



Scaling Up: Meeting the Demand for Local Food

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Table of contents

- Introductioni
- Alsum Produce1
- Cherry Capital Foods3
- Co-op Partners Warehouse5
- Fennimore Produce Auction7
- Growers Collaborative9
- GROWN Locally11
- High Desert Foods13
- Organic Valley Produce Program15
- Provisions International17
- University of Wisconsin-Madison19
- Wescott Agri Products21
- Appendix 1: Case studies at a glance23
- Appendix 2: Additional distribution models for local and regional food27
- Appendix 3: Additional resources for Wisconsin entrepreneurs.....30

Introduction

Robust local food systems offer social, environmental and economic benefits. Purchasing local food can help preserve local farmland and reduce the distance food travels between farmers and consumers. In addition, an ample supply of local food may reduce a region's vulnerability to supply disruptions and global food safety concerns. Local food purchases can support local economies by keeping food dollars in circulation within communities. Local food can also link growers with consumers who are hungry for a connection to farms and farmers. For these and other reasons, consumer interest in local food has grown in recent years. Local food is not only in demand at farmers' markets and natural food retailers, but also in conventional supermarkets and institutions such as schools and hospitals.

Increasingly, wholesale buyers are demanding locally grown food and growers are looking for new regional markets. In order to meet the demand for local food and move significant quantities of locally and regionally grown food into markets that we all rely on, such as restaurants, mainstream grocery retailers and institutions, local food systems need to be "scaled up" or expanded from farmer-direct sales of small quantities of product to wholesale transactions. By scaling up, local food systems have the potential to borrow some of the economic and logistical efficiencies of the industrial food system while retaining social and environmental priorities such as sustainable agricultural practices and profitability for small- and mid-scale family farms and food businesses.

Scaling up local and regional food systems requires the development of organizational and production capacity across the local food supply chain. In particular, this supply chain lacks mid-scale, regional aggregation and distribution systems that move local food into mainstream markets in an effective and cost efficient manner.

Aggregation—or the consolidation of products sourced from multiple growers to generate volumes compatible with the wholesale market—is a key ingredient for scaling up local and regional food systems. Aggregated product is typically marketed, branded and distributed under a single or generic brand name; in some cases, individual farms are also identified. Product aggregation may occur through producer- and consumer-led cooperatives, buying clubs, produce auctions, private and non-profit wholesale packers and

distributors, and retailers. An aggregator is an entrepreneur or business that amasses product for distribution and marketing.

To develop informed and appropriate business development strategies for Wisconsin farmers and other supply chain start-ups, the UW-Madison Center for Integrated Agricultural Systems (CIAS) and UW-Extension Agricultural Innovation Center studied and documented eleven models of regional food aggregation and distribution. This work was made possible by a grant from the Ira and Ineva Reilly Baldwin Wisconsin Idea Endowment.

Case studies in review: Common characteristics

We selected eleven local food entrepreneurs from across the United States through a database obtained from the Wallace Center for Sustainable Agriculture, enterprises featured at conferences and in online forums, and through contacts developed by project staff. We based subject selection on three criteria: 1) diversity across geography, scale and business models; 2) emphasis on wholesale transactions; and 3) models that emphasize sustainability through sound environmental practices, fair and robust economic relationships and concern for social equity. Please refer to Appendix 2 for a list of additional distribution models for local and regional food.

Through in-depth phone interviews with CEOs and high-level managers or marketing staff at each business, we identified bottlenecks that make it difficult to move significant amounts of local product into mainstream markets. These bottlenecks, and possible solutions, include:

Controlling for product quality and consistency

In order to reach wholesale volumes, most small-scale producers need to aggregate their product with that of other growers. This poses challenges for product quality, consistency and traceability, all of which have significant implications for food safety and marketing. Ensuring that fresh product is chilled immediately after harvest and temperature controlled until it reaches the consumer is critical to its quality, shelf-life and competitiveness in the marketplace.

Innovations and solutions:

- A range of low- to high-tech product traceability mechanisms, along with the adoption and development of food safety plans, can improve product quality and consistency.
- Centralized grading and packing houses combined with co-labeling and unified production standards are effective ways to affordably facilitate organic, GAP and other certifications for small growers, and ensure product consistency.
- Increased access to capital may lead to the development of better on-farm, temperature-controlled storage.
- Refrigerated vehicles can be used to collect fresh product from farms shortly after harvest.
- Crops and varieties can be matched to the available infrastructure (e.g., limit climate sensitive crop production to regions where facilities with advanced post-harvest temperature control are available).

Seasonality

The Upper Midwest's short growing season presents unique challenges to regional growers and distributors who compete with suppliers from the West Coast and the Southern Hemisphere. Buyers and consumers are accustomed to a consistent, diverse selection of produce year-round.

Innovations and solutions:

- Fresh product can be preserved through the development of small- and mid-scale regional processing infrastructure, and the expansion and improvement of storage capacity.
- Some aggregators source product locally when possible and view this as a special service to their clients. They then source from a larger geographic pool during the off-season.
- The growing season can be extended through high tunnels, greenhouses and other technologies.
- Consumer education about seasonal product availability can change eating habits.

Matching supply and demand

While buyers report that demand for local food is outpacing supply, many growers report that their produce is going to waste in the fields or must be sold for less than the cost of production. Reasons for this include a shortage of outlets for

blemished products, lack of pre-season coordination between growers and buyers, unanticipated weather conditions and a shortage of efficient, cost-effective storage, transportation and logistical support.

