



**Written Testimony Presented Before the
Senate Committee on Ways and Means
February 27, 2014 by
Lou Cooperhouse, President & CEO, Food Spectrum LLC**

Regarding: SB-2077 RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Ige, Vice Chair Kidane and members of the Senate Committee on Ways and Means:

I am writing this letter of **strong support** for Senate Bill 2077, to fund up to \$2,700,000 for the construction and equipping of a food innovation center at the Kahului campus of University of Hawai'i Maui College.

I am the author of the feasibility study that describes the critical need for this Maui Food Innovation Center, which is the program that will be developed as a result of this capital appropriation. With the establishment of the Maui Food Innovation Center, local food industry entrepreneurs will now have the ability to develop value-added and differentiated products without the burden of many of the significant expenses that are associated with new business development.

The new Maui Food Innovation Center will minimize or eliminate many of the hurdles that are associated with food industry entrepreneurship, as it will provide both services and space that are critically needed:

- *Services* that consist of assistance by industry professionals with business planning, market research, marketing and sales strategy, capital access, corporate governance, regulatory and permitting requirements, legal matters, product and process development, quality assurance and food safety, ingredient and packaging sourcing, nutrition analysis, analytical testing, assessment of distribution channels, entrepreneurial and workforce training, etc.
- *Space* that consists of a shared-use food processing environment that is fully equipped to meet the many variable needs of clients, while being FDA and USDA inspected and "best in class" in terms of sanitary design, fit and finish, and operating protocol.

Furthermore, food entrepreneurs will now be able to enter the market with far greater expertise, and far greater speed, dramatically enhancing their opportunities for success.

Business incubation is a globally-recognized tool for economic growth, and the National Business Incubation Association (NBIA) estimates that there are over 1,250 business incubators in North America and about 7,000 that exist worldwide. Currently, no comprehensive food business incubation program exists in the entire State of Hawai'i, in which professional services and mentoring, research and development capabilities, and a shared-use food processing facility are provided. Without such facilities, local farmers and food entrepreneurs lack the expertise, equipment, facilities and organizational resources to develop value-added products. With a food business incubation program, industry entrepreneurs can create value by the commercialization of differentiated, niche products that consumers desire. More importantly, they can attain higher profit margins through value-added pricing and longer product shelf life, and may be able to capture value from culls and damaged produce from their commodity-based operations. This ability to create enhanced access to both domestic and international new markets is especially critical on the neighbor islands, where agriculture plays a more significant role in the local economy.

The agricultural community in Hawai'i and in Maui County is threatened by significant import competition, the nation's highest fuel prices, loss of agricultural land, an aging workforce, high inter-island transportation costs, high labor costs, high costs of inputs, high costs and limited availability of water, and urban development pressures. Furthermore, Maui County's farms are smaller in size, and not able to gain the same yields, costs, efficiencies and critical mass as those of larger farms in Oahu, the Big Island, and on the Mainland. In addition, there exists little utilization of second-grade culls and damaged produce at Maui farms, which could be converted to value-added products should a processing facility and a suitable market and product exist.

The Maui Food Innovation Center can become the catalyst and the missing link that will transform local communities, and a model that can be transferred to every island in the State of Hawai'i. The development of the Maui Food Innovation Center is positioned to become the gateway program to a food industry "cluster" in the State of Hawai'i, as it will create concentrations of interconnected companies, suppliers, service providers, and associated institutions. A cluster-based strategy is critical for the State of Hawai'i, as it allows small and medium-sized enterprises (SMEs) to achieve new competitive advantages by providing a group of skilled professionals who can assist multiple businesses with the many resources and linkages that are critical for success, and who can maximize the economic impact to the State. This network of companies and resources will attract attention from more established companies in the State, as well as professionals from the financing, legal and accounting community, and will also result in the attraction of financial resources and other food businesses from the Mainland, Asia and elsewhere to the State of Hawai'i.

I write this letter of support with great conviction, and based upon the unique experiences and expertise that I have in the business incubation and the prepared food industry. I have served on the Executive Committee and Board of Directors of the National Business Incubation Association (NBIA), Executive Committee and Board of Directors of the Refrigerated Foods Association, President of the New Jersey Business Incubation Network, and as Chairman and President of the New Jersey Food Processors Association. I have also provided expert testimony on business incubation to the US Congress, where I testified on global best practices in business incubation, business cluster formation, and job creation to the House Committee on Small Business. Previously, I served as founding Director of the Rutgers Food Innovation Center, which became internationally recognized for its economic development impacts and was awarded the "Incubator of the Year" by the National Business Incubation Association (NBIA), and was also recognized as an "Agricultural Innovation Center Demonstration Program" by the USDA. Earlier in my career, I served as the President & COO of two food businesses, and have also served in leadership positions at multinational companies that include Campbell's Soup, ConAgra, and Nestlé in the areas of business development, product development, quality assurance, and operations. I have spoken at well over 100 industry conferences during my career, including a series of seminars on Food Business Basics that I have given to aspiring food entrepreneurs in Maui, Molokai, Kauai, Big Island and Oahu over the past year.

I would be happy to be contacted for any further information that may be helpful.
Mahalo for your support.

Best regards,



H. Louis Cooperhouse
President & CEO
Food Spectrum, LLC

Contact:
Phone: 732-266-3977
Email: LCooperhouse@FoodSpectrum.com

Food Spectrum, LLC
1 East Shore Drive
Princeton, NJ 08540

lcooperhouse@foodspectrum.com
www.foodspectrum.com
(609)737-0077 office, (732)266-3977 cell