

THE STORY OF A SAUSAGE BUSINESS

By mixing together funding sources, a fast-growing smokehouse tripled its space, creating jobs and opportunity for Vermont farmers.

CLAIRE GREENE

THE FEDERAL RESERVE BANK OF BOSTON



Vermont Smoke and Cure makes sausage, bacon, and ham using traditional methods and local ingredients.

FENNEL

VERMONT TOWN WINS GRANT TO CREATE JOBS

In 2008, a fire destroyed the Saputo cheese-processing plant in Hinesburg, Vermont. Eighty jobs were lost. Hinesburg, 14 miles south of Burlington, population 4,500, won a U.S. Department of Housing and Urban Development Community Development Block Grant to fund a low-interest loan to help Vermont Smoke and Cure move into the abandoned space.

“CDBGs are used to create or retain jobs.”
– Josh Hanford, Vermont Department of Housing and Community Affairs

CASING

SMALL BUSINESS OPPORTUNITY CONSTRAINED BY TIGHT SPACE

A darling of locavore food culture, Vermont Smoke and Cure not only produces its own products but also provides smokehouse services for 600 farmers in Vermont. In five years, revenue increased from \$300,000 to \$3 million, and the smokehouse was bursting out of its old facility.

“It takes all kinds of money for small businesses to grow and stay in Vermont. It takes angels and venture capitalists and foundations and tax incentives and community lenders. Often you need to mix and match to make the right package.”
– Janice St. Onge, VSJF Flexible Capital Fund

A large, stylized illustration of a thick sausage, curved like a smile. The words 'VERMONT SMOKE AND CURE' are written across its side in a bold, sans-serif font. A smaller slice of the sausage is shown at the bottom right corner.

x3

The borrower, lenders, and credit guarantors cooked up a collaboration that brought jobs to Hinesburg, increased smokehouse capacity for local farmers, and enabled Vermont Smoke and Cure to modernize its equipment while **tripling** its space.

— SUCCESS —

- Creates local jobs (15 now, 25 in the future)
- Supports 600 farmers
- Redevelops an unused resource
- Preserves Vermont’s farm landscape

PACKAGING

37,000 SQUARE FEET BOOSTS LOCAL ECONOMY

Vermont Economic Development Authority (VEDA) also made a loan to the real estate developer of the building and to the dairy that shares the building with Vermont Smoke and Cure. The 50-year-old meat processor opened its new facility in May 2012.



In addition to the USDA-guaranteed portion of the term loan to Vermont Smoke and Cure, an SBA guarantee supports a working capital line of credit that gives the growing business needed liquidity.

MEAT

SEVEN+ PARTIES HAD A PIECE

Everyone met around the table at the VEDA office in Montpelier to hash out the structure.

“Each participant had different requirements and timelines and needed to understand the structures of the other lenders that were going to be involved.”
– Marie Dussault, VEDA

WANT TO LEARN MORE?
Check out the faces behind the story. Go to <http://www.bostonfed.org/commdev> to watch the video!

