

Planting the Seeds for an AgTech Innovation Ecosystem

By Andrew Myrick, CEcD, EDFP, and Rachel Deloffre

HOW SALINAS, CALIFORNIA, WENT FROM SALAD BOWL OF THE WORLD TO GLOBAL AGTECH HUB

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AGTECH INNOVATION ECOSYSTEM

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Salinas, California, once had two claims to fame: as “the salad bowl of the world” and as the birthplace of iconic American author John Steinbeck. While these will always be part of Salinas’ identity, in recent years, the city has embarked upon a new mission to harness the region’s agricultural prowess and proximity to Silicon Valley to create an AgTech (agriculture technology) Innovation Ecosystem.

The ecosystem, which received an IEDC Gold Award for Excellence in Economic Development in 2017, focuses on entrepreneurial development, workforce training and marketing in the AgTech industry – a bold task in a largely low-income farming region that once had little to no existing startup culture. This article explains how the city created its AgTech Innovation Ecosystem, what spurred it, how it works, and the successes and lessons learned.

ABOUT THE CITY OF SALINAS

Located in Monterey County on California’s Central Coast and just 60 miles from Silicon Valley, the city of Salinas (pop. 157,380) serves as the region’s economic hub. Home to some of the richest farmland in the United States, the Salinas Valley boasts an \$8 billion agriculture industry and is the world’s largest producer of lettuce, as well as a top producer of strawberries, broccoli, wine grapes, and other fresh produce. The region is home to agricultural giants such as Driscoll’s, Dole, Taylor Farms, Tanimura & Antle, and Earthbound Farm, to name a few.

Despite its stature as an agricultural powerhouse, Salinas faces many challenges. Educational attainment is low: only 60 percent of the city’s population has a high school diploma, and just 12 percent



Salinas, California – known as the “salad bowl of the world” – is quickly transforming into a global hub for AgTech.

achieve a Bachelor’s degree or higher. The community has a large immigrant population: 75 percent of the population is Hispanic or Latino, with 68 percent speaking a language other than English in the home. Additionally, more than 30 percent of Salinas’ population is under the age of 18, and the city has lost many of its young residents to the influence of criminal gangs. Furthermore, due to the seasonality of the agriculture industry, Salinas’ unemployment rate often exceeds 10 percent in the winter.

THE TIPPING POINT

In 2012, one of the city’s largest non-agricultural employers, Capital One, announced it was closing its doors in Salinas due to a company acquisition. Salinas would lose 869 of some of its best jobs, along with an unknown number of indirect losses. In response, the city of Salinas convened a group

Andrew Myrick, CEcD, EDFP, has worked with the city of Salinas for more than 10 years. Most recently, he has focused primarily on the development of an AgTech Innovation Ecosystem within the Salinas Valley. (andym@ci.salinas.ca.us)

Rachel Deloffre is an Account Director at Development Counsellors International (DCI). DCI specializes in economic development and tourism marketing and has worked for more than 450 cities, regions, states, provinces, and countries since 1960. (rachel.deloffre@aboutdcic.com)

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AGTECH INNOVATION ECOSYSTEM

ENTREPRENEURIAL DEVELOPMENT

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of local stakeholders to identify steps to mitigate the loss of these positions and identify a strategy that would promote the city's long-term economic health. From this group came the plan to leverage the city's geographic location near Silicon Valley, local industry, and other resources to develop an ecosystem for the AgTech industry.

While it was a local crisis that spurred this initiative, the timing was right based on trends already happening in the industry. Farmers in the Salinas Valley and around the world were already beginning to incorporate more and more technology into their businesses – ranging from automation, to drones, to sensors in the fields. The industry as a whole was changing as farmers recognized that technology could help them solve challenges surrounding labor, sustainability, water, food safety, and growing demands for food as the United Nations estimates that farmers will have to produce 70 percent more food by 2050 in order to feed the world's growing population.

