WAIT!
Do you really need to start that food hub?

NGFN National Conference
March 28, 2018
So, I get a call...

Why? .... What’s the Need/Opp.?

Asset Assessment?  What’s already out there?

Informed?  Actually know the farmers and the market?

Try something else, like...

Value Chain Coordination
Roles of a Value Chain Coordinator (VCC)

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Matchmaker</td>
<td>Identify and connect key stakeholders through referral services and other forms of short-term or one-off engagement. This “public interest broker” role is key to development of food value chains because many businesses are stepping outside their normal channels to find new collaborators.</td>
</tr>
<tr>
<td>Convener/Relationship Builder</td>
<td>Build the necessary relationships across the food value chain by engaging key stakeholders, maintaining communication channels, and fostering a trusting environment. Examples include convening stakeholder meetings, forming working groups, and implementing other forms of longer-term engagement.</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>Work with food value chain members to build capacity through education and training programs in such areas as sustainable production practices, food safety, marketing/branding, etc.</td>
</tr>
<tr>
<td>Policy Thought Leader</td>
<td>Raise policy issues and partner with others to address policies and procurement requirements, such as bidding procedures and preferred-vendor practices that may interfere with the ability of food value chains to access certain marketing channels.</td>
</tr>
<tr>
<td>Resource Prospector</td>
<td>Identify and pursue resources, such as grants, loans, and services to support value-chain collaborators as they develop their enterprise.</td>
</tr>
<tr>
<td>Catalyst/Innovator</td>
<td>As a resource prospector, value chain coordinators can also utilize grants and other external resources to test new business models and thus lower the financial risk of the businesses engaged in the value chain.</td>
</tr>
</tbody>
</table>
Leveraging Investment for Network Coordination

• **Food LINC Purpose:** Value Chain Coordinators help link rural producers to urban markets where high demand for local food.

• **Public-Private Partnership:** $2.7 million of Federal funds leveraged by $2.8 million from 18 private funders to date.

• **Expected Impacts:** Increased revenue to local producers, job creation along the value chain, and increased access to healthy food.

**Organizations and Locations**

1. La Montanita Co-op
2. Rocky Mountain Farmers Union
3. Communities Unlimited
4. The Conservation Fund
5. Louisville Farm to Table
6. Common Market Georgia
7. Appalachian Sustainable Development
8. Metro Washington Council of Governments
9. Fair Food
10. Soul City Hospitality
11. Family Farmed
12. Texas Center for Local Food
13. Food Commons Fresno
La Montañana's Cooperative Distribution Center
Who is La Montañita Co-op?

- Consumer-owned food retailer with 16,000+ members
- Specialize in local and natural foods
- Six retail stores throughout New Mexico
- Operate a central distribution center
Why did a food co-op open a food hub?

- Member-owner interest in buying more local spurs efforts to source more local (2003)

- Availability of local foods begins to plateau, in large part due to limited vendor capacity, increasing distribution costs, downward pricing pressure from agri-business, etc. (2005)

- La Montañita hires an Enterprise Development Manager, buys a cell phone, rents a truck, and pilots wholesale food distribution (2006)

- La Montañita rents its first warehouse space to formalize and grow its new distribution enterprise (2007)
What’s the Cooperative Distribution Center’s mission?

- Strengthening the local economy by facilitating access to and growth of market opportunities for local producers

And what does that look like, operationally?
Distribution Center Vendors

**Foodshed** 28.5%

**National/Other** 41.1%

**Co-op to Co-op** 30.4%
Net Loss before breaking even: ($1,026,681.06)
Net Income (Loss) to date: ($883,831.73)
Building a more just, healthy, thriving, & inclusive economy through cooperative enterprises in Colorado, New Mexico & Wyoming
Excelsior Middle School
Ex | huv#) #Vddhv

- Surmhfwhg/jurvv#vddhv#r/i# 767/333/q#534;
- £68 ( #Uhvwdxudpqw
- £53 ( #FVD
- £4: ( #qvwLwxwlrqy
- £48 ( #jurfhul#vwrhuv
- £46#( #rwhku#irrg#kxev
Mission:
Strengthening regional farms and improving food access through distribution to anchor institutions.

Delivering local food for the common good.
Scope and Impact of CM Entities

**CM Mid-Atlantic** (est. 2008):
- over 400 customers in 2017
- 50+ vendors/200 farmers (PA, NJ, DE, MD, VA, NY)
- $4.2m 2017 sales

**CM Georgia** (est. 2016):
- over 100 customers
- 40+ farmers (GA, TN, AL)
- $690K 2017 sales

**CM Texas** - launching 2018
Product aggregation through each region’s hub. (Philly, Atlanta, Houston)
Pictured: Fleetwood, PA aggregation point
10 Barriers to Institutional Purchasing

1. Vendor Non-compliance (FSMC, GPO)*
2. Lack of vendor approval (for new FSMCs)*
3. Lack of buy-in (client, leadership, staff)*
4. Product specs don’t match guidelines (NSLP, USDA, etc)
5. Vendor consolidation
6. No storage space
7. No kitchen equipment
8. Lack of culinary skills for kitchen staff
9. Account too small to meet the minimum
10. Kitchen staff turnover/short-handed
What are our greatest challenges?

- Local vendor capacity / wholesale readiness
- Local product mix (heavy on proteins, light on produce)

How do we address these challenges?

- Vendor development / technical assistance
- Value chain coordination
Failure-turned-Opportunity: Local Pork

- Local pork program initially established in an institutional “silo” with minimal expectations around the vendor’s production practices.
- Originally envisioned as a foodservice product - vendor was not amenable to developing the product or brand for a retail market.
- Lack of transparency and flexibility around the product’s marketability led to unsustainable inventory levels of select cuts.
- Vendor eventually left, creating a wholesale vacuum (COGS) valued at ~ $250,000/year.
Failure-turned-Opportunity: Local Pork

- “Reset” allowed for a **reassessment** of the local pork landscape
- Potential pork vendor identified -- previously sold to Whole Foods and Sysco, but was **disenchanted** with those buyers and markets
- Vendor was also “heavy” on inventory -- **oversized animals** due to lack of market outlets
- Developed a **whole carcass purchasing arrangement**, designed to equitably address both his current herd and future production
- Vendor has phenomenal production practices, and **well-versed in both foodservce and retail market expectations**