DISCERNING PALLETS
GROWERS’ EXPERIENCES SELLING THEIR CROPS THROUGH FOOD HUBS
Presentation Outline

- Technical Orientation
- Welcome
  
  Jeff Farbman  
  Wallace Center at Winrock International
  
  Farmers Share Their Stories
  Questions and Answers
  Upcoming Opportunities, etc.
WALLACE CENTER at WINROCK INTERNATIONAL

• Market based solutions to a 21st Century food system
• Work with multiple sectors – business, philanthropy, government
• Healthy, Green, Affordable, Fair Food
• Scaling up Good Food
NATIONAL GOOD FOOD NETWORK: VISION
NATIONAL GOOD FOOD NETWORK: GOALS

Supply Meets Demand
• There is abundant good food (healthy, green, fair and affordable) to meet demands at the regional level.

Information Hub
• The National Good Food Network (NGFN) is the go to place for regional food systems stories, methods and outcomes.

Policy Change
• Policy makers are informed by the Data and Analysis and outcomes of the NGFN and have enacted laws or regulation which further the Network goals.

http://ngfn.org | contact@ngfn.org
Presentation Outline

- Technical Orientation
- Welcome

Farmers Share Their Stories
- Monroe Family Organics & Cherry Capital Foods
- Freedom Food Farm & Farm Fresh Rhode Island
- Casa Rosa Farms & Capay Valley Farm Shop
- Western Montana Grower’s Co-op
  - The Co-op Perspective
  - Country Rail Farms

- Questions and Answers
- Upcoming Opportunities, etc.
## The Hubs

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**Notes:**
- **Suppliers (approx):** Approximate number of suppliers.
- **Services:** Services offered by the food hub.
- **Takes ownership?** Indication of whether the food hub takes ownership.
- **Markets:** Potential markets for the food hub's products.
# Our Farmers and Their Operations

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**Additional Markets**

- Monroe Family Organics
- Freedom Food Farm, Massachusetts
- Casa Rosa Farms, California
- Western Montana Growers Cooperative, Montana
- County Rail Farm, Montana

**Monroe Family Organics**
Monroe Family Organics

How food hubs helped our farm
Monroe Family Organics

- Located in Central Michigan
- We are going into our 5th season
- Certified Organic
- Over 100 varieties of fruits, vegetables, and herbs
- We sell to restaurants, stores, coops, distributors, and CSA
Our Relationship with Food Hubs

• Overall very positive relationship
• Largest single buyer makes up 10% or less of our total sales most years
• Very good communication and can help move larger amounts of certain items
• Huge help in making our farm successful
The Positives of Food Hubs

- Take care of logistics, marketing, and sales
- Broader geographical reach than what we could efficiently handle
- Picks up at our farm
- Provides other resources
Limitations of the Relationship

- Only so much of our products they can sell
- Cannot always purchase as much as we would like
- Have to balance the needs of our farm against needs of other customers and farms
- Do have labeling requirements
Why the Relationship is Successful

For our Farm
• Consistent weekly buyer
• Orders are financially significant
• Helps us achieve some efficiencies of scale
• Good resource

For Cherry Capital
• Outstanding quality
• Reliable
• Local and Certified Organic
• Good variety of products
• Very close to normal trucking route
## Rhode Island

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- Monroe Family Organics   | Michigan
- Freedom Food Farm       | Massachusetts
- Casa Rosa Farms          | California
- Western Montana Growers Cooperative | Montana
- County Rail Farm         | Montana
Freedom Food Farm
Raynham, Ma
Overview of Freedom Food Farm

- 4th year in business
- 2nd year at new location in a new state
- Currently in a lease-to-buy arrangement
  - Quick growth is necessary to exercise purchase option
## Farm Description: Land Use & Team

### 90 Acre Land Base
- 15 acres vegetables
- 15 acres livestock pasture
- 5 acres hay
- Balance in buildings, roads, forest, streams, wildlife habitat

### Employees
- 6 full time year-round farmers
  - Includes a wholesale manager in charge of Market Mobile orders
- 2-4 seasonal employees April-September
Markets

- Wholesale
  - Primary outlet for 1st three years
  - Majority of wholesale is through Market Mobile
    - % of total sales through Market Mobile:
      - 2012 – 32%
      - 2013 – 33%
      - 2014 – 27%

