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chicken wings, cheesecake ... and more

## **KITCHEN INCUBATOR CREATES NEW CAREERS**

“Build a commercial kitchen in a business center, and they will come.” That’s the story in La Crosse, Wisconsin.

Molly Farrell

Former executive Nancy Davenport is now a lunch lady, thanks to a commercial kitchen installed at the Coulee Region Business Center in La Crosse, Wisconsin. The 35,000-square-foot center leases space to incubator businesses and currently has 15 tenants, including a screen printer, sculptor, driving school, environmental consultant and kiln manufacturer.

Davenport was looking for a career change after working at the Franciscan Skemp Medical Center for 21 years, most recently as its patient financial services director. “I was talking to the mother of one of my daughter’s friends about starting a catering business and told her that the kitchen would be an issue because health regulations require that any food prepared for the public be made in a commercial kitchen,” remembers Davenport. “I approached a number of restaurants about renting their kitchens at night, but wasn’t getting anywhere. The woman called me a few weeks later and said the Coulee Center was building a kitchen for incubator businesses, and I dialed the number right away.”

David Loomis, executive director of the Coulee Region Business Center, says he began seeking funding for the kitchen in 1998 after several people expressed interest in starting food-related businesses at the center. The \$85,000 kitchen was completed in May, 1999 with federal, state and local funds, as well as donations of student labor and staff expertise from Western Wisconsin Technical College. The students put up washable fiberglass wallboard and a seven-by-11-foot walk-in cooler. Other renovations to the 1,400-square-foot space included installing a trench in the floor to clean up spills, false walls to hide the plumbing and electrical wiring, and a new lighting system.

The kitchen equipment cost approximately \$40,000 and includes two ovens and two ten-burner stoves, a convection oven that can bake 16 trays of cookies at a time, two 21-cubic-foot freezers, two powerful microwaves that can be used for thawing food or melting butter, a commercial dishwasher, slicers, mixers and a meat grinder. There is a tilting “braising table” that can cook ten turkeys or 30 gallons of chili at a time. The table has a crank that turns it 90° to drain away grease. “We don’t have deep fat fryers,” notes Loomis. “We didn’t want to encourage that kind of cooking because it creates a bigger mess in the filter and exhaust systems and is a fire hazard.”

Loomis relied on his years of experience in the food service business as a sausage maker, deli and concession stand manager and caterer in selecting the kitchen equipment. “I’ve been around food so I knew to make the kitchen portable,” he says. All four of the kitchen’s stainless steel tables are on casters so they can be wheeled to the ovens or cooler for loading and unloading.

“When tenants are ready to deliver the food, they can wheel the table out the back door to load up their truck,” he adds.

## CULINARY TENANTS

Davenport, the first culinary tenant, began using the kitchen in early June. Her business, Serves You Right, provides meals to the employees of local companies. Since June, she has been serving lunch Mondays and Wednesdays to 60 of the 300 employees at The Company Store, a manufacturer of down products. In September, she began serving lunches on Tuesdays and Thursdays to 80 of the 300 employees at APAC, which provides customer service functions for other companies' customers.

Brian Collins, owner of Knuckle Suckin' Chicken Wings, began leasing the kitchen in October. Caterer Mike Tessmer, owner of T-Bones, uses the kitchen to clean his equipment. Tessmer specializes in barbecue and brings a portable cooker to the client's site. “Food preparers who sell to the public are required by city, county, state and federal health department regulations to clean their equipment in a commercial kitchen, so Mike comes back to the center if the client doesn't have a commercial kitchen,” says Loomis.

Two other businesses, Muddy Paws and Hmong's Golden Egg Rolls, are close to moving into the kitchen incubator. Tami Cabrera Weinmann, owner of Muddy Paws, makes ten varieties of plain and flavored cheesecakes, as well as dozens of special-order cheesecakes. Cabrera Weinmann lives in Minneapolis and will make the three-hour trip to La Crosse one Sunday a month to use the kitchen.

She test marketed her cheesecakes for two years before incorporating Muddy Paws in November. “Cheesecakes are considered a dairy product, so my business has to meet the regulations of both the state's Department of Agriculture and Health Department, and I was looking for a commercial kitchen that could meet them,” says Cabrera Weinmann. She found a small commercial kitchen in Minneapolis that she can lease for freezing and storage, but it didn't have a large oven. “It's worth it to me to drive to Coulee because I can make 30 to 40 cheesecakes in those ovens in an hour or two,” she says. “There are also tons of space for dry food storage and equipment, a shared office for the tenants with a computer and fax, and a woman who can do our accounting for six dollars an hour.”

