# FOOD AND BEVERAGE BUSINESS ACCELERATOR

## PLANNING GRANT REPORT 2025
## GO VIRGINIA REGION 9

VENTURE CENTRAL

GO VIRGINIA
VIRGINIA INITIATIVE FOR GROWTH & OPPORTUNITY IN EACH REGION

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- Chris Burger, VEDP
- Jill Donaldson, Virginia Specialty Food Association (VSFA) and Founder, LillyBean Baking
- Yolunda Harrell, New Hill Development Corp, BEACON Kitchen
- Rebecca Haydock, Venture Central
- Gretchen Ledmor, Carver Food Enterprise Center
- Shaun Malik, VEDP
- Erin Mann, Vint Hill Kitchen and Founder, Erin's Elderberries
- Doug Parsons, Fauquier County Economic Development
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- BEACON
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# EXECUTIVE SUMMARY

## Purpose and Scope

The GO Virginia Region 9 Food & Beverage Business Accelerator Planning Grant (February 2025–February 2026) evaluated the feasibility of launching a regional accelerator designed to help **food and (non-alcoholic) beverage consumer packaged goods (CPG) manufacturers** scale. Through comprehensive stakeholder engagement, the planning process assessed the regional ecosystem, validated market demand, benchmarked successful models, and designed an implementation-ready framework. This report presents data-driven findings that recommend the establishment of a Food & Beverage CPG Business Accelerator in Region 9.

According to Oracle NetSuite, consumer packaged goods (CPG) are defined as "a multi-trillion dollar industry focused on two main priorities: to efficiently manufacture and distribute at a very high volume the everyday products that consumers use and replace regularly, yet at the same time innovate at top speed to meet rapidly evolving consumer preferences and emerging market opportunities.[1]"

## The Challenge

Food and beverage manufacturing employs 2,629 workers in Region 9 but has the lowest average wages ($37,294) among target traded-sector industries - 40% below the regional average of $61,967.[2] This wage disparity reflects sector structure: predominantly small-scale producers employing production labor and few professional staff. **Among 86 Region 9 food and beverage CPG (consumer packaged goods) businesses with revenue data, 92% operate under $1 million, with 50% in the $100K-$1M range**. Only 8% have scaled beyond $1 million.[3]

**Survey data confirmed consistent scaling barriers.** Top scaling barriers: marketing/customer acquisition (44%), capital access (39%), scaling production (32%), finding skilled workers (28%), and distribution/sales strategy (26% each).[4]

**Existing support organizations** (SBDC, SCORE, CIC, commercial kitchens such as BEACON and Carver Food Enterprise Center) provide quality, early-stage business assistance but lack specialized industry resources needed such as co-packer negotiations, distributor relationships, specialty food marketing, and food-specific financing.

Five critical gaps exist:

1. No scale-up programming for the $100K-$1M growth stage
2. Limited food industry-specific expertise among advisors
3. Fragmented service delivery across multiple organizations (and the state)
4. No structured peer learning network for food and beverage CPG businesses
5. Limited systematic connections to specialty food distributors, co-packers, and buyers

[1] https://www.netsuite.com/portal/resource/articles/erp/consumer-packaged-goods-cpg.shtml
[2] GO Virginia Region 9 Growth & Diversification Plan (2023)
[3] Region 9 F&B data set, n=86
[4] Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025), combined n=61

## Industry Growth Potential

The specialty food sector represents a $207 billion market growing 11-12% annually, significantly outpacing conventional packaged foods at 2-3%.[5] Region 9's proximity to major markets (DC, Richmond) and agricultural base position local manufacturers to capture traded-sector growth through out-of-state distribution. Survey data shows approximately two-thirds of regional food businesses already sell outside Virginia, demonstrating existing traded-sector activity.[6]

## Validated Demand

This initiative addresses a need identified consistently across regional strategic planning efforts and is validated directly by food and beverage entrepreneurs.

### Regional Planning Alignment

Five independent planning processes have identified food and beverage business support as a regional priority:

**The GO Virginia Region 9 2025 Growth & Diversification Plan** designates Food & Beverage Manufacturing as one of five target traded sectors with the highest location quotient in the region. The plan's Cluster Based Economic Development Model Assessment rates the sector as needing support (yellow) in Grow Existing Business. The accelerator directly addresses the Grow Existing Business gap by helping established companies scale. The plan identifies specific opportunities including establishing sector-specific accelerators "when demand is validated" and supporting implementation grants from gaps identified in planning grants.

The **Super Regional Comprehensive Economic Development Strategy (CEDS)** identifies Food and Beverage as a leading sector, calling for specialized training, peers, and mentors to assist businesses with expansion and access to new consumer markets.

The **Rapidan Rappahannock Regional Commission CEDS** prioritizes growing small to medium businesses and continued investment in value-added food production systems.

The **Thomas Jefferson Planning District Commission CEDS** calls for specialized workforce and technical assistance supporting value-added product manufacturing.

The **GO Virginia Region 9 Regional Entrepreneurship Initiative Report** specifically recommends the food and beverage sector as a prime candidate for establishing the region's first sector-specific accelerator.

*Please see Appendix A for a summary of relevant citations from the above five reports.*

### Entrepreneur-Confirmed Demand

Responses from entrepreneurs confirm strong interest:

- 84% of surveyed businesses expressed interest in participating in an accelerator[7]
- Survey responses from 10 of 11 Region 9 localities demonstrate region-wide demand
- Top requested features: funding access (53%), industry-specific mentorship (50%), buyer/distributor connections (43%)

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[5] Specialty Food Association 2024
[6] Business Directory Survey (Feb 2025), n=38
[7] Entrepreneur Questionnaire (Jun 2025, n=30) and Final Survey (Nov 2025, n=31)

## Proven Models

**Independent research validates the accelerator model.** A 2024 Wharton University study analyzing 8,580 startups across 408 accelerators found that accelerator participants are:[8]

- **3.4× more likely** to secure venture capital
- Raise **$1.8M additional funding** in year one post-graduation
- Achieve **faster scaling:** higher revenue, more employees, better wages

The study concluded: "Accelerated startups also generated more revenue, hired more full-time employees, and paid more in wages to their employees, on average—indicating that they were scaling faster than their peers." Critically, the research found that **industry-specific advice and programming significantly improves outcomes**.

Benchmark analysis of food-focused programs (CitySeed, Good Food Accelerator, Hatch RVA, SKU, Union Kitchen) shows that structured, cohort-based support drives measurable outcomes in revenue growth, market expansion, and job creation.[9]

In Virginia we have no food and beverage CPG accelerators, yet Virginia finds success supporting innovation company accelerators such as: **Startup Virginia (Richmond):** 261 startups incubated, $526M in revenue generated, $315M in capital raised, $421M economic impact created[10], **434 Accelerator (Charlottesville):** 34 startups supported with over 70 founders, nearly 150 jobs created, over $38M in capital and grants raised[11]and **Lighthouse Network (Richmond):** 140 companies supported, with 36+ reaching $1M+ annual revenue, 1512+ jobs created[12].

## Recommended Solution

The project team recommends establishing a **Food & Beverage CPG Business Accelerator**. This is a programming and services model that is not tied to one location, but would be delivered via in-person and online meetings in multiple locations across Region 9. The hybrid accelerator should serve 8-10 companies per cohort, with at least two cohorts over two years. Programming combines workshops, 1:1 coaching, and expert consultations across core modules addressing financial readiness, production scaling, distribution, marketing, regulatory compliance, and leadership development.

### Leveraging Regional Assets

The program would coordinate with regional commercial kitchens, establish referral protocols with Central Virginia SBDC and other key support organizations, connect participants to industry networks through Virginia Specialty Food Association, and engage regional economic development offices, chambers and food related leaders (ex.: farmer’s market coordinators) and food & beverage industry leaders for participant recruitment and local event coordination.

### Leadership

Venture Central, a Virginia Accelerator Network member, would serve as fiscal agent and program operator. Program Director Hope Lawrence combines food industry experience and financial expertise. She is supported by the project's Advisory Board.

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[8] Valentina Assenova, Wharton Business School (2024)
[9] Comparative accelerator analysis
[10] https://startupvirginia.org/
[11] https://www.434.co/
[12] https://www.lighthousenetwork.co/

## Implementation Overview

The program should launch July 2026 and deliver at least two cohorts over two years, serving 16-20 companies total.  We propose a two-year implementation budget of approximately $380,000 in total funding ($190,000 per year). Venture Central’s municipality match discussions indicate the potential to exceed GO Virginia's 2:1 cost-share requirement. Beyond the two-year launch period, Venture Central would pursue diversified funding through corporate sponsorships (ex.: regional banks, distributors, service firms, large food & beverage businesses) and grants. Over 30 potential funding sources have been identified from federal, state, and foundation sources.

## Projected Impact

The program is projected to generate, minimally:

- **16 to 20 businesses served** across two cohorts through year two
- **45 jobs created** in food manufacturing across Region 9 over five years
- **15-30% average revenue growth** among participating businesses
- **Traded-Sector Expansion:** Products sold outside Region 9 bring new money into the regional economy
- **Regional Multiplier Effects:** Scaling local food businesses increases demand for farm products, packaging, logistics, etc.

## Strategic Alignment

This initiative directly advances GO Virginia's core objectives:

- **Traded-Sector Growth:** Expands out-of-region distribution and sales
- **Regional Collaboration:** Hybrid model enables participation across all 11 Region 9 localities
- **Higher-Wage Job Creation**: Additional professional positions (sales, operations) as the business scales
- **Leveraging Existing Assets:** Builds on existing commercial kitchens, support organizations, and infrastructure rather than duplicating resources
- **Catalyzing industry sector expansion** through networked agribusiness, food and beverage producers, and support professionals

## Conclusion and Recommendation

The project team recommends that the Region 9 Council authorize an implementation grant application to launch a two-year pilot accelerator serving 16-20 growth-stage food and beverage manufacturers. The planning process validates both the need and readiness for a **Food & Beverage CPG Business Accelerator** in Region 9:

- **Demand is proven:** 84% of surveyed businesses expressed interest in participating
- **The gap is documented:** Existing programs serve startups but not growth-stage companies
- **The model is validated:** Benchmark programs and independent research confirm that accelerators work; Virginia's track record demonstrates in-state success
- **The program advances GO Virginia priorities:** Traded-sector expansion, regional collaboration, higher-wage job creation, and leveraging existing assets

# INTRODUCTION

## Project Overview

The GO Virginia Region 9 Food & Beverage Business Accelerator Planning Grant (February 2025–February 2026) evaluated the feasibility of launching a regional accelerator program designed to help established food and beverage manufacturers scale. This $100,000 planning grant was funded by GO Virginia Region 9 and managed by Venture Central in collaboration with the city of Charlottesville and the counties of Albemarle, Culpeper, Fauquier, Fluvanna, Greene, Louisa, Madison, Nelson, Orange, and Rappahannock.

The planning process assessed regional capacity, validated market demand, benchmarked successful accelerator models, and produced an implementation-ready framework to grow company revenues, create higher-wage jobs, and strengthen Region 9's traded-sector economy.

### The Challenge

Food and beverage businesses in Region 9 struggle to grow beyond $1 million in annual revenue, hindering job creation and traded-sector growth. Despite identifying more than 80 CPG food and beverage businesses operating across the region, entrepreneurs consistently report challenges including high production costs, fragmented distribution networks, limited capital access, and lack of access to information, training and resources needed for scaling.

This planning grant represents the first region-wide effort to quantify the needs of growth-stage food and beverage manufacturers and determine whether a coordinated accelerator program could help established businesses break through growth barriers.

### Deliverables Completed

All deliverables specified in the GO Virginia Region 9 Food & Beverage Business Accelerator Planning Grant contract (February 2025 – February 2026) have been completed in accordance with project scope and timeline.