HOW IT WORKS

The city of Salinas created the AgTech Innovation Ecosystem initiative with the goal to drive innovation, support entrepreneurship, and ultimately create more high-tech jobs. Specific objectives include the following:

- Attract and support entrepreneurs and startups in AgTech and related industries to the city of Salinas;
- Ensure that educational and training programs exist and are available to Salinas residents so that the local workforce is prepared for jobs in the AgTech industry; and
- Market and establish the region as an AgTech hub.

Given the city of Salinas' limited staff and resources, it has created numerous partnerships with organizations that have expertise in various areas in order to accomplish these goals. This approach has allowed Salinas to create effective programs at a much lower cost.

The main components of the ecosystem include entrepreneurial development, access to capital, workforce development, and public relations. Here's how the city has developed each of these components and seen success so far:

1. Entrepreneurial Development & Access to Capital

Despite its location just down the road from Silicon Valley, the city of Salinas had never attempted to connect with its high-tech neighbor before the AgTech Innovation

Ecosystem was put in place. And while successful agriculture companies had grown out of Salinas for decades, the city did not have a strong startup culture or resources for entrepreneurs. The city also faced the challenge of developing an innovation ecosystem without the presence of a local research university. Salinas instead would need to create a non-traditional model based around the private sector in order to be successful.

One of the first steps the city took was to hire SVG Partners, a Silicon Valley-based consulting firm with deep expertise in investment, technology, and innovation programs. One of the key programs that SVG Partners launched in Salinas was THRIVE AgTech, a highly competitive, annual eight-week accelerator program that provides AgTech startups from across the globe with high-level mentorship from Salinas Valley's largest agriculture companies and industry leaders.

Participating startups in the THRIVE accelerator have the opportunity to receive up to \$5 million in equity funding and receive access to a wide international network of companies, farmers, partners, and investors that can help program participants secure funding. Some of THRIVE's major partners include Wells Fargo, Verizon, Taylor Farms, JV Smith, Panasonic, and Yamaha.

Since its inception, the THRIVE Accelerator has received hundreds of applicants from countries around the world, including early stage and commercially ready companies, and has run three accelerator programs, accelerating 32 companies. While participants are not required to move to Salinas to be part of the program, several of the companies have opened up an office in Salinas after completing the program, and THRIVE has created an estimated 50 new jobs in the city in this nascent sector, with additional growth anticipated as companies continue to grow.

In addition to THRIVE, the city of Salinas attracted its first startup incubator, with the help of SVG Partners and Taylor Farms (one of the city's largest employers). The incubator was created by Western Growers, an ag industry association whose members in Arizona, California, and Colorado produce approximately half the fresh produce in the country. The Western Growers Center for Innovation and Technology (WGCIT) launched in 2015 and operates out of the Taylor Farms headquarters in downtown Salinas. It offers workspaces and collaborative opportunities for AgTech entrepreneurs while bridging the gap between entrepreneurs and local growers. Since there is no ag research university in the immediate Salinas area,

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Western Growers president and CEO Tom Nassif kicks off the grand opening of the Western Growers Center for Innovation and Technology in Salinas, December 2015.

this alternative model emphasizes research through real-world applications of the products in the fields and with local farmers, feedback from potential customers, and access to venture capital funding and private investment. Startups at the WGCIT are able to obtain real-world experience, get products to market quickly, and own their own patents.

Since the venture capital model is not always a fit for AgTech startups – due to the seasonality of the ag industry and other factors – local industry leaders, such as Taylor Farms and Tanimura & Antle, are working closely with startups based at the WGCIT to develop their technologies and have directly invested in or outright purchased some startups or their technologies. Today, WGCIT houses more than 45 AgTech innovators from across the nation, and several of its startups have started hiring employees to work locally, including local college graduates.

2. Workforce Development

Though Salinas is not the only city across North America to pursue AgTech, its ecosystem is distinctive because of the city's demographics and focus on residents. With Salinas' high number of youth and low levels of educational attainment, the city has worked with partners to develop workforce training programs that directly impact the next generation of workforce – many of whom are farm workers' children, minorities, and/or living below the poverty level. The goal is to teach these residents about technology and inspire them to pursue careers in AgTech.