She plans to sell the cheesecakes wholesale in both Minneapolis and La Crosse to restaurants and coffee shops, businesses for meetings and executive gifts, fundraisers, weddings, graduations and birthday parties.

## HOURLY RATES

Kitchen tenants pay an hourly rate based on the time of day. Davenport leases the kitchen for 30 hours/week during prime time, from 6:00 a.m. to noon, and pays the highest rate of \$13.50/hour. Tenants pay \$12.50/hour to use the kitchen between 1 p.m. and 9 p.m. and \$12/hour after 9 p.m. and on weekends. The kitchen can also be rented for \$20/hour for catering events or class reunions.

Davenport gets to the kitchen by 6:30 or 7 a.m. and leaves by 10:45 a.m. to serve the first employees their lunches at 11 a.m. in the companies' lunchrooms. Davenport takes her own warming unit, chafing dishes, insulated carriers and catering equipment, which she purchased for about \$3,500. She serves lunch until 1:15 p.m. and then goes back to the kitchen to clean up. Davenport describes the food she prepares as "fairly simple Americana," although she does make Italian and Mexican dishes. A recent lunch included Salisbury steak, baked potato, vegetable, salad and a cookie for \$4.

Up to seven businesses can lease the kitchen, depending on the hours they need it, says Loomis. "Tami will only be making cheesecakes on Sundays, so someone who catered weddings could use it on Saturdays," he notes. "However, there comes a saturation point where they're bumping into one another, so we have to be knowledgeable about who the tenants are and what they do."

The kitchen can also be used as a back-up by city restaurants. "We want to serve the community as well as private businesses," says Loomis. "Our kitchen is bigger than the kitchens in 90 percent of the restaurants so if their ovens went down, they could rent space and keep operational."

#### COMMITTEE APPROVAL

All kitchen tenants must be approved by a selection committee composed of members of the center's board. The committee usually includes a lawyer, banker and business owners. Loomis meets with the potential tenant first. "Sometimes they only have an idea about what they want to do," he notes. Potential tenants are required to submit business, financial and marketing plans. "It doesn't mean that their business will develop in the same exact way, but it gives them a road map of how to get there," says Loomis.

The selection committee reviews the three plans before meeting with the prospective tenant. Loomis attends the meeting as an ally of the tenant. "The committee looks for problems like whether there could be a potential cash shortfall," he says. "In reality, customers try to stretch payments to the limit and there may be three or four months when nothing is coming in even though the tenant has been supplying product every month."

In Wisconsin, 87 percent of businesses that start out in incubator programs are still operating after five years, higher than the nationwide success rate, says Loomis. There are more than 600 incubators in the U.S, including 30 in Wisconsin. Loomis has been president of the Wisconsin Incubator Association since 1994.

The Coulee Center first opened in 1987 in half of a 20,000-square-foot building, but had to move into the basement when the rest of that building was leased. Trane Co., a large manufacturer of HVAC equipment, donated its original plant to the center. "We had to sell that building because it wasn't handicap accessible, had asbestos problems, steep stairs and no elevator between the first and second floors," remembers Loomis. Northern State Electric Power Co. then donated a piece of land for the center to build on. "That parcel didn't fit what we needed, so the City of La Crosse took it in exchange for a former railroad right of way," notes Loomis. "We got the better end of the deal."

## CENTER OPERATIONS

A new one-story, 20,000-square-foot building was constructed on the right of way with the proceeds from the sale of the Trane Co. building as well as a \$377,000 federal grant from HUD's Office of Community Services, a \$100,000 state Community-based Economic Development grant, and a \$40,000 grant and \$90,000 low-interest community block grant loan from the City of La Crosse. "The city has been very generous in helping us," says Loomis.

The Coulee Center opened in March 1993 and was fully occupied within 14 months. The first incubator tenant, RiverFront Industries, employed developmentally disabled people. A 15,000-square-foot addition was put on the building in 1997 and the kitchen was constructed in that addition in 1999.

Of the 28 incubator businesses that started at the Coulee Center, 12 have moved into their own spaces. The average tenancy has been two years and eight months, says Loomis.

Davenport hopes to work full-time at her catering business, but holds a part-time job at APAC in the meantime to receive health insurance benefits. "My focus is the employee at businesses, but I'm trying to build up executive lunches, business parties and other catering jobs," she says. "Private parties are more profitable but sporadic." She gets most of her business through word of mouth referrals. "There's a lot of support in the area for small businesses," notes Davenport. "The Small Business Development Center at La Crosse has been very helpful with financial issues and marketing and has also thrown some business my way. The La Crosse Area Development Corporation has also been very helpful with leads. It's nice to know that there are organizations out there that want to help."

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