Innovations and solutions:

- Pre-season planning among grower pools can help match supply to demand and give growers a better idea of what it costs to produce specific products.
- Buyers, growers and distributors can collaboratively project product sales in advance of the season, and growers can plant according to these projections.
- Aggregators and distributors can provide buyers with product availability updates at least weekly during the growing season.
- Growers and entrepreneurs can pool their resources to improve their capacity for storage, transportation and logistics.
- Development of processing infrastructure can build markets for blemished produce that may not make the cut for fresh market sales, but can serve as ingredients in processed foods.

Food origins and product differentiation

Typically, once product is aggregated it is no longer identified with the farm where it was grown. To capture a premium, buyers and consumers need to know about the unique origins of local and regional food, and how it is grown. Many enterprises communicate this information through multiple marketing strategies tailored to distinct market segments. These case studies indicate that, in many instances, storytelling and transparency about production practices supersede third party certification as means of product differentiation.

Innovations and solutions:

- Small-scale growers can conduct outreach to their buyers through farmers' market stands, in-store tastings and demonstrations, and other "high touch" marketing strategies. If these activities are done in partnership with mid-size growers, producers can simultaneously ensure availability of the volume necessary to enter larger markets.
- Stories can be communicated through packaging, online farmer profiles and other point of sale merchandising that includes information such as farm names, photos of and information about the farmers, and how far the food traveled. This works best when values and marketing strategies are communicated across the supply chain.

- Businesses across the supply chain, such as processors and retailers, can communicate their unique stories related to sustainability, thereby adding to the authenticity of local and regional products.

Supply chain infrastructure

Small-scale growers often can't fulfill the product volumes and standardization typically required by large, mainstream wholesale customers. In addition, both growers and buyers express a need for more mid-scale food processing to better utilize number two product and improve efficiencies in institutional food preparation. A variety of strategies and partnerships have emerged to address these issues. Successful strategies are tailored to fit each enterprise's scale, target market(s), leaders' skills, service area and access to capital and preexisting infrastructure.

Innovations and solutions:

- Utilization of third-party logistics enterprises can improve warehousing and distribution efficiencies and allow producers and entrepreneurs to focus on production, marketing and branding.
- Vertical integration, typically funded by a parent or associate enterprise, can improve supply chain coordination and create access to downstream distribution channels that are otherwise inaccessible.
- Supply chain partnerships with distributors who have established markets can achieve similar benefits to vertical integration, while reducing investment costs. The disadvantage is that supply chain partners do not necessarily share power, profits and risks equally, and so explicit contracts are useful for ensuring equitable relationships throughout the chain.
- Do-it-yourself strategies, usually funded through grants, investors or in-kind contributions, are typically used by entrepreneurs who fill gaps in supply chains by repositioning themselves through expansion or transformation of their services.
- Facility upgrades and institutional kitchen design can be tailored to accommodate the cleaning and preparation of fresh product.

Capital

Lack of investment capital, particularly for supply chain infrastructure such as vehicles, temperature-controlled storage facilities and processing plants, can be a significant barrier to starting local and regional aggregation and distribution

businesses. While some entrepreneurs stress that skilled leadership is ultimately more important than state-of-the-art equipment, enterprises with access to funding and/or in-kind resources for infrastructure, professional marketing and other services have clear advantages in the marketplace. Capital and physical infrastructure are, however, no substitute for product quality and consistency.

Innovations and solutions:

- Emerging businesses can access capital through close affiliations with well-established parent firms such as natural food cooperatives, distributors and non-profits.
- Some businesses raise capital by cultivating outside investor pools and/or producer cooperatives. One cooperative restricts the terms under which shareholders can sell stocks in order to foster long-term investment and development.
- Growers and their supply chain partners can contribute capital or labor to access or build physical infrastructure.
- Businesses can renovate or upgrade existing infrastructure whenever possible, developing new infrastructure only when absolutely necessary.
- Many local food entrepreneurs, regardless of their business model, have used grant funds to make critical investments in infrastructure and capacity development. Some of the businesses profiled in this report would not be viable without grant funding, which runs contrary to conventional notions of successful business development. But, short-term infusions of grant funding have helped make it possible for many of these businesses to retain social and environmental values as they become financially self-sustaining.

Capacity development

Scaling up regional food systems calls for reassessment of current practices and will necessarily draw on expertise from a variety of fields including horticulture, agronomy, food processing, transportation logistics and marketing. Improving production and supply chain management, filling gaps in regional wholesale food networks and building lasting supply chain partnerships will require investment in technical and entrepreneurial capacity, basic business acumen and drive.

Innovations and solutions:

- Grower education on issues such as pre-season planning, projecting production volume and cost of production, post-harvest handling and pest management can improve product quality and consistency, increase yields and optimize grower returns.

- Local food enterprises have an enormous advantage when they engage individuals with diverse personal and professional backgrounds, and integrate skills and contacts from previous, related professional experience.
- Enterprises can benefit from hiring consultants or outsourcing elements of the supply chain that exceed staff expertise, distract from the business's mission or are too costly to invest in directly.
- Institutional chefs and food preparation staff can be trained to design seasonal and regional menus, compost pre-consumer food waste and prepare fresh product. Chefs already working with local product can serve as spokespersons and trainers.

getting profit back to the farm. The longer the supply chain, the more likely it is that this information flow will be disrupted or distorted.