The first step, with the help of SVG Partners, was the launch of CoderDojo, a free program that teaches children ages eight to 17 how to code. The city ran the first CoderDojo session out of the local library, and it was so

successful that Salinas' local community college, Hartnell College, offered to fund and run it. Hartnell now runs the program at seven different sites in the Salinas Valley, and more than 3,300 students have participated since 2013.

Since the launch of CoderDojo, several other key programs have taken shape. In partnership with SVG Partners/THRIVE, the city of Salinas developed the Young Innovators program, which empowers local youth to become the next generation of entrepreneurs. As part of the program, teams from Monterey County compete to develop technology solutions to problems presented at an annual event. The winning teams received a cash prize and were treated to a tour of the headquarters of Google and Oracle in Silicon Valley. The city is looking to make this an annual event taking place each spring.

In 2017 the city brought Digital Nest – a program that began in neighboring Watsonville – to one of Salinas' most disadvantaged neighborhoods. Digital Nest offers youth and young adults ages 14-25 access to computers, workshops, and tech certification at a low cost and places participants in jobs and internships at local companies. The goal is to arm young people with the skills they need to get a job, start a business or go to college. In just four months, the Nest has 130 members and has begun courses in web design, hydroponics (to prepare for AgTech curriculum), graphic design and photography, and others. They are also exposing students to opportunities that are available in tech, with a particular emphasis on female students, who will soon be treated to a tour of AirBnB headquarters.

In addition to these programs, the city of Salinas has built up strong momentum with local higher education institutions. In 2017, Salinas Valley cities including Salinas, Gonzales, Soledad, Greenfield, and King City formed a unique partnership to increase collaboration on work-



Shaping the next generation of workforce – including farm workers' children, minorities & residents living below the poverty level – by inspiring them to become agtech entrepreneurs



Salinas' Western Growers Center for Innovation & Technology offers workspaces and collaborative opportunities for agtech entrepreneurs.

force training between Salinas Valley municipalities and educational institutions. The cities partnered with Hartnell College to develop an employment training partnership that is jointly managed by the cities and Hartnell. The cities provide funding to Hartnell College, which has hired a full-time position that will focus on creating workforce development programs that support the agriculture, AgTech, and healthcare industries in the Salinas Valley, as well as facilitating collaboration between municipal and educational efforts.

While the city has been involved in many of these new workforce development programs, other successful programs have developed organically now that the innovation ecosystem is in place. One example is CSin3, a partnership between Hartnell College and California State University Monterey Bay that allows students to earn a computer science degree through an accelerated three-year program. CSin3 graduated its first class of students in 2016, and many of them accepted jobs at Silicon Valley tech firms and Salinas AgTech companies. The students also defy the typical demographics of the tech field: the student body is more than 80 percent Latino and nearly 50 percent female.

3. Marketing and Public Relations

When the city began developing an ecosystem around AgTech, Salinas had a serious image problem. Much of the media coverage of Salinas revolved around its crime and gang problems. And while Salinas was associated with being the world's "salad bowl," it was far from being known as a place where technology converges with agriculture. The city realized it needed to not only correct misperceptions about the city, but launch a branding and public relations campaign to get the word out about Salinas as an AgTech hub and share the positive stories taking place in Salinas. The city of Salinas partnered with

place marketing firm Development Counsellors International (DCI) in 2012 to transform its image and promote the city as a global AgTech hub.

One of the main components of the DCI marketing program has been to tell Salinas' AgTech story to the national media in order to establish third party credibility and elevate Salinas' brand on a national scale. When DCI began pitching Salinas' AgTech story in 2013, it was difficult to garner reporter interest. The term "AgTech" was just starting to make its way into the mainstream media, and a limited number of reporters were writing about it. The first big milestone was securing a visit to Salinas from a *Financial Times* reporter, who then published a front page story titled "Silicon Valley meets Salinas Valley in partnership to make farming 'smart.'" Following the *Financial Times* visit, city leaders met with several San Francisco-based reporters, and within a few weeks the *San Francisco Chronicle* and *NPR* also published feature stories on AgTech in Salinas.