- Farmers’ Markets
- CSA
  - Moving towards this being primary outlet
- Farm Stand
- Emerging Markets
  - Workplace CSA, Value Added Products, etc.
Freedom Food Farm

Market Mobile
Farm-to-Door Delivery in Rhode Island and Massachusetts

Farm Fresh Rhode Island
A hub for fresh, healthy food.
Advantages to working with a Food Hub

- Farm Fresh Rhode Island (FFRI) deals with logistics:
  - Website/listing management
  - Delivery
  - Accounts payable – we receive a check regardless of customers account status with FFRI
- Provides a market for overproduction or hard to move products – like pork fatback
- Veggie Box Program allows us to pre-plan some crops for reliable income and quick expansion
- Allows smaller farms to reach many markets year-round, helping us expand quickly
Experienced Disadvantages

- Disconnect widened between farm and customer
  - Harder to get feedback on quality and desired types of products
  - More difficult to establish longer term business relationships – not as personal

- Difficult to plan for non-Veggie Box customers
  - One product may sell well one year, but the next year other farms have caught on or the product is no longer popular
  - Stricter delivery time constraints and labeling requirements
Thank You & Good Luck!

[Image of Freedom Food Farm emblem]

[Image of various packaged vegetables]
# California

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- Monroe Family Organics  Michigan
- Freedom Food Farm       Massachusetts
- **Casa Rosa Farms**     California
- Western Montana Growers Cooperative  Montana
- County Rail Farm        Montana
Our business model

What we Produce

- Formed in 2009
- Grass fed beef production / niche meats
- Also grass fed lamb, pigs
- Experimented with field crops, almonds, olives

Our Size

- 65 cow/calf pairs
- 320 acres of hay on irrigated ground
- Where we are at, we are still considered a small producer.
Our numbers

Sales

- 60% Grass Fed meat
- 30% Organic Olive oil
- 10% in specialty items such as soap, fiber arts, lambskins, herbs and produce - primarily fruit sold at farmer's markets.
- Gross $60,000 - $80,000 per year on direct sales of human food (not commodities).

Growth

- Currently: process roughly 15 steers and 40 lambs per year
- Projection: 30 steers and 60 lambs by fall 2016 due to demand that has grown out of our business with the food hub.

Grass fed, non-GMO

An expensive product to produce ... needs certain kinds of customers.
USDA Processing is Key

Quasi-legality of the animal "share"

- Shares posed liability risk.
- Customers do not own freezers - prefer small amounts of meats bought frequently

Getting to the Next Level: becoming profitable instead of just break-even

Until you can bring in steady business the best processors won't give you the specialty cuts and attention to detail you need to woo urban customers away from the niche urban butcher shops which are our most direct competition for their dollars.

Added Value

- “Uninteresting” cuts transformed into "ready to eat" items
- Working with multiple butchers/smokehouses

Necessity

- Required to sell to our food hub: USDA pack and wrap
Why Capay Valley FarmShop works for us

Access to the Marketplace

• Not large enough for self-distribution
• Conventional meat model: sell animals to a processor that then markets them
• **We manage our own processing** to enhance the type of finishing we do.
• NOT industry standard beef... **niche beef**

The hub:

1. Acts as a distributor for us
2. Points business our way
3. Gives us legitimacy (grouped with long-standing good reputation of other area growers)
The nitty gritty: what the hub does

Safe, Accountable, On-Time Transport

Stacking
- More efficient
- More interesting to larger customers

Rentals
And We Don't Have to Drive!

Last, But Not Least...

The hub keeps us on the farm and off the road.
Changes you might have to make to work with a food hub

**Good paperwork**

**Storage**
- Pallet quantities of product
- Need to be able to store product safely
- Meat producers need have a system to track coolers in and out.

**Get a SmartPhone**

**Planning**
Be prepared to find other outlets as institutions and restaurants can be fickle!
Good Eggs

- Online delivery service that provides door to door delivery.
- Inventories are managed by the farm, and they use "just-in-time" logistics.

Their interface is glossy, full of delicious looking food, and makes busy urban people feel good about getting their food delivered.

Our meats all glammed up, courtesy of Good Eggs, photos by colin price
Good Eggs

Why is Good Eggs Good for us?
• Artisan products at a high price
• Customers are a different income bracket than farmer's market
• Good for odd or high-end items

But no Good without our Food Hub...
• Not worth it without our hub
• 7 hours driving in $600 worth of product per week
• Instead we pay 10% of the sales to our hub for delivery.