- When growers have information about cost of production and price points, they can make informed decisions about which crops are the most profitable for them.
- Sharing knowledge about production methods can result in higher-quality, more competitive products that provide profits to partners throughout the supply chain.
- Communicating information about the farm to the end consumer through point-of-sale merchandising allows the potential buyer to choose a product with a clear source and desirable production practices.

Information flow and transparency

In creating effective supply chains that embed sustainability values, information must flow freely and transparently throughout the chain—from the farm gate to the end consumer, and then back to the farmer. This feedback loop provides consumers with information to make buying decisions based on where a product comes from and how it is grown and processed. It provides farmers with essential information regarding consumer preferences and willingness to meet a particular price point. This knowledge of supply and demand allows farmers to make informed production decisions and better meet market needs.

When information is controlled by a single entity or concentrated at specific points in the supply chain, inefficiencies result and market access is compromised. Conversely, ensuring that information is transparent throughout the supply chain helps level the playing field, foster partnerships and improve the responsiveness of the entire system to fluctuations in the market.

- Dissemination of accurate, timely information about purchasing preferences, packaging specs and market trends is crucial to matching supply and demand, and

Overall, we found that diversity was an important means of overcoming barriers to local food aggregation and distribution. Enterprises that include small-, medium- and large-scale producers can deliver both stories that are attractive to customers and the high volume of product that allows access to larger markets. Diverse markets provide the stability needed to weather changes in consumer demand, economic downturns and seasonal variations in product supply.

While these case studies indicate that the demand for local product is widespread and growing, scaling up local and regional food systems will require additional research on topics such as regional production and processing capacity; season extension; and market thresholds for seasonal product variation. The case studies in this report illustrate activities that growers, entrepreneurs, extension agents and their public and nonprofit partners can pursue in the near term. These activities include the cultivation of more robust regional grower and aggregation networks; education and outreach on issues such as wholesale-compatible production and post-harvest handling; and the inclusion of food systems in local economic development and land-use planning.

Alsum Produce

Location: Friesland, Wisconsin

Business structure: Family owned, independent business

Product offerings: Complete produce line available in a three-state region (WI, IA, IL); potatoes and onions available across the eastern half of the United States.

Services: Grower, packer and shipper of potatoes; onion repacker; marketing and distribution.

Suppliers: Regional and national growers ranging in size, volume and certification, as well as some wholesale distributors. Alsum works with 300-400 suppliers, 60 of whom are in Wisconsin.

Customers: Alsum has two distinct customer bases: 1) Regional independent grocers, grocery chains, state institutions and school systems in Wisconsin and northern Illinois; 2) Grocers and food service distributors in the eastern United States.

Years in operation: 36

Grower requirements: Liability and product insurance. Organic certification is required for Alsum to pack organic product.

of employees: 130 full-time employees: 28 office staff ; 63 grading and packing; 6 maintenance; 27 truck drivers; 6 truck mechanics. 20 additional employees are hired for the harvest season.

Pricing: Prices are established according to the informal local market. Alsum has begun to lock in some prices in advance, but trends suggest that both growers and distributors prefer the open market.

Website: www.alsum.com



Alsum Produce is a family-owned and operated commodity farming operation and produce distributor. It has two distinct product lines and geographic markets: first, the Alsum line of onions and potatoes, which are sold across the eastern half of the United States, and second, a full line of regionally and nationally sourced fruit and vegetables that it supplies to regional grocery stores and institutions. Alsum administers all of its packing and shipping from its Friesland headquarters in central Wisconsin. Diverse markets and sourcing strategies enable Alsum to effectively distribute its own products while increasing regional growers' access to conventional local and national wholesale markets.

Founded as a family-run truck farming and repack operation in 1973, Alsum has since transformed itself into a national produce distributor and growing, packing and shipping firm. In spite of its growth, Alsum Produce remains family owned and operated and has retained many relationships with growers from its early years.

Seeking to overcome challenges associated with seasonality and leverage the optimal potato growing conditions of Wisconsin's Central Sands region, Alsum Produce developed a two-pronged distribution strategy. Approximately 85 percent of Alsum's sales are generated from its line of potatoes and onions, which it distributes to grocery retail chains in the eastern half of the United States. Alsum grows a significant proportion of its potatoes and repacks onions; these

commodities are also supplied by other farms. The remaining 15 percent of its sales result from its complete line of fruits and vegetables aggregated from regional growers and national wholesale suppliers. This produce is distributed to grocery retailers, state institutions and school systems within 200 miles of its Friesland, Wisconsin headquarters (this includes parts of Illinois, Iowa and Michigan). While Alsum's growers are expected to carry their own liability and product insurance, Alsum Produce does not have minimum volume requirements. As a result, its producers range from local Amish growers managing two acres of potatoes to operations with upwards of a thousand acres in production.

Alsum Produce operates out of a 140,000 square foot production and warehouse facility twenty-four hours

a day, six days a week. The company runs over 20 delivery routes in Wisconsin, Illinois and northern Iowa, with deliveries as far as Toronto, Boston, Miami and Tampa. During the growing season, producers usually receive order notice one or two days in advance. Produce deliveries arrive at the production facility three to four times per week and are shipped out immediately. In the summer, some products such as sweet corn are received six days a week.

Alsum manages all of its incoming deliveries and outgoing produce distribution as well as sales, packaging and marketing. Through vertical integration, Alsum has been able to construct a seamless supply chain and provide packing services and supplemental markets for regional growers. By establishing two distinct but complementary product lines and geographic markets, Alsum has built an ample wholesale market for its own commodity crops while maximizing its packing and distribution infrastructure by supplying regional institutions.