This media coverage jump-started major PR momentum for the city, which was fueled by the fact that AgTech was becoming more and more of a buzzword across the world. Over the past five years, the city has continued to invest in efforts to bring reporters to the city of Salinas, as well as conducting outbound missions to key media markets like San Francisco and New York. As a result, the city has garnered more than 100 news articles featuring Salinas' AgTech story, and more than 1.2 billion impressions in national media outlets such as *CNBC*, *The Los Angeles Times*, *Fast Company*, *WIRED*, *TechCrunch*, and *HuffPost*.

Further putting Salinas in the national spotlight, DCI pitched Forbes Media on the idea of holding an AgTech summit in Salinas. The Forbes team was considering holding a summit on this topic in the Midwest but decided to hold the summit in Salinas after connecting with Salinas city leaders, SVG Partners, and other key stakeholders in the region and learning more about what was happening in the Salinas Valley. Thus, in 2015, Forbes launched "Forbes Reinventing America: The AgTech Summit" in downtown Salinas. The invitation-only event took place in a large tent on Main Street and brought together several hundred of the smartest minds in Silicon



"RURAL REBOOT: SALINAS, CALIF., TURNING CROP PICKERS INTO COMPUTER PROGRAMMERS"
-CBC NEWS



"SILICON VALLEY MEETS SALINAS VALLEY IN PARTNERSHIP TO MAKE FARMING 'SMART'"
- FINANCIAL TIMES



"A CITY TURNS TO LETTUCE FIELDS TO GROW HIGH-TECH STARTUPS"
-NPR



"AG TECH TAKES CENTER STAGE IN SALINAS VALLEY"
-HUFFPOST TECH



Photo by Forbes Media.



Above: Farming equipment on display during the Forbes AgTech Summit on Main Street in Salinas.
Left: Salinas Mayor Joe Gunter welcomes attendees at the first "Forbes Reinventing America: The AgTech Summit."



Photo by Forbes Media.



Salinas leaders meet with Steve Forbes in New York City

Valley and global agriculture to tackle some of the world's most critical challenges in the agriculture industry. The first summit was such a success that Forbes made it an annual event and continued to hold its AgTech summits in Salinas in 2016 and 2017.

Having a major media brand like Forbes establish one of the world's leading AgTech events in Salinas has not only put the city on the map as an AgTech hub but also positioned the city of Salinas as a thought leader in the industry and exposed hundreds of executives, potential investors, entrepreneurs, influencers, and media to the city. In July 2017, Forbes held its largest summit in Salinas yet, with more than 650 attendees, 60 percent of whom were C-level executives. The Forbes Summit has also fueled the success of other local programs: the THRIVE Accelerator partners with Forbes for the Accelerator winners to be presented at the Forbes Summit and has partnered with Western Growers, which has assisted in attracting more businesses to the WGCIT.

LESSONS LEARNED

Economic development initiatives such as this one can often fall apart because stakeholders or community members do not see the benefit and ultimately do not stand behind it. While the city of Salinas has run into challenges throughout this process, it has been able to continually move forward with creative solutions. One of the reasons it has been so successful is because of the strong community support around the AgTech Innovation Ecosystem. A few lessons learned as the city developed this initiative include:

1. Go Beyond Community Workshops

The AgTech Innovation Ecosystem is not just a concept but part of the city's overall strategic plan. To develop this plan, the city of Salinas took an inclusive approach and was willing to work with anyone who wanted to be a team player in the process. The city also involved stakeholders early in the process and worked to understand the goals of various stakeholder groups, from the business community to city leadership.

Input on the development of the strategic plan went beyond traditional community workshops, and community members sat at the table with city staff on a regular basis to develop the plan. That was followed by public hearings, where the community members involved spoke about their support of the plan. The fact that AgTech Innovation Ecosystem was not just developed by the city but had true community support and input was critical. The city of Salinas also took the time to explain the initiative clearly to the community by using straightforward language and outlining how the initiative would benefit the community directly.