### Activities

1. Stakeholder engagement, including assessing needs for firms in the region and validation of quantitative research findings
2. Best practice research of successful models from other regions of the country
3. Design of a Food and Beverage Business Accelerator program informed by these best practices and responsive to the needs of GO Virginia Region 9
4. Evaluation of partnerships and potential funding sources to establish this accelerator

### Products

Strategic plan on establishing a Food and Beverage Business Accelerator in GO Virginia Region 9, including:

- a review of best practices from similar programs across the country
- verification of potential demand for programming
- an operational plan for the accelerator
- identification of partnerships for the accelerator
- a strategy for sustainability
- an action plan for next steps to bring the accelerator to fruition if report validates demand

### Strategic Alignment

This initiative directly aligns with the GO Virginia Region 9 Growth & Diversification Plan by strengthening a priority traded-sector cluster and linking rural and urban economies. Food and beverage manufacturing represents a critical bridge between the region's strong agricultural base and advanced manufacturing capabilities, with products sold outside the region bringing new revenue into the local economy. As detailed in the Executive Summary, five independent regional planning efforts - including the Super Regional CEDS, both planning district CEDS reports, and the REI Report - have identified food and beverage business support as a priority.

## Project Leadership and Governance

### Fiscal Agent and Program Management

Venture Central served as the fiscal agent and lead organization for this planning grant. As a regional 501(c)(3) nonprofit dedicated to entrepreneurial ecosystem development across GO Virginia Region 9, Venture Central brought organizational capacity and relevant expertise to manage this multi-locality initiative.

Hope Lawrence, Program Manager at Venture Central and founder of Hudson Henry Baking Company (which scaled to $1.2M in revenue and earned six sofi Awards), served as the project manager. Her firsthand experience navigating the challenges of food business scaling - including co-packer negotiations, FDA/USDA regulatory compliance, and distribution relationships - informed the research design and stakeholder engagement strategy. Additionally, her background in finance (CFA charterholder, former Product Manager at S&P and Fitch Ratings) and current role as an SBDC advisor specializing in food businesses provided both industry credibility and business analysis expertise.

Rebecca Haydock, CEO of Venture Central, provided support and ensured alignment with Venture Central's mission and GO Virginia Region 9 strategic priorities.

### GO Virginia Region 9 Council Oversight

Shannon Holland, Director of GO Virginia Region 9, provided ongoing guidance throughout the planning process, ensuring alignment with GO Virginia strategic priorities. The GO Virginia Region 9 staff reviewed progress through quarterly updates which were shared with the Council.

### Advisory Board

An Advisory Board was convened at the onset of the planning project to provide guidance throughout the planning process. The Advisory Board met quarterly during the planning period and contributed expertise on curriculum design, partner engagement, program structure, reports, and regional coordination.

The Advisory Board was designed to include members with expertise across the food and beverage production business ecosystem:

- Chris Burger, VEDP
- Jill Donaldson, Virginia Specialty Food Association and Founder, LillyBean Baking
- Yolunda Harrell, New Hill Development Corp, BEACON
- Rebecca Haydock, Venture Central
- Gretchen Ledmor, Carver Food Enterprise Center
- Shaun Malik, VEDP
- Erin Mann, Vint Hill Kitchen and Founder, Erin's Elderberries
- Doug Parsons, Fauquier County Economic Development
- Myles Powell, Founder, Myles Comfort Foods
- Chris Van Orden, SBDC

*Shannon Holland and Christie Taylor (GO Virginia Region 9) also attended Advisory Board meetings.*

### Locality Participation

All eleven Region 9 localities participated in the planning process through economic development leadership interviews, review of the planning grant scope and objectives, review of lists of businesses in each locality, and/or providing feedback on how the proposed solution aligns with municipality-level strategic plans. Officials provided input on local business needs and implementation considerations, and discussed their locality's interest in supporting program implementation.

### Partner Engagement

Partner engagement was a cornerstone of the planning process to ensure alignment with existing assets and to avoid duplication of services.

- **Central Virginia Small Business Development Center** - identified gaps in current service delivery for growth-stage companies
- **BEACON** - participated in the Advisory Board and stakeholder interviews, shared insights in shared commercial kitchens
- **Carver Food Enterprise Center** - participated in the Advisory Board and stakeholder interviews, hosted a focus group, shared insights on production and farming challenges
- **Virginia Specialty Food Association** - connected the project to the statewide food industry network, participated in the Advisory Board
- **Community Investment Collaborative** - shared insights on capital access challenges
- **434 Accelerator, CvilleBioHub, and the Wine Coalition** - convened to share activities and updates as the regional acceleration support entities

This collaborative approach ensured that the proposed accelerator would enhance rather than duplicate existing regional resources with clearly defined roles for each partner organization.

## Research Methodology

The project team employed a multi-method research design to engage data acquisition, input of ideas and experiences, and feedback on proposed solutions across business stages, geographic areas, and ecosystem stakeholders. The methodology was designed to establish both quantitative evidence of market demand and qualitative insights necessary for effective program design. Stakeholder engagement strategies ensured representation from all Region 9 localities.

Findings were triangulated across multiple data sources via stakeholder interviews, surveys, focus groups, site visits (packagers, makers, incubators, accelerators) and national benchmarking to ensure accuracy and regional representativeness.

### Stakeholder Interviews (80+ interviews conducted)

Interviews were conducted with stakeholders across the following categories:

*Primary Stakeholders (Food Business Owners):* 50+ interviews

- Operating packaged goods businesses at various revenue stages
- Closed or sold businesses (to understand failure and exit factors)
- Geographic distribution across all Region 9 localities

*Secondary Stakeholders (Support Ecosystem):* 30+ interviews

- Commercial kitchen operators: BEACON, Carver Food Enterprise Center, and others
- Economic development officials from each Region 9 locality
- Financial/investment community: Charlottesville Angel Network, Community Investment Collaborative, lenders

- Industry support organizations: Central Virginia SBDC, Virginia Department of Agriculture and Consumer Services (VDACS), Virginia Specialty Food Association, Virginia's Finest Program
- Potential mentors, retailers, and others in the industry

All interviews followed a consistent framework while allowing for organic exploration of unique insights. The protocol systematically covered background and context, current business analysis, scaling challenges and barriers, accelerator concept validation, and regional resources and partnerships.

**Surveys (89 total responses from 79 unique entrepreneurs and 10 ecosystem stakeholders)**

Four distinct surveys were deployed to gather quantitative data and broaden participation beyond interview capacity:

- **Food and Beverage Businesses in Central Virginia (38 responses, deployed February 2025)**: Basic business information including location, revenue range, market reach beyond Virginia, and preliminary interest in participation
- **Region 9 Food Business Ecosystem Survey (10 responses, deployed March 2025)**: Assessment from support organizations and stakeholders on barriers preventing businesses from scaling beyond $1M, most lacking resources in the region, current collaboration levels, valuable industry expertise for accelerator curriculum, underserved populations, and preferred program formats
- **Food & Beverage Entrepreneur Questionnaire (30 unique responses, deployed June 2025)**: In-depth assessment covering business demographics, production facilities, support resource usage, top three challenges, most valuable resources needed, accelerator interest and preferred features, barriers to participation, and willingness to pay
- **Food and Beverage Business Accelerator - Final Survey (31 responses, deployed November 2025)**: Validated continued interest, refined understanding of business challenges, assessed resource availability ratings, and confirmed accelerator program preferences

Note: Some entrepreneurs completed multiple surveys over the planning period. Analysis accounts for duplicate responses, with 79 unique food and beverage entrepreneurs and 10 ecosystem stakeholders providing input across all surveys.

**Focus Groups**

Four focus groups provided structured opportunities for group discussion and validation of preliminary findings. The focus groups were held in-person and virtually in April, May, and June to further engage region-wide participation. Focus groups explored shared challenges, peer learning preferences, resource needs, and reactions to the accelerator concept in a collaborative format that encouraged participants to build on each other's insights.

**Comparative Accelerator Analysis**

To inform program design, the team conducted detailed research on successful food and beverage accelerator models across the United States, examining programs with diverse structures, funding models, and geographic contexts. Analysis documented program structures, curriculum approaches, participant outcomes, sustainability models, and lessons learned. This benchmarking identified best practices adaptable to Region 9's context.

**Quality Assurance and Validation**

To ensure methodological rigor and credible findings, the research process incorporated:

- **Diverse stakeholder engagement:** Business owners, support organizations, capital providers, and government officials
- **Regional representation:** All 11 localities included in data collection
- **Business stage diversity:** Companies from pre-revenue to over $1M represented

- **Confidentiality protections:** Aggregate reporting to protect individual business information
- **Multiple source triangulation:** Consistent patterns confirmed across interviews, surveys, and focus groups

This comprehensive methodology ensured that program recommendations are grounded in documented regional needs, validated market demand, and proven best practices from comparable programs.

# INDUSTRY CONTEXT: Why Food & Beverage Businesses Struggle to Scale

## The Reality of the Food and Beverage Sector

Food and beverage manufacturing stands apart from other small business sectors in its operational complexity, regulatory burden, and capital intensity. While all businesses face growth challenges, food companies navigate a uniquely demanding landscape that combines perishable inventory, multi-agency regulatory oversight, specialized equipment requirements, brand mastery to stand out in a crowded space, and complex distribution networks that require careful margin management.

The stakes are high: approximately 85% of new consumer packaged goods (CPG) products fail within the first few years[13], and many promising brands plateau below $1 million in annual revenue despite strong initial traction at farmers markets or direct-to-consumer channels. Understanding these inherent industry challenges is essential to recognizing why targeted, industry-specific support is necessary and why generic business assistance programs fall short for growth-stage food manufacturers.

### Industry-Specific Barriers

Food manufacturers face operational challenges largely absent in other sectors. Multi-agency regulatory compliance requires navigating overlapping requirements from VDACS, FDA, USDA, and local health departments—each with distinct inspection protocols, facility standards, and compliance costs. Transitioning from cottage food to commercial production requires multiple permits, facility inspections, and HACCP plans typically costing $3,000-$15,000.[14] Product perishability creates additional pressures: limited shelf life demands, precise inventory management, cold chain requirements increase costs and limit distribution options, and agricultural seasonality introduces supply volatility. Quality control and product consistency is also uniquely challenging with numerous source material and production scale variables affected by ever-changing environmental, economic, and regulatory environments.

Capital requirements for scaling are substantial. Commercial-grade equipment ranges from $50,000 to over $500,000[15], facility build-outs can exceed $100,000 for modest spaces, and specialized packaging equipment is product-specific. Unlike service businesses that scale with minimal capital, food manufacturers must make significant upfront investments before increasing production capacity - and food-specific equipment often has limited resale value, making it poor collateral for traditional loans.

Distribution bottlenecks compound these challenges. A small number of large distributors (UNFI, KeHE, Sysco, US Foods) control access to major retail accounts, requiring minimum order quantities, slotting fees, and margin structures favoring larger producers. Major grocery chains demand $2M+ liability insurance, sophisticated systems for barcoding and automated ordering systems, and food safety certifications. Businesses unable to secure distributor relationships must build direct delivery infrastructure  - vehicles, drivers, route planning - while managing 60-90 day payment terms that create substantial working capital gaps.

### The Specialty Food Market Opportunity

Despite these barriers, the specialty food market presents substantial opportunity. The sector exceeds $207 billion nationally and grows at 11-12% annually[16], significantly outpacing conventional packaged

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[13] https://www.foodnavigator-usa.com/Article/2014/07/31/Why-do-85-of-new-CPG-products-fail-within-two-years/
[14] https://www.finleyfbconsulting.com/ and https://www.ifsqn.com/forum/index.php/topic/48846-haccp-plan-development-cost/
[15] Industry estimates based on stakeholder interviews and Program Director experience
[16] Specialty Food Association 2024

foods at 2-3%[17]. Consumer demand for local, artisan, and sustainable products continues strengthening with retailers allocating more shelf space to regional brands[18]. E-commerce channels through company websites, Amazon, and specialty platforms such as Faire are reducing dependence on traditional distribution[19].

Region 9 food businesses are well-positioned to capitalize on these trends if they can overcome the operational and financial barriers that currently trap most companies below $1M in revenue.

## Why Scaling Is Especially Challenging

The barriers described above affect all food businesses, but growth-stage companies (those attempting to move from $100K to $1M+ in revenue) face a distinct set of compounding challenges that explain why so many of Virginia's businesses stall at this critical juncture.

