

# Bloomberg Businessweek

## Small Business



## Food Startups Rise at a Kitchen Incubator in East Harlem

By John Tozzi June 21, 2013

The food vendors who line 116th Street in New York’s East Harlem in the summer attract a steady stream of regulars and passersby. Less trafficked is [La Marqueta](#), a nearby 77-year-old [city-owned market](#), where a coterie of small food businesses is trying to bring the tastes of the mostly immigrant neighborhood to the shelves of upscale gourmet markets.

They’re the denizens of [HBK Incubates](#), a shared kitchen space that’s home to 32 nascent culinary ventures. The incubator offers cooks business training, advice, and low-cost access to professional equipment. “People come in with potentially a great recipe and good business instincts,” says Jessamyn Rodriguez, the founder of Hot Bread Kitchen, the nonprofit bakery that runs HBK. “They don’t necessarily know how to put all those pieces together.”

(Other incubators and shared commercial [kitchen spaces](#) exist around the country. Culinary Incubators maintains a [list](#)).

Hiyaw Gebreyohannes is one of the incubator’s successful alumni. He moved in two years ago to sell packaged Ethiopian food, based on recipes from his family’s restaurant in Michigan. Rodriguez

describes Gebreyohannes as the “mayor” of the incubator because he’s so encouraging to the cohort. “It feels homey and very entrepreneurial,” Gebreyohannes says. His company, [Taste of Ethiopia](#), sells such pre-made dishes as spicy red lentils, peanut chicken stew, and the cuisine’s famous injera flatbread.

Gebreyohannes, who lives in East Harlem, says the incubator helped give him credibility with buyers that reach the high-end market. “It made me official,” he says. Customers would say, “O.K., this person is legit. He’s not cooking out of his home.”

Taste of Ethiopia’s dishes are now in farmers markets and gourmet groceries such as Dean & DeLuca and Whole Foods ([WFM](#)), where they’re on shelves and in the hot bar. Gebreyohannes has catered parties for New York hedge funds and trendy companies like Google ([GOOG](#)), Spotify, and Warby Parker. The company, with nine employees, had sales of \$210,000 last year and shot past that level in the first half of 2013. Gebreyohannes has since graduated to a larger kitchen and packing space upstate. He still makes injera bread at the incubator, pouring mixtures of water and an Ethiopian grain called teff over a wide, hot, metal platter.

To help home chefs turn pro, HBK Incubates holds monthly business workshops and pairs entrepreneurs with one-on-one finance advisors. The startup food businesses need to form companies, get business licenses, write business plans, design logos and branding, and learn how to keep their books. “They’re getting ingredients, they’re delivering products on their own, and the financial aspect—that’s the thing they always kind of do last,” says Sandra Vu, the incubator’s program director. “In reality, it’s the most important.”

Entrepreneurs who don’t speak English as a first language can take weekly language classes tailored to the food business to learn kitchen terminology and the etiquette of calling a customer. “Those things are very important, those soft skills that you need to have as a business owner,” Vu says.

Companies pay \$17 an hour for kitchen space, with subsidized rates available for some low-income entrepreneurs. Hot Bread Kitchen, which also has earned revenue from bread sales, relies on grants and donations for 30 percent of its budget, according to communications and development director Molly Crossin. The goal is to be self-sufficient by 2015 on money from bread sales and the fees from the incubator tenants. Then they’ll look at replicating Hot Bread Kitchen in other cities.

For Gebreyohannes, the incubator has helped him hit milestones more quickly than he would have on his own, such as designing professional packaging and getting his product from one Whole Foods store into others around the region. “It’s all of these things that I anticipated,” he says, “but I don’t know if I believed it would happen so quickly.