

Mar 29, 2022, 03:11pm EDT

Big F&B Invests In Innovation, Funds Emerging Cos



Louis Biscotti

Contributor

[Food & Drink](#)

National Leader, Food & Beverage Services Group, Marcum

Tyson Foods, an F&B giant with about 137,000 employees, is used to thinking big. It built blockbuster brands like Tyson, Jimmy Dean, Hillshire Farms, and Ball Park. But lately, big companies like Tyson also are happy to think small.

Tyson and Whole Foods are just two behemoths that have developed formal programs to find and nurture small, entrepreneurial F&B companies. Tyson is targeting those that innovate, while Whole Foods is looking to support local brands, giving customers a taste of their hometowns, so to speak, to try to make the local Whole Foods store truly, well, local.

When it comes to innovation, the idea for big F&B companies is to have the best of both worlds — the resources and reach to develop their own product advances, and the chance to buy into potential breakthrough research. And that's leading big F&B to venture capital, investing in companies that innovate.

One way they are finding young innovators is at showcases like the Innovative Emerging Company Showcase for companies with less than \$10 million in

revenues at Marcum's upcoming Food & Beverage Summit on June 15. But big F&B companies are actively finding and backing small companies through numerous channels at a time when innovation, from packaging to alternative proteins, is driving F&B investment.

Partnerships and investment in smaller companies, often through their VC arms, is one way big companies are hoping to find, and fund, the future. In the words of John R. Tyson, president of Tyson Ventures, the company wants to "play our part and help foster those innovations we think will have the greatest impact to our food system."

To increase its access to innovation, in addition to its own R&D, Tyson is picking companies with "breakthrough sustainable technologies" and pouring money into them. Since 2016 Tyson Ventures has invested more than \$100 million in startups and other companies focused on emerging proteins, new technologies for food and worker safety, and sustainable food production. It is thinking big...about thinking small.

Tyson Ventures' portfolio now includes FoodLogiQ, Clear Labs, MycoTechnology, New Wave, Future Meat, Upside Foods, Big Deal Ventures, Iterate Labs, Rejoicy and Soft Robotics. Tyson is hoping to grow that portfolio, holding its first Shark Tank-styled event online July 11 where company executives will listen to pitches. There won't be a Mr. Wonderful, but there may be something better: a giant F&B company behind the winners.

Tyson Ventures' Demo Day will let companies demonstrate how they can help create a more sustainable food system. The company says it is most interested in ways to reduce greenhouse gases, packaging and food waste, animal welfare advancements, regenerative agriculture, soil health, and water management.

General Mills is doing something similar with [301 Inc.](#), which the company calls an "Emerging Brand Elevator." It selected Pet Plate, Good Catch, No Cow, and Beyond Meat, an alumnus of its program. Others also are creating accelerators to help entrepreneurial companies expand.

Kellogg's, for instance, is trying its hand at VC with [1894 Capital](#). "If you have a food-industry consumer product in market or ready for launch," according to that VC, "we have the capital and resources to take it to the next level." The Kellogg's program has included companies such as Plantible and others.

Meanwhile, Whole Foods is launching its Local and Emerging Accelerator Program, or LEAP. It's planning on starting by picking 10 companies that

don't have product in its stores yet, and then working with existing suppliers. Whole Foods' goal is different from Tyson's, which is focused on technological innovation. Whole Foods wants to buy and sell local brands, making them available to customers who, it hopes, will support and see Whole Foods as the home team. Companies will get shelf space and the potential for investment. Applications for the first LEAP cohort are due by April 8.

Whole Foods already is making a kind of "buy local" initiative, even without its latest LEAP. The company says it added 500 new local brands and 6,500 new local items to its shelves in 2021. It's using local tags and setting up displays for local products and has created a section to shop "local" online.

Whole Foods says several national brands "began as little more than sparks" fueled by their founders' efforts, "support from Whole Foods Market's experts," and, at times, investments from the company's [Local Producer Loan Program](#). Vital Farms is one company Whole Foods says grew with its support.

However you look at it, big F&B companies are realizing they can use their deep pockets to look for innovation inside and outside their own R&D. The next big breakthrough might come from an F&B giant. But it might well have started with the spark of an idea at incubator, where innovation is nurtured and hatching.