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## Southern Wisconsin's big kitchen

By Lisa Maddux  
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When Kettle Foods was looking for a place to locate its third potato chip plant — the others are in Salem, Ore. and England - the company narrowed the list to eight finalist sites.

The sites were among a growing cluster of food processing and manufacturing businesses which includes more than 130 companies that make or contribute to food sold worldwide. Some are household names and some fill lower-profile, highly specialized niches in the food industry.

That cluster is centered in eight counties along the Wisconsin-Illinois state line.

Kettle officials eventually selected Beloit for the \$18 million, 70,000-square-foot facility that started production this spring in Gateway Business Park, hiring 88 new employees. A grand opening will be held in September.

"There are a lot of similarities between Beloit and our hometown of Salem - beautiful country, strong infrastructure and great people," said Tim Fallon, president of Kettle Foods North America.

Regardless of the diversity of their products, the businesses have clustered in the area for a variety of similar reasons.

The cluster includes companies in Green, Jefferson, Rock and Walworth counties in Wisconsin and Boone, Ogle, Stephenson and Winnebago in Illinois. Statistics for 2005, the latest available, show 133 food manufacturers that employ more than 8,500 people. Of those, 83 companies and more than 5,400 employees are based in Wisconsin.

More than 100 businesses don't just happen to pick the same area in which to locate. A number of tangible as well as intangible factors weigh heavily in favor of this kind of manufacturing in Wisconsin and Illinois.

### List of attractions

Various sources - from government representatives to industry promoters to the companies themselves - agree on a common list of state line attractions. They include affordable and reliable utility service (water, sewer, gas and electric), proximity to important markets, good transportation infrastructure, proximity to raw materials, a strong infrastructure of related industries, properly planned industrial parks and access to a knowledgeable work force.

"Location, location, location," summed up Andrew Janke, economic development director for Beloit and executive director for the Greater

Beloit Economic Development Corporation, a public-private partnership.

Although it may seem random to those outside the industry that such a cluster has developed, Janke said a methodical approach ultimately convinces many companies that this is the best option.

In fact, he said Beloit is generally approached by food manufacturers and processors instead of the city pursuing the businesses. Whether companies complete their own analyses or pay a site selection company, eventually the list of what they need and what the area offers end up very similar.

### **Needs define site selection**

"As they define their needs ... more and more communities drop out," Janke said. And there may be something of a self-fulfilling aspect, in that the more companies locate here, the more others want to, he noted. Despite the fact that different companies have different needs, Janke said, a lot of them are making the same decisions.

Nick George is president of the Midwest Food Processors Association, a trade association located in Madison representing companies in Minnesota, Illinois and Wisconsin. He agreed that although companies conduct their own research, eventually the best business locations become known by reputation. For example, he said anyone in vegetable processing knows to go to California or the Midwest.

Amy Loudenbeck, government relations director for the Greater Beloit Chamber of Commerce, has only been in her job for about a year and a half while food processors started coming to the area more than 30 years ago. But she said it doesn't take long to figure out the draw.

"It's a phenomenon of resources and location and access to materials and markets," she said. "It all makes sense."

In and around Beloit, Janke said the land is affordable, sewer and wastewater are available and industrial parks are set up for just these kinds of operations.

Companies looking to expand or relocate, often use a compressed timeline and don't want to have to jump through hoops or educate officials on what they need. Janke said communities such as Beloit are used to moving companies through what could be a time-consuming process fairly swiftly since this isn't something new.

### **Area has 'great' work force**

Janke also said the location makes it easy for companies to attract a good work force which often already has a base knowledge of the industry.

"It is a great work force with a great work ethic," he said.

George cited the merit of a strong infrastructure of related industries, such as tool and die and machine shops. Companies need to have people around who make the equipment and who can fix it, especially in the

highly automated world of food processing.

He also noted that Wisconsin has a strong paper industry and Illinois is strong in plastics - two key factors in packaging.

Diane Warner, marketing director for American Extrusion International in South Beloit, Ill. agreed. Her company manufactures food processing equipment for the snack food and cereal industry.

### **Top machinists in area**

"Some of the finest machinists, such as welders, electricians, assemblers and C&C operators specializing in metal works, make this part of the country unique. Also, many companies in this area support each other. Some of the components for our machines, such as motors, control panels, gears and others are made by local businesses."