Sometimes they let me take my own photos
Summary

Capay Valley FarmShop helped us to
• Grow our business into a size where it can be profitable
• Specialize
• Improve our reputation
• Provide safe, economical delivery

(Which gives us more time to do what we really want to do.)
Montana

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**Western Montana Growers Co-op**

- **Location:** Montana
- **Suppliers:** 50
- **Services:** Aggregation, distribution, marketing, sales
- **Takes ownership:** Some products
- **Buyers:** 240
- **Markets:** Retail stores, schools, restaurants, institutions, consumers
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local is delicious!
• Incorporated in 2003 with 5 farms- <$10K in year 1
• Currently serving over 50 Montana farms, ranches and food manufactures – 40 Member farms
• “Full Plate” of Products- Fresh Produce, Milk, Cheese, Eggs, Meats, Grains and pulse crops, and Value Added Products
• Size range from ½ Acre – 500 acres
• Product diversification critical for short growing season
Customers

- Over 250 wholesale accounts - Retail stores account for over 60% of sales
- Multi-Farm CSA with 225 members - early season cash flow
- Customers as far away as Billings, MT – 350 miles
- Gross Sales of 1.66 million in 2014 - project 2.05 million for 2015
Co-op Infrastructure

- Utilized on-farm warehouse/office in Arlee for 12 years.- cheap overhead
- 6,000 sq. ft. newly renovated warehouse is Missoula.
- 3 delivery trucks – strategic partnerships with Charlie’s Produce, et al to reach across MT and into Northern ID, Eastern WA
- 5 year around employees, 6 Seasonal employees
Start-Up

- We were very lucky to know people that cared:
- Funding from Community Systems Grant through Lake County Community Development – Covered time to organize farmer meetings, drafting Articles of Incorporation, part-time staff person to run the business
- Donated office and warehouse space at Common Ground Farm
- First delivery truck leased to WMGC at sub market value and eventually donated
- Allowed the Coop to grow slowly and explore options for what type of business we would be
Challenges

• Convincing more growers to join and sell through the Co-op - What value does the Co-op provide?
• Increasing supply of products and adding year around production - Dairy, Eggs, Grain, Meat
• Determining Gross Margins - what does it cost to sell through the Coop?
• Market projections - Production estimates - Crop Planning
• Revenue - Profit - Cash Flow
• Producer policies - Production Hierarchy, Marketing agreements, Non-compete
More Challenges

- Funding infrastructure improvements
- Economical transportation options
- Produce Packaging
- Revenue- Profit- Cash Flow- this is rather important
- Building Equity for Members
- Fair wages and benefits to employees- not everyone wants to work for free because you have a nice Mission Statement
A Few Suggestions

• Utilize your local Cooperative Development Center-they are here to help
  http://www.rd.usda.gov/programs-services/all-programs/cooperative-programs

• Take advantage of other opportunities to fill your truck- if you have a truck

• Research market potential extensively

• Create a capital budget in addition to your operational budget- equipment will break

• Attend Wallace Webinars!
local is delicious!
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Questions and Answers

Fred Monroe (MI)  Chuck Currie (MA)  Rachel Kasa (CA)

Jim Sugarek (MT)  Tracy Potter-Fins (MT)  Jeff Farbman (VA)

contact@ngfn.org
Webinars are Archived

TOPICS!

http://ngfn.org/webinars
NGFN Webinars

3rd Thursday of each month
3:30p EST (12:30p PST)

http://ngfn.org/webinars

- May 14: Crop Insurance for Small Farms: A Crash Course
- Jun 18: Creative Financing for Food
- Aug 20: One Page Cost-Benefit Analysis Tool
Food Hub Survey

- Are you a food hub?
  - Help us continue to advance our sector
  - Improved survey - optimized, especially if you participated in 2013
- Request your individualized survey from Jill Hardy
  hardyjil@msu.edu
  517-775-6507
USDA Local Food Directories

- **Was**
  - Farmers Markets
- **Now adds:**
  - CSAs
  - On-Farm Markets
  - Food Hubs

- [http://www.USDALocalFoodDirectories.com/](http://www.USDALocalFoodDirectories.com/)
Get Connected, Stay Connected

http://ngfn.org/database

National Good Food Network Database
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