**The "Plateau" Phenomenon**

Stakeholder interviews consistently identified a pattern where food businesses successfully launch, achieve initial market traction through farmers markets and direct sales, reach $100,000 - $500,000 in revenue and then plateau. This phenomenon stems from the simultaneous collision of multiple scaling barriers:

**Capital Requirements Spike Dramatically**

Moving from small-batch production to regional (multi-state) distribution requires capital investments that exceed most entrepreneurs' personal resources and borrowing capacity:

- **Co-packer minimums:** Contract manufacturers typically require $25,000-$100,000 minimum production runs[20], far exceeding what most small producers can finance upfront.
- **Equipment purchases:** Businesses outgrowing shared kitchens or home kitchens must invest in commercial equipment ($50K-$500K) to lease or build dedicated facilities
- **Working capital gap:** Distributors take 60-90 days to pay, meaning businesses must cover production costs for months before receiving payment
- **Retailer slotting fees:** The initial slotting fee is around $250-$1,000 per item per store to secure shelf space (which can quickly add up)[21], plus promotional allowances
- **Insurance and compliance costs:** Moving to wholesale distribution requires increased insurance coverage ($2M+ general liability), food safety certifications ($3K-$15K), and potentially USDA or FDA facility registration.

These capital needs arrive simultaneously, creating a funding gap that most traditional lenders cannot or will not fill. Banks view food businesses as high-risk due to thin margins and perishability. Angel investors and venture capital typically seek technology companies with higher return potential. CDFIs most often serve micro-enterprises below $100K in revenue. Therefore, growth-stage food companies must be adept at attracting investment capital

**Production Bottlenecks Force Difficult Transitions**

Many food businesses launch in shared commercial kitchens that provide affordable access to licensed facilities and equipment. However, these kitchens have inherent limitations:

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[17] Specialty Food Association 2024
[18] https://www.grocerydive.com/news/how-local-products-can-unlock-potential-in-center-store/609275/
[19] https://www.bringoz.com/how-ecommerce-is-transforming-retail-distribution-channels/ and https://thebuyerandretailcoach.com/2023/07/31/using-faire-to-grow-your-business
[20] Industry estimates based on stakeholder interviews and Program Director experience
[21] https://nielseniq.com/global/en/insights/education/2022/slotting-fees-and-slotting-allowances/

- **Capacity constraints:** Shared kitchens must allocate time among multiple users, limiting each company's production hours.
- **Equipment limitations:** Shared facilities may lack specialized equipment needed for specific products
- **Scheduling inflexibility:** Growing businesses need consistent production schedules to meet wholesale orders but must work around shared kitchen availability
- **Cost structure:** Hourly rental rates become economically inefficient at higher volumes compared to dedicated facility costs

This forces many businesses to make a difficult decision, each option presenting significant challenges.

1. **Move to co-packing:** Contract with a third-party manufacturer (co-packer) to produce products at scale, which may require reformulating recipes to meet co-packer specifications, committing to minimum order quantities, and giving up direct production control
2. **Build/lease dedicated facility:** Requires $100K-$500K+ capital investment, facility build-out, and taking on fixed overhead
3. **Stay small:** Remain capacity-constrained and unable to pursue growth opportunities

**Distribution Becomes the Primary Barrier**

Direct sales through farmers markets, select stores, and online sales provide initial revenues. Growth at scale requires accessing wholesale distribution channels - a fundamentally different business model requiring different capabilities:

- **Distributor relationships are difficult to secure:** Distributors prioritize established brands with proven sales velocity, leaving emerging companies struggling to gain attention
- **Broker relationships require industry connections:** Food brokers (who represent products to distributors and retailers for 5-10% commission)[22] typically work only with companies that have proven sales or those with strong industry connections
- **Direct store delivery (DSD) is operationally complex:** Building a DSD network requires vehicles, drivers, route planning software, liability insurance, and management time - investments that make sense only at scale
- **Retailer requirements are onerous:** Each retailer has unique requirements for invoicing, promotional calendars, freight and pallet delivery standards, and product liability insurance

The distribution challenge is compounded by the fact that many food entrepreneurs start businesses based on product passion rather than sales expertise. They excel at product development but lack experience in wholesale selling, retail negotiations, and supply chain management. Branding and packaging also must appeal to adequately sized and addressable markets - achieved through intentional customer discovery and product/market testing work.

**Margin Pressure Intensifies**

As businesses move from direct sales (where they capture full retail margins) to wholesale distribution, margin pressure becomes severe:[23]

- **Distributor margins:** Distributors typically take 25-35% margins
- **Retailer margins:** Retailers take an additional 30-50% margins
- **Broker commissions:** If using a broker, add 5-10%
- **Promotional allowances:** Retailers expect periodic discounts, end-cap fees, and promotional support

A product selling for $10 retail might net the producer only $3-$4 wholesale—less than half the direct sales revenue. Many products that are profitable through farmers markets become unprofitable through

[22] https://ziplinelogistics.com/blog/food-broker-distributor-3pl
[23] Industry estimates based on stakeholder interviews and Program Director experience

wholesale channels unless companies can achieve substantially higher production volumes to drive down per-unit costs.

**Founder Capacity Limitations**

Many food business founders bring culinary or agricultural expertise rather than business management backgrounds, resulting in specific business scaling skill challenges:

- **Lack of business management experience:** KPI and financial management, supply chain logistics, sales strategy, and team management skills are required to achieve scale
- **Founder does everything:** At small scale, founders manage production, sales, bookkeeping, marketing, and delivery. Scaling requires delegating these functions through scalable processes—but founders need strategic literacy to know what to outsource, when, and how to manage those relationships.
- **Risk aversion:** Having invested personal savings and taken on debt to launch, many founders become risk-averse precisely when scaling requires taking calculated risks (co-packer commitments, inventory investments, equipment purchases)
- **Isolation:** Food entrepreneurs often work in production facilities for long hours, with limited peer connections or professional networks to provide guidance, introduce opportunities, or offer emotional support

These capacity limitations are not character flaws - they are knowledge and network gaps that targeted support can address. However, without intervention, they cause entrepreneurs to make sub-optimal decisions or simply plateau out of uncertainty about next steps.

**The Compounding Effect**

What makes scaling a food and beverage CPG business particularly challenging is that barriers often compound on each other such that business owners:

- cannot access co-packers without capital for minimum runs
- cannot secure capital without demonstrated distribution contracts
- cannot get distribution contracts without production capacity to fulfill orders
- cannot increase production capacity while operating at revenue plateau

This creates a catch-22 that traps businesses in a stable but non-scalable state. They generate enough revenue to sustain operations but lack the resources, knowledge, or connections to break through to the next level. Without intervention, businesses can remain stuck indefinitely or eventually close when founders burn out.

# THE OPPORTUNITY IN REGION 9

Food and beverage manufacturing represents significant economic potential for Region 9, bridging the region's agricultural base with advanced manufacturing capabilities while creating accessible traded-sector jobs that bring revenue into the regional economy. This section establishes the sector's current profile, demonstrates the pipeline of businesses ready for growth support, and identifies regional assets that position Region 9 to capitalize on this opportunity.

## Current Sector Profile

Food and beverage manufacturing employs 2,629 workers across Region 9, making it a substantial traded-sector industry.[24] However, the sector shows clear indicators of unrealized potential: average wages of $37,294 are 40% below the regional average of $61,967 and represent the lowest wages among Region 9's target traded-sector industries. [25]

This wage disparity reflects the sector's composition - predominantly small-scale producers employing primarily production labor. Companies that successfully scale create higher-wage professional positions in operations management, sales coordination, and supply chain logistics that substantially improve sector economics.

## Regional Business Landscape

To assess the sector's growth potential, the planning team compiled comprehensive data on business composition, revenue distribution, operational characteristics, and scaling barriers. Analysis draws from multiple sources to ensure regional coverage:

- 80+ identified CPG food and beverage businesses
- Three entrepreneur surveys: 79 unique business responses across February-November 2025
- Region 9 Food Business Ecosystem Survey: 10 stakeholder responses
- 80+ stakeholder interviews and focus groups
- County business lists, VEDP data, and regional buy-local lists

The following analysis synthesizes these sources to document the current landscape and identify the pipeline of businesses positioned for growth support.

### Revenue Distribution and the Growth Plateau

The planning process compiled revenue data on 86 food and beverage businesses alongside detailed survey responses from 79 unique entrepreneurs. Together, these datasets reveal a consistent pattern of businesses achieving initial market success but plateauing before reaching sustainable scale.

### Regional Business Analysis

Revenue data on 86 of Region 9 food and beverage CPG businesses shows:

- **Under $100K:** 36 businesses (42%)
- **$100K-$1M:** 43 businesses (50%)
- **Over $1M:** 7 businesses (8%)

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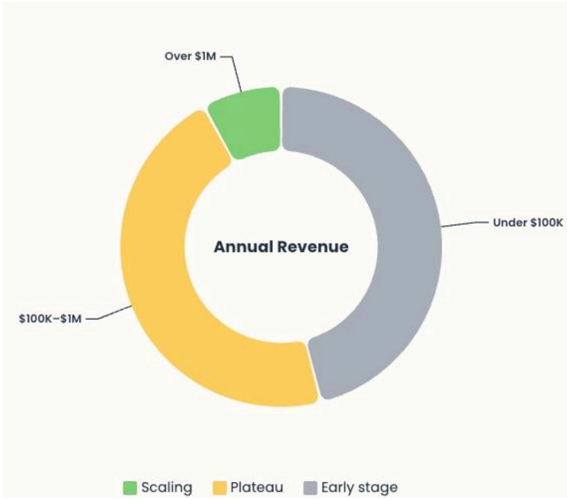
[24] GO Virginia Region 9 Growth & Diversification Plan (2023)

[25] GO Virginia Region 9 Growth & Diversification Plan (2023)




**Of 86 businesses with revenue data, 92% operate under $1M in annual revenue. Half have plateaued in the $100K-$1M range, while only 8% have successfully scaled beyond $1M.**

This revenue distribution validates the plateau phenomenon: half of the region's food businesses have achieved proof of concept and initial market traction but face barriers preventing them from scaling to $1M+ revenue—the threshold where employment composition typically shifts from primarily production labor to include professional positions commanding higher wages.

**National Context**

These regional findings align with national data on small businesses. Industry research shows that businesses with 1-4 employees average only $387,000 in annual revenue, with the critical jump to over $1 million typically requiring expansion to 5+ employees.[26] Nationally, less than 2% of all single-person businesses ever reach $1 million in revenue[27], underscoring the structural barriers an accelerator aims to address through specialized support, network building, and growth capital access.

Survey responses from 79 Region 9 food and beverage entrepreneurs show similar patterns—revenue concentrated below $1M and strong interest in scaling support.

**Business Types and Product Categories**

The regional food and beverage sector demonstrates significant diversity in product types. Survey data (61 total responses, some entrepreneurs completed multiple surveys) had the following distribution:[28]

**Product Category Distribution:**

- **Packaged foods/Food manufacturing: 29 businesses (51%)** – The largest category, including CPG products, baked goods, condiments, sauces, and specialty artisan products
- **Beverages (non-alcoholic): 9 businesses (16%)** – Including packaged beverages, coffee, and other non-alcoholic drink products
- **Farm/Agricultural production: 8 businesses (14%)** – Value-added agriculture and farm-based food production
- **Food service: 7 businesses (12%)** – Food trucks, mobile vendors, catering, and restaurants
- **Other: 4 businesses (7%)** – Education, cooking classes, farmer's market sales, and wholesale

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26 https://www.forafinancial.com/blog/small-business/average-small-business-revenue/

27 https://www.forbes.com/sites/elainepofeldt/2025/03/23/number-of-million-dollar-one-person-businesses-doubles-in-one-year/

28 Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025), combined n=61

*Note: The proposed accelerator targets CPG manufacturers (packaged foods and non-alcoholic beverages). Food service businesses (restaurants, caterers, food trucks) and farm/agricultural producers selling consumer packaged goods with demonstrated velocity may be eligible.*

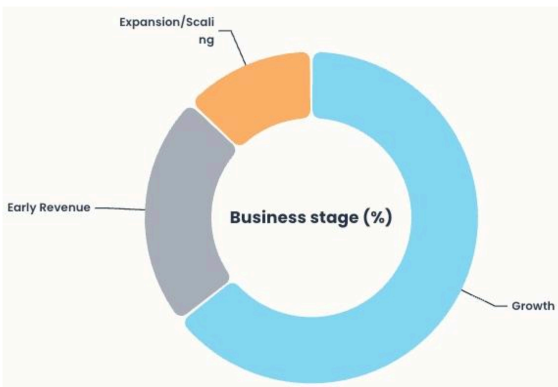
**Years in Operation and Business Maturity**

Survey data from 31 entrepreneurs reveals business age distribution:[29]

Business Age Distribution:

- **0-2 years (startup phase):** 19 businesses (61%)
- **3-5 years (early growth):** 2 businesses (6%)
- **6-10 years (established):** 5 businesses (16%)
- **10+ years (mature):** 5 businesses (16%)

**Self-Reported Business Stage:** Of surveyed businesses, 65% identified as growth stage with increasing sales, 23% reported early revenue with minimal sales, and 13% are actively expanding or scaling.