Challenges

Stated demand versus actual demand for local product. As a distributor to conventional retailers and institutions, Alsum Produce CEO Larry Alsum perceives the demand for local food differently than those working in smaller-scale, specialty and local food distribution. Alsum acknowledges the growing stated demand for local product but questions whether this will translate into actual demand—he still sees price and quality as the primary drivers for consumers at point of sale. Further, despite the recent surge of interest in local product, Alsum points to the reality that many consumers are eating less fresh produce due to changing preferences, convenience, lack of culinary skills and cost. This creates both an opportunity and a challenge to inform and provide.

Seasonality. Alsum identifies seasonality as another significant barrier to the expansion of the local foods market. Some of Alsum Produce's agreements with local growers are only one or two months long, requiring fill-in from the rest of the country for more than ten months of the year. Alsum cites a need to better match the reality with the market, highlighting the advantage of the company's staple crops, potatoes and onions, which can be sold locally throughout the year.

Local product differentiation and cost of specialized packaging for smaller growers. While signs and packaging are crucial to product differentiation, they can be a double-edged sword for growers serving the wholesale market. At farmers' markets, costly packaging is not required and growers earn higher prices per unit. In contrast, growers serving the

wholesale market gross a much smaller return per unit and therefore need effective packaging in order to differentiate their product and receive a premium for it. Alsum says that specialized packaging costs 20 to 50 percent more than generic packaging, and this cost is passed on to the growers. As a result, many smaller growers do not differentiate their products in a market seemingly flooded with labels and certifications claiming social, ecological and local production. There is already undifferentiated local product in conventional grocery retailers throughout the Midwest.

Cost-prohibitive food safety and post-harvest handling certification. Consistent with industry trends, Alsum Produce is moving toward requiring all of its growers to meet Good Agricultural Practices (GAP) standards. However, the administrative component of GAP certification is onerous and time-consuming. Such certification presents an even greater challenge to smaller, short-staffed farms with less capital and infrastructure. The absence of an industry-wide food safety certification requires that suppliers working with various wholesale buyers pursue and pay for multiple certifications.

Lessons

To succeed in the conventional retail market, local product must be cost- and quality-competitive with conventional products. Despite real trends in increased local food consumption, cost, quality and appearance are still significant factors at the point of sale, particularly in conventional retail markets.

Development of cost-effective, user-friendly packaging and signage for local wholesale growers and conventional retailers could help local products gain traction in the mainstream market. A variety of local branding campaigns have already been championed by public and non-profit agencies as well as individual grocery retailers. While savvy branding need not be costly, the variety of local brands may confuse consumers, reducing brand recognition and price premiums.

Multi-source and -scale product aggregation combined with vertical integration enabled Alsum to develop two distinct product lines and geographic markets. This diversification improves the overall stability of Alsum's market and opens supplemental markets to regional growers at diverse production scales. It also maximizes Alsum's distribution infrastructure by using it to process local product and to store, pack and transport wholesale fruit and vegetables for retail and institutional buyers.

Cherry Capital Foods

Location: Traverse City, Michigan

Business structure: Limited Liability Company (LLC)

Product offerings: Products available year-round include juices, condiments, eggs, meat and cheese, as well as frozen, dried and canned goods. Organic, conventional and sustainably grown produce is available seasonally. All products are sourced in Michigan.

Services: Marketing, distribution, some pack-size training and guidance on GAP/HACCP protocol.

Suppliers: Close to 50 farms and farmers' markets supply fresh and processed greens, vegetables, meat, cheese and specialty food products.

Customers: 150+ schools, institutions, restaurants, hotels, grocery stores, independent food service operations, child and family services, colleges and universities, caterers, farm stands and farmers' market vendors.

Volume: They moved \$500,000 worth of product in 2008, a 200 percent increase from the previous year of business. 2010 sales are expected to exceed \$1 million.

Years in operation: 2

Grower requirements: Some growers already have GAP certification, and this will be a requirement for all by 2010. While some are certified organic, all growers are encouraged to use sustainable production practices.

of employees: 7; 5 full-time plus additional seasonal employees as needed.

Pricing: Predominantly by negotiation. Base purchasing prices generally correspond to Detroit terminal prices with an added premium for "local."

Website: cherrycapitalfoodsllc.blogspot.com



Founded in 2007, Cherry Capital Foods is an independent local food distributor carrying fresh fruits and vegetables as well as meat, cheese, eggs and shelf-stable products. The company's rapid growth is indicative of the increasing demand for local product, and the diversity of its wholesale customers highlights the breadth of this trend. Serving as both distributor and product representative, the company connects regional growers and buyers, orchestrates orders and deliveries, and provides suppliers with growing, packing and handling guidance on an as-needed basis. Cherry Capital Foods distributes exclusively Michigan-sourced product and presently delivers throughout Michigan's Lower Peninsula, concentrating on the area within a 100-mile radius of its home in Traverse City.

Cherry Capital Foods was launched in 2007 in response to a growing number of requests for locally sourced products from a variety of regional wholesale customers. Cherry Capital Foods sources directly from more than 35 Michigan producers whose scale of production ranges from half-acre gardens to large contract farms. Most of these suppliers also distribute through venues such as farmers' markets and brokers, as well as selling directly to grocery stores and institutions. Sales to Cherry Capital Foods represent varying percentages of its suppliers' total sales. All products retain farm and producer labels.