2. Find Champions from Across the Community

The AgTech Innovation Ecosystem has garnered the support of key community leaders who are willing to stand up publicly for the initiative. The city focused on finding a wide range of "champions" across a number of sectors who would support the ecosystem – ranging from the CEO of Salinas' largest agriculture company to key industry and educational leaders. The mayor and city manager are also adamant supporters of the initiative and have worked hard to help city council members understand the benefits and support the initiative. Finding champions from different parts of the community who were willing to "go to bat" for the AgTech Innovation Ecosystem when it faced criticism has helped gather widespread support and been critical in its success.

3. Don't Do It Alone

Most cities do not have the staff-power or expertise to successfully implement a major initiative like creating a new ecosystem. The city of Salinas knew it needed to bring experts on board to make the AgTech Innovation Ecosystem a reality and partnered with top consultants from Silicon Valley and across the country. Salinas' investment in consultants has been critical in making connections that have led to major wins such as the THRIVE AgTech accelerator, the Forbes AgTech Summit, and the city's first AgTech incubator.

AgTech Innovation Ecosystem Results

30+ STARTUPS

AT SALINAS' 1ST INCUBATOR

32 ACCELERATOR PARTICIPANTS

\$50 MILLION VENTURE CAPITAL FUND

50 NEW JOBS CREATED

3,300 YOUTH TRAINED TO CODE

3 FORBES AGTECH SUMMITS

In addition, Salinas has worked closely with the private sector, involving many of the region's top agricultural companies in its mission. The initiative has fostered more collaboration among local agriculture companies, which have traditionally operated independently and been loathe to share information, as many of these businesses have been passed down from generation to generation. While agriculture companies are by nature highly competitive with each other, Salinas Valley companies have been able to come together to support the AgTech Innovation Ecosystem. Company leaders have realized that if they work together to support and promote the city's AgTech industry, they all win.

CONCLUSION

As cities across North America – especially those that have been hit by the loss of a major employer – consider how best to rebuild their economy, it is important to focus on what is a true fit for the community, while also considering the major shifts taking place across a variety of industries.

In the case of Salinas, where the fertile valleys have inspired Steinbeck novels and led to breakthroughs in the agriculture industry during the past century, it was important to stay true to the city's roots, while also being forward-thinking. City leaders made the strategic decision to build upon Salinas' existing strengths in agriculture and proximity to Silicon Valley to focus on AgTech, putting their resources towards developing their stron-



The Forbes AgTech Summits have put Salinas in the national spotlight.

gest industry instead of trying to cast a too-wide net. The city also embraced the major disruption that technology was having on agriculture by focusing on training its residents, including youth, to equip them for new and ultimately better jobs in the future. While there is still much work to be done to create more high-tech jobs in Salinas, the city has made tremendous strides in just five short years through the creation of the AgTech Innovation Ecosystem.

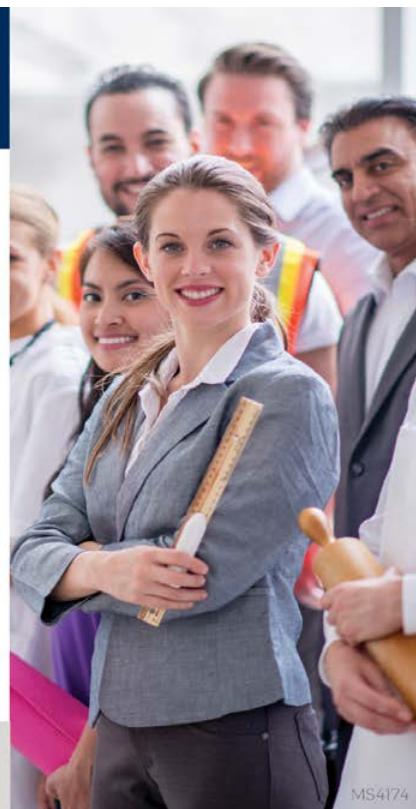
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