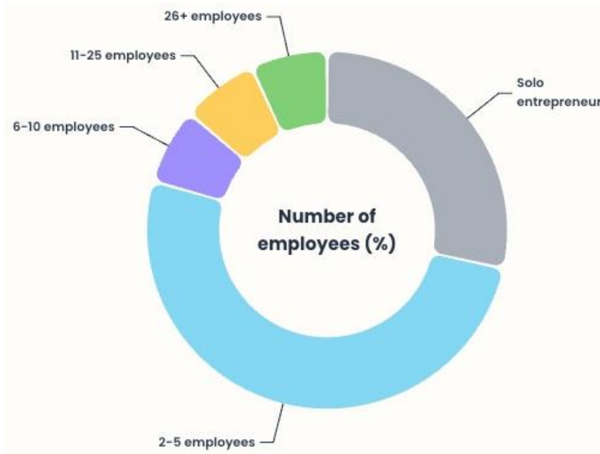

The concentration of businesses in the startup phase (0-2 years at 61%) combined with the high proportion self-identifying as "growth stage" (65%) suggests significant entrepreneurial activity with businesses that have achieved product-market fit and initial traction but now face scaling challenges. Notably, 16% have operated for 10+ years, indicating an established business cohort that demonstrates both the viability of long-term success in the sector and potential for peer mentorship within an accelerator program.

**Current Employment by Company**

Survey data from 31 entrepreneurs reveals current employment:[30]

- **Solo entrepreneur:** 9 businesses (29%)
- **2-5 employees:** 16 businesses (52%)
- **6-10 employees:** 2 businesses (7%)
- **11-25 employees:** 2 businesses (7%)
- **26+ employees:** 2 businesses (7%)

[29] Final Survey (Nov 2025), n=31
[30] Final Survey (Nov 2025), n=31




Most businesses operate with minimal staff, with 81% employing 5 or fewer people. This reflects both early-stage operations and the challenge of generating sufficient revenue to support payroll. However, 13% of surveyed businesses have successfully scaled to 10+ employees, including two with 26+ employees, demonstrating that significant growth is possible.

### Geographic Distribution

Survey responses show representation from 10 of 11 Region 9 localities, with highest concentrations in Albemarle County, Fluvanna County, Charlottesville, and Fauquier County.[31] This geographic diversity creates both opportunities and challenges for accelerator program delivery. While dispersed businesses demonstrate region-wide entrepreneurial activity, it necessitates hybrid delivery models (combining in-person sessions at rotating locations with virtual programming) to ensure equitable access for rural participants.

### Market Reach

Survey data shows approximately two-thirds of businesses sell products outside Virginia, demonstrating traded-sector activity bringing revenue into the region.[32]

## Regional Strengths and Assets

Region 9 possesses distinctive assets that position it to support food business growth, including existing production infrastructure, strategic market proximity, and a collaborative entrepreneurial culture.

### Production Infrastructure

Access to licensed commercial production facilities is fundamental to food business development. Region 9 has an unusual concentration of five shared commercial kitchens—a regional strength that provides affordable entry points for entrepreneurs and creates natural hubs for community development and peer networking. BEACON (Charlottesville/Albemarle), Carver Food Enterprise Center (Culpeper), Vint Hill Kitchen (Fauquier), Fluvanna Kitchen (Fluvanna), and Bread & Roses (Charlottesville) together provide distributed geographic access across urban and rural areas.

Additional production infrastructure that may have capacity include a contract manufacturer, existing business-owned commercial production facilities, private commercial kitchens where restaurants and food businesses informally rent excess capacity, and on-farm processing facilities for value-added agricultural products. Businesses requiring contract manufacturing (co-packing) have limited regional options.

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[31] Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025)

[32] Business Directory Survey (Feb 2025), n=38

As businesses scale and demonstrate commercial velocity, they are poised to attract capital to build out or retrofit manufacturing facilities, or they may choose to engage contract manufacturers for increased production.

**Market Proximity**

Region 9's location provides day-trip accessibility to major consumer markets. The Washington DC metro area and Richmond offers a sophisticated specialty food market with strong demand for artisan and regional products. The I-64 and US-29 transportation corridors facilitate distribution logistics and enable businesses to participate in buyer meetings, and market development activities without overnight travel requirements. Virginia is home to inland and coastal ports, making it well positioned for national and international markets. The Front Royal Virginia inland port is adjacent to Region 9 and is a key part of the ship-to-rail-to-truck supply line between Europe/China/other foreign markets.

**Agricultural Foundation and Local Food Culture**

The region's diverse agricultural production supports ingredient sourcing for value-added food businesses, creating natural linkages between farms and food manufacturers. Strong farm-to-table culture and demonstrated consumer preference for local foods provide market demand that regional producers are positioned to capture. Established agritourism infrastructure, including numerous wineries and destination food experiences, can create additional distribution channels and brand-building opportunities for specialty food companies in Central Virginia.

**Supportive Ecosystem and Investment Capacity**

Region 9 maintains an active business support ecosystem including the Central Virginia Small Business Development Center, Venture Central, Community Investment Collaborative, and economic development offices across localities. The Charlottesville Angel Network, CAV Angels and private investors provide potential access to growth capital for businesses ready for investment. Educational institutions including The University of Virginia, Piedmont Virginia Community College, Laurel Ridge Community College, CATEC, C-TEC and other food safety and industry advancing resources. GO Virginia's regional coordination structure provides the organizational framework necessary to manage multi-locality initiatives effectively.

**Proven Success Stories**

The region has demonstrated viable pathways for food business growth. Red Truck Bakery and Evermade Foods are examples of successful businesses that have navigated the scaling challenges the accelerator aims to address.

**Red Truck Bakery** began when founder Brian Noyes started baking from his Orlean, Virginia farmhouse on weekends, selling goods from his 1954 red Ford truck to local stores. After a New York Times feature drove 57,000 website hits in a single day, Noyes opened his first retail location in a converted Warrenton gas station in 2009. The business expanded to a second location in Marshall in 2015, added nationwide shipping, published a cookbook, and earned recognition as one of America's top destination bakeries. In 2023, the business was sold to a local Virginia company.[33] **Evermade Foods**, founded by CEO Rachelle Slotnick, opened in Fauquier County in 2022 and invested $1.7 million in its USDA- and FDA-compliant 12,000-square-foot facility. In September 2022, the co-manufacturer of prepared meals announced an expansion creating 46 new jobs, a project for which Virginia competed against North Carolina and Texas.[34]

These successes support that scaling in our region is achievable. The accelerator aims to make this path more accessible - shortening the years of trial-and-error that many founders currently navigate alone.

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[33] https://bybriannoyes.com/ and https://redtruckbakery.com/about
[34] https://evermadefoods.com/ and https://www.governor.virginia.gov/newsroom/news-releases/2022/september/name-940253-en.html

# THE CHALLENGE

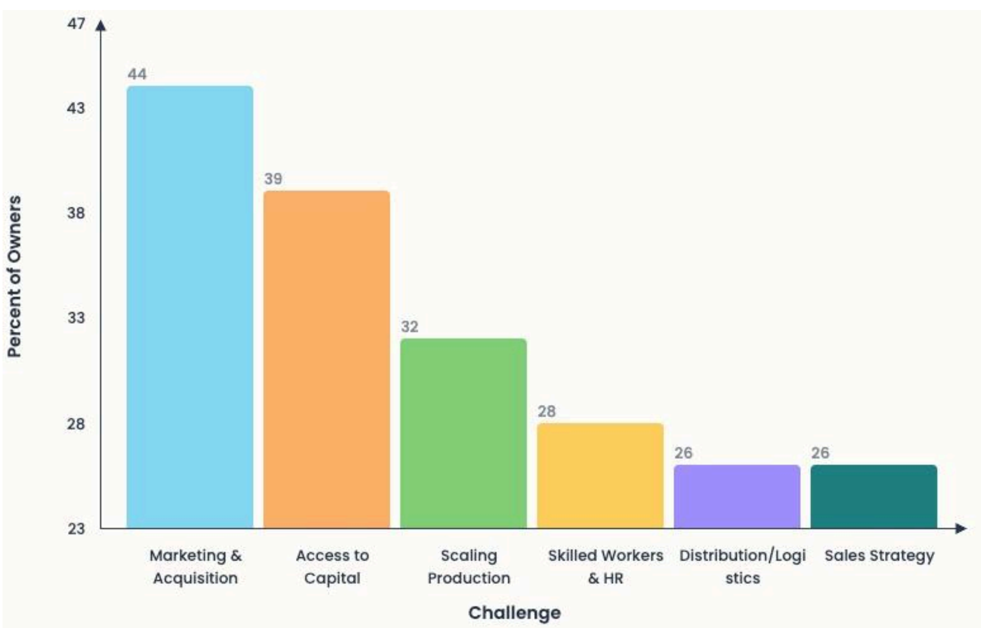
Through over 80 interviews and survey responses from 79 unique entrepreneurs, the planning process identified consistent challenges that existing support organizations, despite their strengths, are not structured to address.

## What Entrepreneurs Face: Top Challenges

Food business owners selected their top three challenges from a comprehensive list across June and November surveys:[35]

- Marketing and customer acquisition: 44%
- Access to capital/financing: 39%
- Scaling production: 32%
- Finding skilled workers and HR issues: 28%
- Distribution/logistics: 26%
- Sales strategy/process: 26%
- Business planning/strategy: 21%
- Production capacity limitations: 21%
- Food safety/regulatory compliance: 19%
- Managing cash flow: 18%

While some challenges reflect systemic industry challenges, many can be addressed with facilitated resource connections, training, and implementation of industry best practices for operational superiority and efficiency. An accelerator helps entrepreneurs navigate existing resources more effectively—in this case connecting them to distributors, workforce programs, production partners, and operational tools and practices to be competitive in today's competitive F&B CPG business environment.




[35] Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025), combined n=61

## Understanding the Barriers

### Marketing and Customer Acquisition

Marketing and customer acquisition emerged as the most frequently cited barrier. Entrepreneurs struggle with:

- Limited marketing budgets and expertise for paid in-store and target market promotion
- Building brand recognition in competitive specialty food markets
- Transitioning from direct sales (farmers markets) to wholesale channels
- Lack of connections to retail buyers and decision-makers
- Digital marketing and e-commerce capabilities and connection to industry digital marketplaces

### Access to Capital

Capital barriers go beyond simple lack of funding.

- **Equipment financing gap:** Need $50K-$200K for commercial equipment, but banks require 20-30% down payment and view food equipment as poor collateral
- **Co-packer minimum runs:** Contract manufacturers require significant payment upfront, exceeding many businesses' working capital
- **Distributor payment terms:** 60-90 day payment cycles create accounts receivable gaps
- **Retailer requirements:** Slotting fees, promotional allowances, insurance increases
- **Investment readiness gap:** Lack of adequate velocity and market data, supporting financial projections, and investor-ready pitch materials needed to pursue angel/VC funding

### Distribution and Market Access

The dominant concern for growth-stage food businesses is the combined sales strategy (26%) and market and customer acquisition(44%). Notably, distributor relationships are difficult to secure among major distributors (UNFI, KeHE) who prioritize established brands.