The company currently operates a fleet of two refrigerated trucks and two cargo vans. Wholesale customers place orders

online, by phone or by fax. Orders placed within Traverse City are delivered the following day. Deliveries to other destinations vary seasonally, with a minimum of one haul to each location every week. Cherry Capital Foods carefully orchestrates transportation to ensure that, whenever possible, all trucks back-haul product on their return trips. This maximizes efficiency and reduces their carbon footprint. In addition to coordinating transactions and logistics, Cherry Capital Foods provides pack size, post-harvest handling instruction and refrigerated storage as needed.

Due to its access to a wide range of producers, Cherry Capital Foods has successfully matched growers and buyers, filling both small requests

by chefs and large volume commodity orders for large institutions. This business represents an integrated and dynamic approach to local food distribution. Built on strong relationships with its customers and suppliers, Cherry Capital Foods is proactive and responsive, simultaneously anticipating, meeting and creating demand for wholesale local product.

Challenges

Supplier unfamiliarity with the wholesale market.

Cherry Capital Foods' suppliers come from a range of backgrounds and have varying degrees of knowledge about pricing, growing, packaging and post-harvest handling for the wholesale market. As a result, this business has worked closely with all of its suppliers to bring them up-to-date with industry requirements such as GAP and HACCP.

Price and packaging variability. Because many of Cherry Capital Foods' suppliers are relatively small, newly established and growing, their pricing and packaging often change more quickly than those of firmly established companies and products. As a result, Cherry Capital Foods closely monitors prices and packaging inventories to ensure consistent marketing, pricing and product availability.

Building expertise, relationships and communication across local supply chains. As a distributor in an emerging market, Cherry Capital Foods often finds itself negotiating situations above and beyond the traditional transactions that occur between customers and suppliers. In addition to specialization and efficiency, relationships are crucial in local and regional supply chains. For example, Cherry Capital Foods once matched a buyer seeking a particular type of lettuce with a local grower who, although he had not previously grown that variety, had a good reputation for his product. His lettuce grew beautifully, but it had a very bitter taste. The grower eventually discovered that this was because there was too much lime in his soil. Once he corrected this problem, the quality of the lettuce improved, but it took patience and trust on the part of the buyer to stick with the grower and accommodate this learning curve.

Anticipating and matching supply and demand. In a growing, dynamic market, it can be difficult to anticipate the popularity of certain products (e.g., brussels sprouts). Similarly, pack-size incompatibility issues and supply shortages for particular products underscore a need for greater pre-season planning and pack-size coordination with regional buyers.

Technology. While not a significant barrier, variable knowledge of and access to internet technology means that Cherry Capital Foods must be able to place orders by phone and fax, as well as online. Cherry Capital Foods is working with several vendors to develop integrated inventory and lot tracking software that will simplify transactions and facilitate transparency among all parties.

Lessons

As the local food industry grows, so does the need for education about wholesale market standards. In the Traverse City area, many local food suppliers are either new to the industry or accustomed to supplying large processors. Education about post-harvest handling and pack size can help these less experienced suppliers improve their marketability and avoid food safety concerns. With safety and pack concerns alleviated, local distributors such as Cherry Capital Foods with proven records among wholesale customers are uniquely positioned to increase growers' and suppliers' access to local and regional wholesale markets.

Professional experience and social capital contribute to the viability and success of a business. The Cherry Capital team draws on over 50 collective years of experience in the local fruit, restaurant and distribution industries. Drawing on its team's diverse knowledge base and existing connections, Cherry Capital Foods has built a network of reliable resources, including people, product and connectivity within the regional food system, that continues to grow and develop as market demands grow and change.

Environmental constraints such as regional population density, land use, growing conditions and industrial history significantly impact the scope and growth potential of a business. For example, diverse land use patterns and farm scale in northwestern Lower Michigan presents some interesting dichotomies. Apples and cherries are produced in volumes suited for global distribution while other types of fruit, vegetables and specialty crops are not produced at a scale sufficient to meet even local demand.

Elastic definitions of "local" will be necessary in order to maximize the relational, ecological and regional economic benefits of local marketing. The state-specific definition of local used by Cherry Capital Foods has, so far, limited its exploration of partnerships with farmers and processors in neighboring states. Until the local market is sufficiently developed, Cherry Capital Foods will focus primarily on the 100-mile radius previously mentioned, with excess product leaving the local area.

Co-op Partners Warehouse

Location: St. Paul, Minnesota

Business structure: Subsidiary of a cooperative

Product offerings: Produce, milk, cheese, yogurt, soy products, juices, smoothies, sauces, deli items, condiments and dry goods.

Services: Drop-ship and traditional warehouse aggregation, local deliveries within the Twin Cities, billing and marketing.

Suppliers: Co-op Partners sources regionally and nationally, featuring products from over thirty Wisconsin and Minnesota producers. When regionally grown product is not available, goods are sourced primarily from California and Washington.

Customers: Retail co-ops, independent natural food stores, buying clubs and restaurants in five states: Minnesota, Wisconsin, North Dakota, Iowa and Michigan.

Volume: ~ \$4 million worth of local product in 2008

Years in operation: 10

Grower requirements: More than 98 percent of all product is certified organic. Co-op Partners relies more on transparency and relationships than GAP certification and HACCP approval with its local producers, and seeks fair trade product when organic is not available.

of employees: 29: 6 drivers; 9 warehouse employees; 2 buyers; 7 sales associates; 2 accounting positions; 2 quality control employees; 1 manager.

