreneur*.

Local chefs and restaurants also are routinely featured on various Food Network programs.

"Clevelanders have had a long love affair with good food, but over

the years it's grown deeper, more diverse, and more surprising," said Bob Tuschman, Food Network general manager and senior vice

president. "From inventive takes on Midwestern fare to an amazing variety of ethnic fare to great upscale bistros, Cleveland's food

scene can satisfy every kind of foodie. I should know, I grew up in Cleveland, and come back every chance I get." ■

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HAHN LOESER & PARKS LLP

200 Public Square Suite 2800 Cleveland, Ohio 44114-2316

216.621.0150 hahnlaw.com attorneys at law

Cleveland Akron Columbus Naples Fort Myers Indianapolis