- Broker access requires existing scale: Food brokers typically work only with established brands
- Direct store delivery is operationally complex: Requires vehicles, drivers, routing software, insurance
- Retailer requirements can be overwhelming: Each chain has unique requirements for invoicing, promotional calendars, freight standards, insurance
- Lack of industry connections: Most entrepreneurs lack relationships with buyers, distributors, or brokers

The distribution challenge compounds capital barriers as businesses need volume to attract distributors, but cannot achieve volume without distribution access.

### Production Scaling and Capacity Limitations

Production limitations prevent businesses from fulfilling growth opportunities.

- Transition to co-packing is unclear: Don't know when/how to transition, select manufacturers, or maintain quality control
- Finding affordable production space: 18% specifically cited this challenge
- Dedicated facility is cost prohibitive: Building or leasing facilities requires $100K-$500K
- Facility transition financing is infrequently available: Banks won't lend for facility build-outs without substantial down payments

**Workforce Challenges**

Workforce challenges emerge as entrepreneurs scale from solo operations to managing teams.

- Difficulty hiring reliable production employees at $15-$20/hour wages
- Lack of management experience in hiring, training, and supervising
- Cannot afford professional staff (operations managers, sales coordinators) until after achieving growth
- Seasonal workforce fluctuations difficult to manage
- Administrative support gap: Founders handle bookkeeping and order processing rather than strategic growth

The workforce challenge creates a catch-22: businesses need to hire to grow, but need growth to afford hiring.

**Sales Strategy**

Many food entrepreneurs lack training in sales expansion.

- Lack wholesale selling experience: Unsure how to identify and approach potential accounts
- KPIs and data reporting: Understanding retail buyer expectations and decision-making processes
- Pricing strategy confusion: Difficulty understanding margin structures for wholesale vs. retail
- Trade show and promotional strategy: Knowledge gaps in successful techniques
- Time constraints: Production demands leave minimal bandwidth for sales

These challenges collectively create the plateau phenomenon where businesses have proven product-market fit and initial traction but lack the capital, knowledge, connections, and strategic guidance to break through to sustainable scale.

## Why Existing Resources Can't Address These Problems

Region 9 has substantial entrepreneurial support infrastructure, but critical gaps exist for growth-stage food businesses requiring industry-specific expertise. The following analysis documents existing resources and specific gaps they cannot address:

**Five Critical Gaps**

**1. No coordinated scale-up programming (Startup vs. Growth-Stage Focus)**

Existing organizations support startups or provide general business assistance, None offer structured programming specifically for food businesses ready to scale, nor do they consolidate access to the unique resources of the Food and Beverage CPG industry.

**2. Limited food industry-specific expertise (Generalist vs. Specialist Support)**

Existing organizations provide excellent generalized business assistance but lack a consolidation of food industry-specific expertise necessary to guide co-packer negotiations, distributor relationships, specialty food marketing, and food-specific financing. Industry-specific challenges like HACCP compliance, co-packer selection, distributor negotiations, or specialty food trade shows are best guided by experienced professionals to help companies achieve scale and “make original mistakes.”

**3. Fragmented service delivery (Coordinated vs. Fragmented)**

Entrepreneurs must navigate multiple organizations (SBDC, CIC, SCORE, commercial kitchens, VSFA, economic development offices, VDACS, industry service professionals) with unclear referral pathways and duplicative intake processes. No coordination mechanism connects them.

**4. Capital gap for growth stage**

CDFIs serve micro-enterprises (<$100K loans), banks require strong collateral, and angels prefer tech companies or demonstrated competitive advantage—leaving few options for  equipment and working capital needs. This financing "dead zone" prevents businesses from making critical growth investments unless they have strong and well documented financial plans.

**5. No peer network structure (Individual vs. Cohort Model)**

Food entrepreneurs operate in isolation citing lack of systematic peer learning, accountability, or emotional support. Current services provide one-off consultations rather than sustained multi-month engagements with cohort structure.

**Business Support Organizations: Current Services and F&B CPG Gaps**

| Resource/Program | Current Focus | Gap Identified |
|---|---|---|
| **Central Virginia SBDC** | Startup counseling, business plan development, general business support and advice | Lack deep expertise in food manufacturing scale-up, specialty food distribution, co-packer negotiations, and CPG financial modeling |
| **SCORE** | Volunteer mentoring, general business guidance | Limited food industry expertise among volunteer mentors; no systematic connections to food distributors, co-packers, or specialty food buyers |
| **BEACON & Carver** | Facility access, light technical assistance | No cohort learning structure, sustained mentorship, or systematic business development programming; focus on facility operations rather than business scaling |
| **Community Investment Collaborative (CIC)** | Microloans, 16-week entrepreneurship training program for starting a business | Program designed for launching businesses, not scaling established ones; lacks specialized food industry expertise in distribution, co-manufacturing, or CPG growth strategies |
| **Virginia Specialty Food Association (VSFA)** | Trade show coordination, industry networking, advocacy, marketing resources | Membership organization providing networking. No structured business acceleration, capital readiness training or hands-on scaling support |
| **VDACS** | Regulatory guidance, food safety training, export assistance | Compliance support rather than growth strategy or business scaling assistance |
| **Local Economic Development Offices** | Business attraction, retention, incentive programs, permitting support | No targeted programming for growth-stage food producers; focus on larger employer recruitment, business retention, and expansion support via real estate and incentive programs |
| **434 Accelerator** | Helps Charlottesville and Albemarle County innovation-based startups scale | Innovation business focused, not structured for food businesses (capital-intensive, lower margins, different scaling pathway than tech companies) |

**Workforce and Education Resources**

Several regional educational institutions offer programs relevant to food entrepreneurship and business management, including Piedmont Virginia Community College, Charlottesville Area Technical Center (CATEC), Culpeper Technical Education Center (CTEC), University of Virginia, and Virginia Tech Cooperative Extension. However, none offer acceleration programming. The accelerator can address workforce challenges through curriculum on hiring, management, and delegation, plus connections to specialized service providers.

**Capital Access Landscape**

Region 9 has uniquely diverse capital sources, but challenges exist for growth-stage food businesses in the $100K-$1M revenue range:

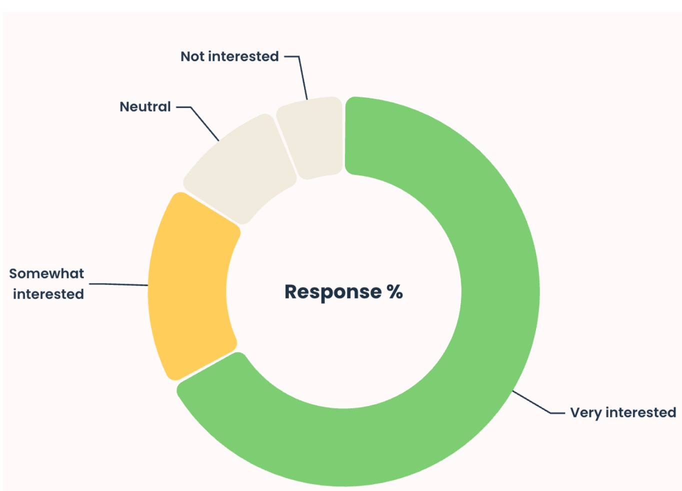
- **Charlottesville Angel Network (CAN) and CAV Angels:** While they invest in some F&B CPG businesses they expect to see significant traction, distribution agreements, and leadership capacity for a scalable business that can exceed $50M in sales.
- **Community Investment Collaborative (CIC):** Microloans up to $100K may achieve early equipment purchases ($75K-$200K typical), but fall short of overall working capital, equipment, and business scaling needs
- **Traditional Banks:** Require 20-30% down payment, view food equipment as poor collateral and therefore lean toward real estate investment in this sector

To solve the capital gap, business owners must demonstrate market adoption and expansion capability to repay debt or achieve acquisition level scale. Capital readiness must be achieved through financial management training, lender matchmaking, investor education, and pitch preparation.

## Entrepreneurs Are Asking for Support

Survey responses demonstrated strong interest in accelerator participation:[36]

**June Survey:** "Would you be interested in participating in a food and beverage business accelerator program in Central Virginia?" **67% were very interested, 23% somewhat interested,** 10% neutral, and only 3% not interested.




[36] Entrepreneur Questionnaire (Jun 2025): 67% very interested, 23% somewhat interested. Final Survey (Nov 2025): 81% expressed continued interest

**November Survey:** "May we list your company as interested in learning more about the accelerator?"

- **Yes: 81%**
- No: 19%

**Combined interest rate: 84% of unique respondents expressed interest across both surveys.**

The consistency between surveys deployed five months apart further validates sustained interest rather than momentary enthusiasm.

**Preferred Program Features**

Participants ranked desired program features:[37]

1. Access to funding opportunities: 53%
2. Industry-specific mentorship: 50%
3. Connections to buyers/distributors: 43%
4. Business strategy development: 40%
5. Co-packing/manufacturing connections: 20%
6. Marketing/branding assistance: 20%

These priorities align closely with documented challenges and confirm that the proposed accelerator curriculum addresses entrepreneur-identified needs.

**Preferred Delivery Format**

When asked what format would work best:[38]

- Hybrid (combination in-person and virtual): 53%
- In-person, part-time program: 17%
- Primarily virtual/online with flexible scheduling: 13%
- Multiple formats selected: 13%

The strong preference for hybrid delivery validates the proposed program structure combining monthly in-person sessions with virtual office hours and online resources.

**Barriers to Participation**

Understanding barriers enables program design to mitigate them.[39] These findings directly inform program design.

- **Cost to participate:** 77%
- **Location/travel requirements:** 63%
- **Time commitment:** 50%

**Willingness to Pay**

When asked about willingness to pay a fee, 27% said yes if the value is clear, 57% said possibly depending on cost and benefits, 17% would only participate if free or scholarship available, and 3% were unsure. Combined, 83% expressed openness to paying fees.[40] Among those willing to pay, 50% indicated under $500 as a reasonable fee range, 17% said $500-$1,000, 29% said it depends on program features/benefits, and 4% indicated $2,501-$5,000.

[37] Entrepreneur Questionnaire (Jun 2025), n=30
[38] Entrepreneur Questionnaire (Jun 2025), n=30
[39] Entrepreneur Questionnaire (Jun 2025), n=30
[40] Entrepreneur Questionnaire (Jun 2025), n=30

# WHAT WE LEARNED: Summary of Key Insights

Through this planning process—including 80+ stakeholder interviews, 89 survey responses from 79 unique entrepreneurs and 10 ecosystem stakeholders, and four focus groups—the project team identified ten critical insights that directly shaped the proposed accelerator model:

**1. Growth-stage food manufacturers are underserved.** Existing programs effectively support startups but not companies in the $100K–$1M range. Survey data shows 50% of regional food businesses with available revenue data have plateaued in this growth stage, yet no coordinated scale-up programming exists tailored to food industry-specific challenges.

**2. Marketing and market access, alongside capital, are primary barriers.** While 39% cited capital access and 44% cited marketing/customer acquisition as top challenges[41]deeper investigation revealed businesses struggle with brand development, buyer relationships, and wholesale market navigation. Distribution/logistics and sales strategy compound these market access challenges.

**3. Scaling production requires knowledge, not just facilities.** Businesses struggle with the transition from shared kitchens to co-packing or dedicated facilities. Entrepreneurs cited inadequate guidance on co-packer selection, equipment financing, and facility planning as key barriers—not lack of rental space.

**4. Rural entrepreneurs face compounding barriers.** Rural businesses travel 30-60 minutes to commercial kitchens, experience professional isolation, face limited broadband access, and incur higher distribution costs. With 63% citing location/travel requirements as a barrier to accelerator participation, hybrid resource access is essential, not optional.