Pricing: Co-op Partners negotiates prices directly with local growers. Markup ranges from 16-25 percent depending on product perishability. Prices are set in advance or determined as needed.

Website: www.cooppartners.coop



Co-op Partners Warehouse is a certified organic distributor of produce, as well as perishable and shelf-stable, value-added products. Based in St. Paul, Minnesota, the warehouse mainly serves retail co-ops and natural food stores throughout the Upper Midwest. Its innovative drop-ship program enables Co-op Partners Warehouse to distribute many local products directly from producer to customer. This results in efficiency gains, growth in the wholesale local food market, and stronger relationships between area growers and wholesale buyers. Its gradual and strategic vertical integration has served to maintain supply chain relationships and develop a brand identity built on co-op values and tailored to co-op clientele.

Originally established in 1999 as a subsidiary of The Wedge Community Food Cooperative, Co-op Partners Warehouse emerged as a response to the growing need for representation of small and local producers in the regional wholesale produce market. It soon filled the void left by the collapse of other regional cooperative distributors. Initially, Co-op Partners Warehouse contracted with a regional distributor to inspect, store, and deliver products purchased directly from farmers by The Wedge's produce staff. Eventually, Co-op Partners vertically integrated, moving into a 45,000 square foot warehouse in St. Paul and administering local deliveries.

To retain its cooperative values and offer a substantive alternative to conventional distribution models, Co-op Partners Warehouse developed a drop-ship program that streamlined distribution while still maintaining a short,

relationship-driven supply chain. Rather than having each purveyor deliver separately to the same retail accounts, Co-op Partners consolidates product both through direct hauls and at their warehouse. This co-op has its own small fleet for local deliveries, but distribution within the larger five-state region is achieved through a partnership with Edina Couriers, an independent hauling service. Co-op Partners Warehouse assesses producers a small delivery fee, but customers order from and are billed by the producer.

The drop-ship program provides four major advantages to producers:

- 1) It is an efficient use of fuel and labor;
- 2) It maintains the direct relationship between producer and retailer;
- 3) Local product is regionally distributed at a larger scale, reaching a wider local audience than farm stands, farmers' markets and CSA farms; and,

4) It helps local producers earn a greater economic return on their product.

Recently, Co-op Partners further extended its supply chain management by collaborating with the National Cooperative Grocers Association to develop an exclusive line of local deli products. Co-op Partners Warehouse has helped put more local food in the regional wholesale market by improving distribution efficiency, increasing volume and offering more local, value-added products.

Challenges

Matching local supply and demand. Lori Zuidema, Director of Business Development, describes the cooperative's supply and demand difficulties as a function of local grower coordination. To reduce competition, area growers have parceled out different crops to different farms. As a result, when weather events or unanticipated demand result in local shortages, Co-op Partners Warehouse has to import product from California. This persistent tension between reducing local competition and ensuring sufficient local supply remains a challenge. Yet, attracting new growers or diversifying and bolstering current operations presents another set of concerns in a market that is close to saturation in a good year. Efforts to increase local supply would need to be matched with the expansion of the local foods market into the region's more conventional grocery retailers.

Balancing distribution business interests with respect for farm-direct sales. Co-op Partners Warehouse has relationships with many retailers outside of the Twin Cities that can help growers reach new markets. It has also assumed a number of local retail accounts from growers who would rather outsource their deliveries. However, many local growers who partner with Co-op Partners for regional deliveries have maintained their own local accounts. Tensions occasionally arise when local retailers can't purchase a desired volume or product directly from the farm and must pay the 16 to 25 percent markup to purchase the same product through Co-op Partners Warehouse. Experienced growers usually avoid this issue and stabilize sales by charging different prices for direct sales and those made through a distributor.

Lessons

Conscientious vertical integration can improve efficiency across the supply chain while preserving relationships and values at every level. The addition of a warehouse facility proved to be an asset not only to Co-op Partners—enabling it to offer cold storage and delivery services to its growers

and other customers—it also provided valuable storage space for the growing Wedge Co-op. Likewise, the purchase of Gardens of Eagan both preserved an existing supply chain and protected farmland surrounding the Twin Cities.

Careful alignment of producer and retailer interests helps create viable distribution models and product lines.

Although the initial emphasis of Co-op Partners Warehouse was on local produce, it was soon approached by a variety of value-added food producers looking for new markets for items such as artisanal cheeses, condiments and prepared foods. Recognizing retailers' receptiveness to these products, Co-op Partners Warehouse saw an opportunity to partner with the National Cooperative Grocers Association to develop a signature line of deli products.

Growing incrementally and using existing resources can reduce start-up costs, enhance product differentiation and facilitate adaptation to constraints and opportunities. Due to its close affiliation with The Wedge and its suppliers, Co-op Partners Warehouse entered the distribution business with an exceptional number of contacts in regional produce and cooperative networks. This foundation helped differentiate Co-op Partners Warehouse from conventional distributors and distributors of large organic brands. The co-op later capitalized on its branding by producing an exclusive product line with the National Cooperative Grocers Association.

Skilled, experienced and networked management is critical to a successful enterprise. As Zuidema succinctly described, "You can do with substandard equipment for awhile, but not bad management." Though multiple factors have contributed to Co-op Partners' success, it is not surprising that the enterprise became economically self-sustaining the same year it hired a warehouse manager with more than a decade of practical experience and professional relationships. While experience is crucial to operational efficiency, the relationships that management brings to an enterprise can be just as valuable in building strong, enduring business networks.