When American Extrusion began in 1988 with a marketing office in Boca Raton, Fla., all its equipment was manufactured by Palmer Machinery in South Beloit. A few years after American Extrusion acquired Palmer, it built a new facility in South Beloit.

An acquisition also first brought the international Kerry Americas to Beloit, but the industry-friendly atmosphere has kept it there. Communication Programs Director Jim Egan said the company, which is headquartered in Ireland, acquired Beatreme Food Ingredients, a division of Beatrice Corp. in the late 1980s. Since that company was based in Beloit, it made sense to Kerry executives to establish an American headquarters here.

Kerry takes raw materials and enhances them for food ingredients and flavors markets.

For example, the company may make changes in the flavorings of the dry cheese powder in macaroni and cheese, the chocolate inclusions in ice cream, granola clusters for cereal or seasonings for onion rings.

The Kerry name is not common on supermarket shelves because their customers are other manufacturers, food companies and restaurants.

### **Kerry Americas to expand**

Kerry Americas will soon break ground on a \$45-million, 200,000-square foot building project in the Gateway Business Park at the intersection of Interstate 39-90 and Interstate 43 in Beloit. The Kerry Centre will house nearly 500 employees and create 250 new jobs.

The Centre will provide the company's customers access to Kerry's technologies, application center and research and development labs at one location. Egan said the company was looking for a site in which customers can come in and work with the company on research and testing.

Company officials considered Illinois for the expansion but chose Beloit because of the cooperative spirit of state and local forces, including a \$4.7 million pledge by the city of Beloit to improve infrastructure. Egan

said the area's proximity to Chicago, Milwaukee and Madison also was a draw.

"We could establish the Kerry Centre pretty much anywhere," he said. But taking into account the availability of property, building costs and the presence of a solid work force, Beloit made sense.

"It's a pretty great place to be," Egan said. "The people in the greater Beloit area are passionate, they're committed. It's a great place to work. We all feel like we're part of a pretty large family."

### **Business friendly atmosphere**

Fallon, of Kettle Foods, said the snack food manufacturer first looked at the Beloit area because of its central location in Russet potato country, a product used exclusively at Kettle.

But it was ultimately the business-friendly atmosphere created by the governor, Beloit and Rock County that Fallon said clinched the location.

The state Department of Commerce provided the company with a \$500,000 major economic development project forgivable loan, Beloit constructed a new road and extended utilities to the building site and the state Department of Transportation has approved a TEA grant to provide matching funds for road improvements.

"The commitment to high quality manufacturing and a skilled labor force is an excellent match for our corporate values and company culture. This, paired with the close proximity to major transportation and distribution hubs, makes Beloit the right choice for us as we prepare to meet the growing demand for Kettle brand potato chips in the Midwest and on the East coast," Fallon said.

Those associated with the food processing and manufacturing cluster expect it to continue to grow and prosper.

"Given the substantial level of interest and investment, there is every reason to believe that this region will continue to attract and retain quality food processors, as well as providers of goods and services to the food processing industry," Loudenbeck said.

James R. Otterstein, economic development manager for the Rock County Economic Development Agency, said the county and other organizations will continue to target the industry through outreach and marketing efforts. Food processing conferences and expos are held annually in Janesville and Beloit.

Blackhawk Technical College, located between Beloit and Janesville, is developing work force training modules in collaboration with the Workforce Development Boards in the Southwest and South Central, MATC-Madison and private sector food processing companies to help meet the needs of companies and future workers.

Patricia Kempinski, business and community development director at Blackhawk Technical College, said some food processing focus groups met a few years ago to discuss training needs unique to their industry.

Out of those sessions came the realization for a need for food industry-specific technical training as well as soft skills training such as communication and problem solving, Kempinski said. The curriculum, piloted with Kettle Foods, will be examined with the various partners to see what's next.

"The biggest outcome of this project is that there will be a concise training package ready to deliver to interested food processing industries," Kempinski said.

But Otterstein said it's the relationships with current businesses that seem to make the area well-positioned for future growth.

"These relationships with our existing companies have enabled us to competitively position these facilities as benefactors of future corporate investment strategies ... (in several cases) corporate decision makers recognized value of a Rock County location and responded accordingly with new investments."

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