**5. Sustained mentorship matters more than workshops.** When asked to prioritize accelerator features, "industry-specific mentorship" (50%) and "access to funding opportunities" (53%) ranked as top needs, with "connections to buyers/distributors" (43%) close behind.[42] Entrepreneurs described professional isolation and emphasized that sustained relationships with mentors and peers generate more value than one-off educational events.

**6. Demand is validated and immediate.** 84% of surveyed businesses expressed interest in participating. This represents validated demand across Region 9 localities.

**7. The ecosystem is collaborative but uncoordinated.** Region 9 and Virginia have substantial support infrastructure, but services are fragmented with unclear referral pathways and duplicative intake processes.

**8. Region 9 has the assets to lead.** Five commercial kitchens, active support organizations (SBDC, VSFA, CDFIs, investors), successful food businesses, proximity to markets and ports, agribusiness and greenhouse operations, engaged economic development professionals and industry enthusiasts, and GO Virginia coordination support provide a strong foundation.

**9. Many food entrepreneurs are "accidental manufacturers."** Numerous growth-stage producers started from product passion (family recipes, farm products) rather than entrepreneurial ambition. As one entrepreneur described: "I made this for friends, they loved it, and suddenly I had a business."

**10. Integration is key.** An effective model must integrate multiple support dimensions simultaneously: financial literacy, production scaling, distribution strategy, marketing and brand development, leadership development, peer learning, and ecosystem coordination. This integration—combining proven national

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[41] Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025)

[42] Entrepreneur Questionnaire (Jun 2025), n=30

models with Region 9-specific adaptations - defines the program design recommended in the following section.

These ten insights shaped the recommended program model, which addresses documented barriers through coordinated, industry-specific programming tailored to Region 9's context.

# BEST PRACTICES AND BENCHMARKING

Before designing a solution for food and beverage CPG companies for Region 9, a fundamental question must be answered: what delivers measurable results to efficiently scale businesses in a uniquely challenged target sector? Since the core needs to scale numerous companies fell within the definition of an industry accelerator, we explored the models and returns on investment of accelerators.

## What is an Accelerator?

According to SalesForce "A business accelerator is a structured program that helps early-stage companies grow fast. It's like a boot camp for your business, packing months or even years of learning into just a few weeks."[43]

According to Silicon Valley Bank "The purpose of an accelerator is to fast-track a startup's growth trajectory, helping founders build critical connections and refine their path to success."[44]

### Independent Validation: Do Accelerators Work?

A 2024 Wharton University study analyzing 8,500 startups across 400+ accelerators found that accelerator participants were:[45]

- 3.4× more likely to raise capital
- 2× more likely to survive five years
- Achieved faster revenue growth and scaling than non-participants

Critically, the study found that industry-specific programming and mentorship significantly improves outcomes—validating that specialized food business support delivers measurably better results than general business programs.

## Virginia's Accelerator Ecosystem and the Food Business Gap

**Virginia Accelerator Success Stories**

Virginia's growing network of entrepreneurship programs demonstrates that accelerator models deliver measurable, statewide impact. The commonwealth currently supports over 30 active incubators and accelerators spanning diverse industries and geographic regions,[46] with three programs in particular demonstrating sustained success:

- **Startup Virginia (Richmond):** 261 startups incubated, $526M in revenue generated, $315M in capital raised, $421M economic impact created[47]
- **434 Accelerator (Charlottesville):** 34 startups supported with over 70 founders, nearly 150 jobs created, over $38M in capital and grants raised[48]

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43 https://www.salesforce.com/blog/business-accelerator-smb-growth-technology/
44 https://www.svb.com/startup-insights/startup-growth/how-do-startup-accelerators-work/
45 Valentina Assenova, Wharton Business School (2024)
46 https://virginiabusiness.com/virginia-incubators-and-accelerators-3/
47 https://startupvirginia.org/
48 https://www.434.co/

- **Lighthouse Network (Richmond):** 140 companies supported, with 36+ reaching $1M+ annual revenue, 1512+ jobs created[49]

These Virginia examples demonstrate the power of structured mentorship, capital readiness, and community-driven growth—providing a proven foundation for accelerator-driven economic development. However, a critical gap exists: **none of Virginia's accelerators focus specifically on food and beverage manufacturing.**

Despite the state's strong agricultural base, growing specialty food sector, and concentration of food businesses in Region 9, entrepreneurs in this industry must either participate in general business programs that lack food-specific expertise or seek support from out-of-state accelerators. The Region 9 Food & Beverage CPG Business Accelerator is positioned to fill this gap by applying Virginia's proven accelerator model to an underserved but economically significant sector.

## Accelerator Model Review

With the accelerator model's effectiveness established - both nationally and within Virginia - the question becomes: what makes food and beverage accelerators specifically successful?

To validate the accelerator model, the project team reviewed numerous food and beverage accelerator programs nationwide. Five representative programs illustrate consistent success helping small food producers scale operations, access capital, and expand distribution, though their funding models and geographic contexts vary significantly.

**CitySeed Food Business Accelerator** in Connecticut operates a 12-week program in partnership with Collab, serving 5-10 diverse food and beverage makers annually through grant funding.[50] Now in its sixth year, the program has graduated nearly 50 entrepreneurs.

**Good Food Accelerator** in Chicago, runs a 4-month program for CPG brands.[51] Since 2015, 200+ businesses have participated in GFA cohort programs. Participants have achieved 245% sales growth, 69% increase in employees and have raised over $2 million in funding. The program helps participants take a close look at five areas of business: management, operations, sales, financials, and marketing. “By graduation, founders are equipped with a deep understanding of their business’s financials, marketing strategy, manufacturing capabilities, and opportunities to access the capital they need to grow their business.”

**Hatch Kitchen RVA** in Richmond provides the closest geographic comparison to the proposed Region 9 program. Operating since 2019 as a shared commercial kitchen, Hatch provides production space and connects growing members to resources they need to scale. Members have expanded to their own brick-and-mortar locations or manufacturing facilities.[52] Hatch members cite the value of peer learning and mentorship. As one member noted, "These folks have helped me by sharing their stories and what they have learned along the way. It saves me time and energy." Another pointed out that the "camaraderie and collaboration with other producers have been invaluable to our success."

**SKU**, the Austin-based consumer products accelerator founded in 2011, operates a 12-week intensive program for 7-8 companies with at least $100,000 annual revenue.[53] Notable alumni include Siete Foods and EPIC Provisions. Their promise: “We help build the brands of tomorrow by connecting them with the resources they can’t get anywhere else.” SKU takes a 5% equity stake in participating companies in exchange for its services.

[49] https://www.lighthousenetwork.co/
[50] http://www.collabnewhaven.org/
[51] https://goodfoodaccelerator.org/
[52] https://www.hatchrichmond.com/ and https://virginialiving.com/food/hatch-kitchen/
[53] https://sku.is/

**Union Kitchen** in Washington, D.C. offers a relevant regional comparison. Since 2012, Union Kitchen has partnered with more than 150 accelerator members, through a phased program combining commercial kitchen access with business acceleration.[54]. "These businesses have created over $350 million of revenue collectively, opened over 50 storefronts and manufacturing facilities, and created well over 1,000 jobs." Union Kitchen takes an equity stake in participating companies.[55] While the program's proximity to Virginia and focus on production scaling align with Region 9 needs, stakeholder feedback and economic analysis suggest the equity model would limit accessibility for the region's target population.

## Common Success Factors

Despite varying structures and funding models, successful food accelerators share core elements:

1. Small cohorts (7-10 companies)
2. Hybrid delivery
3. Non-equity funding model
4. Integrated mentorship networks
5. Sustained engagement (6-12 months)
6. Alumni networks

Research on successful accelerators identifies five core components essential for startup growth:[56]

1. **Coaching & Mentorship** - Regular one-on-one guidance from experienced entrepreneurs
2. **Expert Access** - Specialized knowledge from industry professionals and consultants
3. **Peer Community** - Cohort-based learning and networking among participants
4. **Resource Connections** - Access to funding, facilities, and business services
5. **Market Access** - Introductions to customers, distributors, and strategic partners

The Wharton study specifically found that accelerators with more training activities, industry-specific advice, and structured learning sessions tend to improve startup success rates.

### Benchmark Outcomes Summary

Accelerator programs serving small to mid-size food and beverage manufacturers consistently deliver measurable growth across key metrics. The Good Food Accelerator in Chicago reported that its first cohort averaged a 62% increase in sales, 107% increase in customers, and 68% increase in employees within months of graduation.[57] Research shows that startups supported through accelerators have approximately 23% higher survival rates than non-participants.[58] The 2024 Wharton study found that accelerated startups raised $1.8 million more in their first year post-graduation and saw accelerated growth in revenue, employment, and wages compared to peers.

**These outcomes reinforce the accelerator model as a proven strategy for regional economic development, particularly in the food and beverage sector, where scale-up barriers are high and targeted mentorship significantly improves survival and growth rates.**

The consistency of positive outcomes across different program structures, from no-equity models like CitySeed to equity-based programs like SKU, demonstrates that effective acceleration depends more on industry-specific expertise and structured support than on any single financing approach.

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[54] https://www.unionkitchen.com/ and https://innovationsoftheworld.com/union-kitchen-how-a-food-business-accelerator-in-washingtondc-is-paving-the-way-for-the-next-big-cpg-brands/

[55] Stakeholder interviews

[56] https://www.nextidal.com/2025/06/30/top-startup-accelerators-mentorship-and-funding-for-early-stage-founders

[57] https://goodfoodcatalyst.org/good-food-good-move-apply-familyfarmeds-business-accelerator/

[58] https://www.researchgate.net/figure/Number-of-startups-graduated-Next-we-compare-the-growth-of-accelerators-in-the-US-vs-the_fig2_346230196

## Lessons for Region 9

Based on benchmark analysis, four design principles emerge for Region 9:

**1. Hybrid Delivery Model**

- In-person sessions with virtual options
- Virtual office hours and coaching between sessions
- Online accessible resource hub for asynchronous learning and connections
- Ensures rural accessibility while maintaining relationship-building benefits of in-person connection

**2. Non-Equity Structure**

- No equity stake
- Program offered at no cost during pilot phase, with potential tiered fee structure for future sustainability
- Maintains inclusivity for founders and stage-appropriate businesses

**3. Partner-Integrated Model**

- Leverage existing regional assets (BEACON, Carver, CVSBDC, CIC, etc.)
- Facilitate access to services rather than duplicate them

**4. Industry-Specific Expertise**

- Food industry mentors
- Curriculum tailored to specialty food scaling challenges
- Direct connections to distributors, co-packers, and buyers
- Technical assistance with food-specific regulations, production, and distribution

These design principles reflect successful national models adapted to Region 9's specific context: a geographically dispersed region with strong existing assets that should be connected and amplified. The framework balances accessibility with effectiveness (small cohorts, industry expertise) while leveraging, rather than duplicating, the region's established support infrastructure.

# REGIONAL READINESS ASSESSMENT

Based on comprehensive stakeholder engagement and benchmark analysis, Region 9 is strategically positioned to launch Virginia's first food and beverage manufacturing accelerator.

## Why Region 9

Region 9 offers distinct competitive advantages for piloting this model:

- **Established base**: 80+ identifiable food and beverage CPG businesses with 50% in the $100K-$1M growth stage[59]
- **Production infrastructure:** Five commercial kitchens (high concentration)
- **Market access:** Day-trip reach to DC and Richmond with strong highway corridors
- **Partner readiness:** Committed ecosystem including CVSBDC, VSFA, angel investors supporting the food and beverage CPG space, commercial kitchens, alignment with economic development strategic priorities, and Venture Central - a Region 9 501(c)3 supporting business and industry scale-up
- **Geographic diversity:** Mixed urban-rural creates ideal test case for equitable, replicable model
- **Agricultural infrastructure:** Historic and ongoing raw material supply throughout region
- **Clear opportunity:** No existing coordinated food business scale-up programming

## The Strategic Opportunity

Taking action can help growth-stage food businesses scale while alleviating continuation of industry businesses struggling, closing, or relocating to regions with better support. The evidence is compelling for action:

- **Demand is immediate:** 84% of surveyed businesses expressed interest[60]
- **The gap is documented:** The gap is documented: No coordinated regional system serves the $100K-$1M segment where 50% of businesses have plateaued.
- **Accelerator models works:** National benchmarks show consistent outcomes; Wharton research validates accelerator success
- **GO Virginia priorities align:** Traded-sector growth, regional collaboration, higher-wage jobs, asset leverage

## Economic Development Return on Investment

Food and beverage manufacturing represents a high-potential economic development investment for Region 9. Supporting growth-stage food companies creates multiple positive economic impacts.