Local food and values-driven markets are dynamic, requiring regular assessment and adaptation. While many of its customers are food co-ops and natural food retailers, Co-op Partners Warehouse has discovered that shared business values alone are not enough to ensure their business. Co-op Partners Warehouse has to compete with other local and national organic and specialty food distributors despite its proximity and relationships to its retail customers. This competition can be unanticipated in a sector that prides itself in its values-driven entrepreneurship, yet it also has the potential to drive innovation and maintain quality standards.

Fennimore Produce Auction

Location: Fennimore, Wisconsin

Business structure: The auction is operated by Tim Slack Auction and Realty, LLC and governed by a board of growers.

Product offerings: Fresh produce, flower baskets, flower flats and garden plants. Special sales feature quilts, furniture, planters, décor items and machinery.

Services: Order-buyer purchasing service for wholesale buyers not attending the auction, marketing to local retail and grocery buyers and product aggregation.

Suppliers: Any grower within 100 miles can bring produce to the auction. Suppliers are primarily Amish farmers who have informal delivery agreements with community members. About 35 growers are represented at each auction.

Customers: Primary customers include roadside stands. Secondary customers include grocery stores and food service buyers.

Volume: About \$11,000 per auction; an average of 350 lots are sold per auction with approximately 3 items per lot. The Tim Slack Auction & Realty, LLC Buyer Program is presently seeking grant support for the auction, which is not yet financially self-sustaining.

Years in operation: 2. The auction was founded in April, 2007.

Grower requirements: Produce must be grown within 150 miles of the auction. It must be packed and graded according to industry standards.

of employees: None. Administrative support and auction services are provided by the auction company.

Pricing: Prices are determined by bidding.

Website:
www.timslackauctionrealty.com



Produce auctions have a history in Midwestern Amish communities as an efficient, low-infrastructure means of aggregating and distributing farm products. Wisconsin has four active produce auctions: Fennimore, Badgerland, Cashton and Withee. Located in the Driftless Region of southwestern Wisconsin, the Fennimore Produce Auction enables area growers to aggregate their produce for sale to roadside stands, wholesale grocery and food service buyers, and household consumers. Although anyone is allowed to sell at the auction, it is organized and primarily supplied by local Amish growers. In return for a commission of sales, Tim Slack Auction and Realty, LLC provides auction services as well as critical marketing and management. A delivery truck and cold storage owned by Tim Slack allows the auction to offer an order-buyer program to wholesale buyers who wish to place an order rather than attend the auction personally.

In 1997, Amish farmers began settling in Grant County, Wisconsin due to rising real estate values in Lancaster County, Pennsylvania. Familiar with the produce auction model, the Grant County growers, who average 80 acres per farm, began selling their product through the Cashton Auction. However, travel between Fennimore and Cashton was expensive, and the growers eventually approached established auctioneer Tim Slack to help them form and operate a local produce auction. The Amish community built and owns the barn in which the Fennimore auction is now held, and Slack receives a commission for his services.

The produce auction, a tradition in Amish communities throughout the Midwest, represents an innovative, relatively low infrastructure means of

aggregating product from small growers in order to achieve the volume necessary to enter the wholesale market. The Fennimore Produce Auction offers a range of fresh produce, bedding plants in the spring, and decorative items such as pumpkins and corn shocks in the fall.

Auctions are held one to three times a week, peaking during the height of the produce season. Three to four auctioneers work with the auction. Each auction is typically staffed by a single auctioneer and several additional employees, including a cashier, a clerk and an order-buyer who purchases items for wholesale buyers who don't attend the auction. Approximately 35 growers participate in each auction and provide supplemental operating support by loading, unloading, sorting and showing auction items.

All washing, packing and grading is done on-farm by growers who are required to abide by standard packing and grading requirements. The produce, which is predominantly conventional, is identified at the auction by lot number and fully traceable back to the farm of origin. Because the Amish growers collectively decided not to identify products with individual farms at the point of sale, all produce is resold under the auspices of the Fennimore Produce Auction. Most produce items are harvested on auction day and transported to the auction by buggy or hired driver.

Unlike some regional produce auctions, the Fennimore Auction has no price floor and all prices are determined by bidding. Growers pay a 10 percent commission on sales to support the cost of the facility and Slack's services; sales average \$11,000 per auction. Besides this commission, no additional dues, fees, applications, training or membership are required to sell at the auction.

About 80 percent of auction sales are made in person, and buyers who attend the auction generally transport their own purchases. However, Slack also offers an order-buyer and delivery service to wholesale buyers who prefer to place orders remotely. The auction delivers within a 100 miles radius of Fennimore. Order-buyer sales represent approximately 10.4 percent of total sales.

In addition to auctioneering and distribution, Tim Slack Auction and Realty, LLC performs critical marketing functions, placing ads in newspapers and on the radio as well as distributing flyers. Finally, Slack provides grower education by bringing in speakers from area colleges and universities.

Challenges

Price fluctuations have presented difficulties, especially with the order-buyer program. Grocery store buyers are accustomed to relatively stable prices and plan their produce budgets accordingly. As a result, significant price fluctuations at the auction can make it difficult to attract and retain wholesale buyers. Some produce auctions have mitigated this challenge by instituting a pre-pricing option in advance of the season as part of their order-buyer programs.