### Return on Investment

- **Accessible and upward mobility jobs:** Part-time entry level production jobs combined with certifications in a growing industry offer access to higher wages and improved quality of life
- **Business sustainability:** Established businesses can avoid closure, premature sale, or moving out of region when locally supported and engaged in a strong networked community
- **Local ownership:** Profits and growth accrue to local owners rather than distant shareholders
- **Leverage of existing assets:** Builds on region's agricultural strengths, existing infrastructure, and entrepreneurial activity rather than requiring new facility construction

[59] Entrepreneur Questionnaire (Jun 2025), n=30 and Region 9 F&B business data
[60] Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025)

- **Agribusiness opportunity expansion:** Grower connection to the packaged goods network provides foresight regarding local market needs, providing potential for reduced transportation costs and market uncertainties
- **Tourism opportunity:** Region 9's destinations feed people and offer gift purchase opportunities. Local specialty foods are mutually beneficial for the producer as well as the destination retailer.

**Traded-Sector Revenue**

Food and beverage products sold outside Region 9 represent classic traded-sector activity - bringing new money into the regional economy. Unlike retail or personal services that circulate existing local dollars, specialty food products sold in other regions, states or countries inject fresh capital into the region.

Survey data indicates that approximately two-thirds (67%) of regional food businesses already sell outside Virginia,[61] demonstrating strong traded-sector activity. An accelerator program that helps businesses expand geographic reach directly increases traded-sector revenue - a core GO Virginia priority.

**Economic Mobility and Job Quality Improvement**

The food industry offers entry level jobs with advancement opportunities as companies scale. As new technology is incorporated into production processes productivity and responsibilities scale for employees. C-suite positions are also created, driving a healthy economic engine in the growing and ever-changing specialty food industry.

The current average wage in Region 9's food manufacturing sector ($37,294) is 40% below the regional average wage ($61,967)—the lowest among targeted traded-sector industries.[62] This wage gap exists primarily because most food businesses remain small-scale operations employing production labor rather than professional staff.

As businesses scale, their employment composition shifts:

**Small Producer typical staffing:**

- Owner/operator
- 1-3 part-time production assistants ($15-$18/hour)
- Average wage: $30K-$35K

**Growth-Stage Company typical staffing:**

- Owner/operator or hired general manager ($60K-$80K)
- Operations manager ($50K-$70K)
- Production employees ($18-$22/hour)
- Sales/marketing coordinator ($45K-$65K)
- Part-time bookkeeper/administrative support ($20-$25/hour)
- Average wage: $45K-$55K

**Tourism and Agritourism Integration**

Region 9 has successfully developed wine tourism as an economic driver with over 70 wineries generating substantial visitor traffic.[63] Food businesses enhance this tourism ecosystem through:

- **Tasting room products:** Artisan foods complement wine tasting experiences
- **Farm-to-table restaurants:** Local specialty food brands support restaurant tourism

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[61] Business Directory Survey (Feb 2025), n=38
[62] GO Virginia Region 9 Growth & Diversification Plan (2023)
[63] 2024 Virginia Wine Industry Report for GO Virginia Region 9

- **Agritourism destinations:** Food production facilities (like Red Truck Bakery) become visitor attractions
- **Regional brand building:** Strong food businesses enhance Central Virginia as a culinary destination

This integration creates synergies across multiple economic sectors—hospitality, agriculture, retail, and manufacturing.

**Agricultural Sector Linkage**

Food manufacturers that source from local farms create critical market access for agricultural producers, enabling farmers to sell ingredients for processed products.

Stronger food manufacturing creates:

- **Consistent demand** for farm products, enabling farmers to plan production
- **Premium prices** for local, sustainable, or organic ingredients
- **Market differentiation** for farms through partnerships with branded products
- **Farm business stability** through diversified sales channels

Multiple interviewed businesses specifically cited local ingredient sourcing as a core value proposition. Strengthening food manufacturers creates multiplier effects throughout the agricultural economy - a particularly important consideration for rural localities where agriculture remains a primary economic base.

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| **Recommendation:**<br><br>**Proceed to implementation of a Region 9 Food and Beverage CPG Accelerator.** |

# RECOMMENDED SOLUTION/ACTION PLAN

Based on comprehensive stakeholder engagement, documented ecosystem gaps, and validated benchmark models, the project team recommends that Region 9 proceed with establishing a **Food & Beverage CPG Business Accelerator** specifically designed for growth-stage manufacturers ready to scale.

In the final validation survey in November, 31 food and beverage business owners were asked how likely they would be to apply if the accelerator launches in 2026:

- 39% (12 responses) said "very likely"
- 19% (6 responses) said "likely"
- 29% (9 responses) said "possibly"
- 7% (2 responses) said "not sure yet"
- 6% (2 responses) said "unlikely"

**18 participants (nearly 60%) indicated they would be very likely or likely to apply.**

## Program Model Overview

**Structure:**

- **Format:** Hybrid, in-person and virtual
- **Cohort size:** 8-10 companies per cohort
- **Frequency:** Two cohorts over two years (16-20 companies total)
- **Delivery:** Monthly group workshops (rotating locations), office hours, 1:1 coaching, expert consultations

**Target Participants:**

Participating businesses should be selected based on readiness for accelerated growth such as:
- Traded sector growth potential
- Product/market fit, demonstrated velocity and/or appropriate margins
- Positioning to access capital for expansion
- Founder commitment and coachability (e.g., willingness to take on a team, willingness to hire production assistance)
- Defensible market for product and capability of building traded market position
- Expandable production capability or clear path to production
- Minimum $100,000 annual revenue OR clear path to $100,000 within 12 months for exceptional candidates
- Business located in Region 9 or willing to relocate operations
- All necessary licenses and permits current

**Selection Process:** Applications reviewed by a committee including Program Director, Advisory Board members, and investment representatives with the expectation that following accelerator completion companies will be able to access capital for expansion of their businesses.

## Regional Access Strategy

The program ensures access across Region 9's dispersed geography through hybrid content delivery, rotating monthly workshops between locations with virtual participation options for all sessions. Projected Economic and Regional Impact

The proposed accelerator should generate measurable regional outcomes, directly supporting GO Virginia's objectives for higher-wage job creation, traded-sector growth, and regional collaboration.

**Suggested Impact Projections:**

- **16 to 20 businesses served** across two cohorts through year two
- **45 jobs created** in food manufacturing across Region 9 over five years
- **15-30% average revenue growth** among participating businesses

## Curriculum Framework

Research indicates the curriculum should address the specific scaling barriers documented in stakeholder research through core modules:

- **Financial Management & Capital Readiness** - Costing, margins, cash flow, investment preparation
- **Scaling Production & Operations** - Co-packer selection, facility transitions, quality systems
- **Sales & Distribution Strategy** - Wholesale channels, distributor relationships, broker management
- **Marketing & Brand Development** - Packaging, positioning, retail strategy
- **Food Safety & Regulatory Compliance** - FDA/USDA/VDACS requirements, scaling compliance systems
- **Leadership & Workforce Development** - Hiring, delegation, team building
- **Legal & IP for Growth** - Contracts, trademarks, risk management
- **Market Expansion & Sustainability** - Export readiness, e-commerce, sustainable practices

Modules are delivered by the Program Director and industry experts, combining structured learning with peer exchange. Curriculum content draws on established accelerator frameworks and subject matter expertise.

## Expert and Mentor Network & Accessible Tools

A structured **Expert Network** would provide founders with targeted support in eight core areas: food safety & regulatory; costing, pricing & unit economics; brand/packaging; distribution & wholesale; production/operations & co-packer sourcing; finance & capital access; legal; and leadership/HR. Accelerator participants should be able to access 1:1 advisory sessions, focused workshops, and document reviews. Expert network members provide support ranging from ongoing monthly engagement to targeted consultation on specific topics. Experts would provide support on either a volunteer or compensated basis depending on the nature and intensity of engagement.

An **Online Resource Hub** would offer accessible, self-paced tools and information. The hub would include curated guides, templates, and checklists covering key topics such as co-packer evaluation, regulatory compliance, pricing worksheets, and distributor outreach.

## Key Partners

The accelerator should leverage existing regional assets through partnerships:

- **BEACON & Carver Kitchens:** Production training, facility access

- **Central Virginia SBDC:** General business counseling, startup business health check upon entering the program
- **Virginia Specialty Food Association:** community and connections
- **Participating Economic Development Offices :** Local promotion, participant recruitment

These partnerships strengthen program delivery through shared expertise and facilities, avoid duplicating existing services, and embed the accelerator within the established business support network.

## Program Facilities

The accelerator should operate from multiple locations to maximize regional accessibility. Meeting venues should include Carver Kitchen in Culpeper, providing satellite space for production and food safety training, BEACON in Charlottesville offering hands-on production demonstrations and commercial kitchen access, and other industry participant locations.

## Program Management

Venture Central proposes that the accelerator be led by the planning grant leader and  Program Director, Hope Lawrence, with support from the Venture Central team, industry consultants, service professionals, and mentors. The Program Director would be responsible for managing curriculum delivery, participant coaching, working with partners, mentor network development, and required reporting.

Oversight of implementation, if granted by GO Virginia, would be provided by the GO Virginia Region 9 staff. An Advisory Board would provide strategic guidance and industry expertise throughout implementation, and should include representatives from successfully scaled large F&B CPG companies and GO VIrginia Region 9 staff.

## Evaluation and Impact Measurement

Program success should be measured against the quantitative goals: businesses served (16 to 20 across two cohorts), participant revenue growth (10+ businesses achieving 15-30% growth), and job creation (45 new positions in food manufacturing over 5 years).

Data would be collected through quarterly progress reports to GO Virginia Region 9 Council, post-program participant surveys, and annual impact evaluations. All reporting would align with GO Virginia performance requirements and maintain participant confidentiality for sensitive financial information.

Cohort 1 evaluation would inform curriculum refinements and delivery adjustments for Cohort 2, ensuring continuous program improvement based on participant outcomes and feedback. A comprehensive evaluation would be published at the end of the two-year period, documenting outcomes, lessons learned, and recommendations for program continuation and potential replication.

## Financial Model

We propose a two-year implementation budget of approximately $380,000 in total funding ($190,000 per year). Venture Central municipality match discussions indicate the potential to achieve a greater than 2:1 GO Virginia's cost-share requirement.  The total operating budget should approximate the following percentages.

| Total Budget Category (GO VA + matches) | % of budget |
|---|---:|
| Salaries and benefits (Program Manager) | 62% |
| Salaries and benefits (admin support) | 13% |
| Travel (mileage) | 1% |

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| Software | 1% |
| CVPED contract management (8% of GO VA grant) | 4% |
| Management support and grant administration | 6% |
| Supplies | 1% |
| Contract services (mentors) | 9% |
| Contract services (professional services) | 1% |
| Training | 2% |

## Sustainability Strategy

To ensure program continuity beyond the initial two-year GO Virginia investment, Venture Central has developed a diversified funding approach combining participant fees, corporate sponsorships, and competitive grant funding.

**Corporate Sponsorships** Preliminary conversations with regional financial institutions and food industry partners indicate interest in sponsorship opportunities. Sponsorship tiers would offer partners visibility, networking access, and early engagement with emerging brands. Target sponsors include regional banks, distributors, food service providers, packaging companies, and professional service firms (legal, accounting, marketing). Several conversations are actively underway.

**Grant Funding** Professional funding analysis has identified over 30 potential grant opportunities from federal, state, and foundation sources aligned with business development and rural economic development that appear to align with a food & beverage production industry accelerator project.

**Participant Fees** Survey data validates fee-based sustainability: 83% of respondents expressed openness to paying program fees. Among those willing to pay, 50% indicated under $500 as reasonable, 17% said $500-$1,000, and 29% said it depends on program features. The program would consider a modest participation fee structure, with scholarship support available to ensure accessibility. This approach aligns with successful accelerator models nationally, where participant investment signals commitment and contributes to program sustainability.

We suggest that detailed sustainability planning, including formalized sponsorship packages, fee structures, and long-term funding partnerships, be finalized during the implementation period and included in implementation deliverables.

## GO Virginia Strategic Alignment

The Food & Beverage CPG Business Accelerator directly advances GO Virginia's core mission and the Region 9 Growth & Diversification Plan through:

- **Strengthening Traded-Sector Industry:** Food and beverage manufacturing brings external revenue into Region 9 through products sold regionally and nationally, creating new wealth rather than recirculating existing dollars
- **Regional Collaboration:** The program operates across Region 9 localities with shared infrastructure, coordinated training, and cross-county partnerships, demonstrating the multi-locality collaboration GO Virginia was designed to enable
- **Higher-Wage Job Creation:** Current sector average wage ($37,294) is 40% below regional average ($61,967). Helping businesses scale creates professional positions (operations managers, sales coordinators) at $50K-$70K, directly addressing wage quality objectives
- **Leveraging Existing Assets:** Rather than building new infrastructure, the accelerator coordinates existing regional resources (BEACON, Carver, SBDC, VSFA, CAN, Venture Central) to maximize impact and minimize duplication.

## Broader Impact Potential

Beyond serving Region 9, this pilot establishes a replicable model for food business support that can be adapted across Virginia's diverse regions. The curriculum framework, expert network protocols, and evaluation systems developed through this initiative could be shared with other GO Virginia regions seeking to support sector-specific acceleration, positioning Virginia for coordinated statewide programming in food and beverage manufacturing.

## Risk Management and Mitigation

The accelerator incorporates strategies to anticipate and mitigate implementation risks:

- Partner withdrawal: Multiple partners in each category (kitchens, mentors, advisors); clear MOUs defining roles; regular partner communication
- Mentor engagement challenges: Tiered commitment levels (intensive to occasional); compensation for specialized expertise; flexible engagement structure
- Funding sustainability gaps: Diversified revenue model (grants + sponsorships)
- Rural accessibility barriers: Mandatory hybrid delivery; rotating locations

**Critical Success Factors:**

- Sustained GO Virginia funding through two-year implementation period
- Active mentor network engagement and participant commitment
- Strong regional partner collaboration with clear role definition
- Continuous evaluation and program refinement based on outcomes
- Leadership continuity—with Hope Lawrence serving as Program Director from planning through implementation—provides stability and institutional knowledge throughout the launch period

## Action Plan Summary

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| **Recommendation** | Establish a **Food & Beverage CPG Business Accelerator** to help growth-stage manufacturers scale through cohort-based programming, expert mentorship, and regional network coordination |
| **Potential Leaders & Partners** | Venture Central leading project - suggested by regional partners.<br><br>Engagement partners include BEACON & Carver, Central Virginia SBDC, Virginia Specialty Food Association, Regional Economic Development Offices |
| **Potential Funding Sources** | Launch funding: GO Virginia, regional municipality match<br><br>Sustainability funding: corporate foundations/sponsorships, federal/state/foundation grants, municipalities |
| **Priority** | High |

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| **Timeframe** | 2 Years (July 2026–July 2028) for implementation and building of a scalable model in Region 9. Future years assume expansion to serve broader geographic regions in Virginia through sustainability funding and regional partnerships. |
| **Estimated Cost** | $380,000 for the first two years ($190,000/year) |
| **Implementation Timeline** | **Launch (July–September 2026)**<br>● Finalize GO Virginia contract<br>● Execute partner MOUs and expert MOUs<br>● Hire administrative support<br>● Establish implementation Advisory Board<br>● Finalize curriculum and workshop schedule<br>● Onboard expert network<br>● Develop application materials<br>● Launch marketing and outreach for Cohort 1 recruitment<br><br>**Cohort 1 (October 2026–May 2027)**<br>● Review applications and select companies<br>● Deliver program including workshops, 1:1 coaching, and expert consultations<br>● Facilitate peer networking<br>● Conduct mid-program check-ins<br>● Begin Cohort 2 outreach<br><br>**Evaluation and Refinement (June–August 2027)**<br>● Collect participant feedback and outcome data<br>● Evaluate Cohort 1 results against program metrics<br>● Refine curriculum and delivery based on lessons learned<br>● Adjust expert network as needed<br>● Conduct Cohort 2 recruitment<br><br>**Cohort 2 (September 2027–April 2028)**<br>● Select second cohort<br>● Deliver refined curriculum<br>● Maintain Cohort 1 alumni engagement<br>● Continue sustainability funding pursuit<br>● Document program processes for potential replication<br><br>**Final Assessment (May–July 2028)**<br>● Conduct comprehensive program evaluation<br>● Publish impact report<br>● Present findings to GO Virginia Region 9 Council<br>● Secure continuation funding<br>● Communicate service territory expansion plan, as applicable |

# TRANSFORMATIONAL VISION

Virginia currently has no dedicated accelerator for food and beverage CPG businesses, despite a high location quotient and statewide interest in the category. This initiative establishes the first, creating infrastructure that does not currently exist. The transformation is structural:

**First in Virginia.** No CPG food accelerator exists in the state. This program builds something new - a coordinated, industry-specific support system for growth-stage food manufacturers.

**Breaks the plateau.** Today, 50% of Region 9's food businesses are stuck between $100K and $1M with no clear pathway forward. This program creates that pathway through targeted expertise, connections to education and resources, and peer support.

**Changes the wage trajectory.** As businesses scale, they increase profitability and add professional roles - operations managers, sales coordinators - increasing wages above the current sector average of $37,294. Growth shifts the sector's wage profile over time.

**Creates lasting infrastructure.** The industry specific education, tools and templates, network of industry mentors, distributor relationships, and co-packer connections becomes a regional asset that persists beyond any single cohort, strengthening the ecosystem for future entrepreneurs.

**Expansion model.** Success in Region 9 creates a framework other Virginia regions can adopt or the Region 9 accelerator may be able to be expanded to serve the state.

# CONCLUSION

This planning process has validated both the need and the opportunity for a Food & Beverage CPG Business Accelerator in Region 9. Through stakeholder interviews, comprehensive surveys, and detailed ecosystem analysis, the project team confirmed that:

- **Demand is immediate:** 84% of surveyed businesses expressed interest in participating[64]
- **The gap is documented:** Growth-stage food businesses face industry-specific barriers that existing programs cannot address
- **The model is proven:** National benchmarks and Virginia's accelerator track record demonstrate consistent outcomes
- **The region is ready:** Five commercial kitchens, support organizations, and committed partners provide the foundation for implementation

Region 9 has both the need and the capacity to launch an effective accelerator that can strengthen Virginia's food and beverage manufacturing sector while creating higher-wage jobs and traded-sector growth across Region 9 localities.

**The project team recommends proceeding to implementation.**

[64] Entrepreneur Questionnaire (Jun 2025) and Final Survey (Nov 2025)

# APPENDIX A

*Summary of relevant citations from the five regional reports:*

The **Super Regional Comprehensive Economic Development Strategy (CEDS)** identifies Food and Beverage as a leading sector, calling for specialized training, peers, and mentors to assist businesses with expansion and access to new consumer markets.

“Four industry sectors are identified as having strong location quotient factors. Three of these leading or emerging sectors have dramatically higher than state average job creation potential: Food and Beverage, Defense Intelligence, and Information Technology.

Goal 1 - Expand economic opportunities in the Food and Beverage industry

1A. Provide specialized training, peers, and mentors to reach young people, recruit talent for specialized positions, and assist businesses with start-up, expansion, and access to new consumer markets.

Rationale - Alignment with GO Virginia Targets: Investing in this endeavor aligns perfectly with GO Virginia industry targets, contributing to the growth of the sector while advancing broader economic development goals.

Strategy Components - Entrepreneurship/Resources/Training: Nurturing entrepreneurship within the sector involves providing resources, training, and mentorship opportunities. By making these accessible to youth and marginalized communities, we ensure a diverse and vibrant industry landscape.”

The **Rapidan Rappahannock Regional Commission CEDS** prioritizes growing small to medium businesses and continued investment in value-added food production systems.

“Expand economic potential for existing industries and prepare the region to take advantage of growing markets.

A. Focus on growing small to medium businesses and retaining them in the region.

B. Continue investment in value-added food production systems and innovative agriculture production.

**1.A.3** Initiate more opportunities for business-to-business connections in emerging sectors to cultivate economic growth.

**1.A.7** Connect rural communities to growing market opportunities and make investments to advance their ability to access these opportunities.

**1.A.9** Expand opportunities for entrepreneurs to access capital and microlending in all stages of business, from seed to Series B.

**1.B.1** Advance existing goals set by the RRRC Food Council. The RRRC Food Council is actively advancing priority projects that enhance the regional food system and agriculture producers.

**1.B.5** Facilitate resource match-making for agriculture producers who are poised to expand into value-added production.”

The **Thomas Jefferson Planning District Commission CEDS** calls for specialized workforce and technical assistance supporting value-added product manufacturing.

“Support economic growth within existing industries while leveraging emerging market opportunities to expand economic potential in the region.

Strategy 1.A Advance the region's leading industries and seek opportunities to fill unique niches in the regional economy.

**1.A.4** Invest in the specialized workforce and technical assistance that supports the evolving Agriculture sector, especially the advancement of value-added product manufacturing.

**1.A.7** Expand opportunities for entrepreneurs to access capital in all stages of business, from seed to Series B."

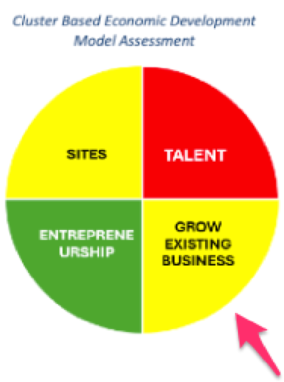
The **GO Virginia Region 9 Regional Entrepreneurship Initiative Report** specifically recommends the food and beverage sector as a prime candidate for establishing the region's first sector-specific accelerator.

"Establish sector-specific incubators and accelerators to signal a strong commitment to growing the startup ecosystem across the region. While the Agriculture, Food and Beverage production sector is a prime candidate due to its wide distribution and recent identification in reports, the goal is to create a framework for developing accelerators in various key sectors. This approach would foster innovation, attract investment, and support the growth of diverse startups throughout the region.

We recommend starting with an exploration of pilot programs in the Agriculture, Food and Beverage production sector as our conversations and contemporary studies point to this sector as a prime, emerging sector in the region."

**The GO Virginia Region 9 2025 Growth & Diversification Plan** designates Food & Beverage Manufacturing as one of five target traded sectors with the highest location quotient in the region.

**"The plan's Cluster Based Economic Development Model Assessment rates the sector as needing support (yellow) in Grow Existing Business.**




Food & Beverage Manufacturing was originally selected as a target cluster because it represented a value-add industry with strong ties to the region's agrarian base and potential for export growth.

Food and Beverage Manufacturing has the highest location quotient in Region 9. However, it has the perennial challenge of the lowest wages of the target industries, contributing to its workforce challenges. Investments in this industry help to bridge the urban rural economic gaps facing the region. As expressed in a stakeholder meeting of economic developers, the sector is the darling within the region, with the farm-to-table capacity marrying farmers to manufacturers, distributors, and customers within the region and across state lines.

**GO Virginia Region 9 Growth Plan Opportunities**

**Entrepreneurship (E-ship):**

- E-ship #1: Create/expand sector-specific industry support organizations for mentorship, education, and resource exchange
- E-ship #2: Establish coordinated sector-specific accelerators "when demand is validated"
- E-ship #3: Widen founder education about capital sources

**Grow Existing Business (GEB):**

- GEB # 2: Support implementation grants from gaps identified in planning grants or other regional reports
- GEB #3: Support sector led initiatives that address business-validated sector gaps to traded sector growth."