Limited space in the building and parking area may limit further expansion. Physical constraints pose a challenge to the auction by potentially limiting the growth needed in order to become profitable. While growth could still be accommodated through additional market days, temporary structures, or alternative facilities, this challenge underscores the importance of planning for growth before building.

Market expansion. The auction would like to attract and engage more buyers, especially grocery stores, as they are able to purchase large volumes of product. However, fluctuations in both supply and demand have made it difficult to regularly deliver large volumes of product at consistent prices. Conversely, it is challenging to grow and improve the auction without a sufficient number of buyers to make it profitable.

Lack of electricity. Because Amish farmers do not use electricity, produce volumes are generally limited to what can be harvested immediately before the auction. Furthermore, the growers' rejection of technologies such as electric coolers and some motorized equipment can make them more vulnerable to weather conditions, plant diseases and other external factors.

Lessons

Strategic partnerships can help leverage existing assets and reduce the initial investment in resources and skill development required to launch an aggregation and distribution enterprise. The managerial, advertising, and auction experience of Tim Slack and his company combined with the construction skills of the Amish community were instrumental in building the physical and operational structure of the auction. The physical assets of the Fennimore Produce Auction are minimal, including a building and generator owned by the Amish community, and a delivery truck owned by Tim Slack Auction and Realty, LLC. Still, they likely would have been more costly to attain without the partnership and resulting marriage of resources and skills.

The auction model offers a low-infrastructure means for small-scale growers to aggregate and sell product in wholesale volumes. However, lack of GAP certification, HACCP implementation and other food safety certification may limit interest from wholesale buyers. Additional investments in packing and distribution infrastructure, including refrigerated trucks and storage, could potentially help meet GAP and HACCP standards. Although Amish growers will not directly accept government funding, food safety certification could potentially be attained without challenging their cultural practices if funded and administered through partnerships between Amish communities and non-Amish investors. However, without partnerships that give Amish growers indirect access to federal funding, lack of capital and physical infrastructure will likely continue to be a significant barrier to these growers' ability to implement HACCP and attain GAP certification.

Growers Collaborative

A program of Community Alliance with Family Farmers (CAFF)

Location: Davis, California

Business structure: Nonprofit

Product offerings: Fresh fruit and vegetables, available seasonally. 100 products available in the summer; 30 in the winter. Produce is both retail and processing quality.

Services: Production and packing assistance, marketing, distribution and branding.

Suppliers: 25 in Southern California and 100 in the Bay Area. Farms range in size from 4 to 400+ acres.

Customers: 70 institutions, 40 of which are regular customers. These include public and private schools, colleges, universities and hospitals, Meals-on-Wheels and other buyers.

Years in operation: Growers Collaborative, 4; CAFF, 31

Grower requirements: Suppliers meet a range of production standards. Some are GAP and organic certified. The collaborative audits its farms for compliance with conventional safety and production standards. Buyers can review all of the collaborative's farmers and their growing methods online.

of employees: 9: 4 in Greater Los Angeles; 5 in the Bay Area. Employees include drivers, operations managers, regional managers and a farmer outreach coordinator.

Pricing: Farmers set their own prices. Due to high demand, the organization is generally able to meet these prices without buyer resistance. The premium paid for local food can be minimal relative to the marketing opportunities gained when buyers can tout local food sourcing to their customers.

Website: growerscollaborative.org



The California-based Growers Collaborative is a non-profit organization that supplies public and private institutions with fresh, local fruits and vegetables. Through an online ordering system, the organization distributes fresh product directly to its food service customers in greater Los Angeles and the Bay Area. Growers Collaborative also works to promote social justice by improving access to fresh, local produce in low-income communities and expanding wholesale market access for small family farms, women-led farms and growers of color. The collaborative is moving toward a private-nonprofit partnership structure in order to focus on aggregation and branding, and to orchestrate physical distribution by pairing with mainline distributors.

Growers Collaborative was founded in 2005 by Community Alliance with Family Farms (CAFF), a nonprofit with a long history of advocacy and education around small farms and whole-systems farming in California. As CAFF grew, its focus on rural areas and biological farming methods expanded to include urban areas and other elements of the food system. Growers Collaborative emerged as a component of CAFF's Food Systems Program. The collaborative started with a dozen growers in Ventura County and has since expanded to include 125 suppliers in greater Los Angeles and the Bay Area.

Growers Collaborative seeks out a variety of growing partners with diverse cultural backgrounds and farm sizes (4-400+ acres). The collaborative coordinates purchase orders and distribution with three box trucks and a van. Growers receive information on

food safety and packing standards, but are responsible for their own washing and packing. The collaborative picks up produce directly from the farms of about half of its growers; the other half deliver to Growers Collaborative warehouses. Every product is fully traceable and bears both Growers Collaborative and farm labels. All of the growers engaged in the collaborative have other markets, with the majority selling less than 5 percent of their product through the collaborative and a minority selling 30 to 50 percent of their product through this venue. Growers Collaborative also helps institutions find locally available product and implement local food sourcing policies within their budgets.

Despite ample demand for local product from food service operators, Growers Collaborative has struggled to become financially self-sustaining.

Consequently, it is undergoing a number of structural changes that will position the organization as an aggregator and marketer rather than a distributor. Under the new model, Growers Collaborative will aggregate, pack and brand product under the Buy Fresh Buy Local banner (buylocalca.org). In this way, Growers Collaborative will not compete with mainline distributors for market share but will function instead as a partner—transforming fresh product from a variety of regional farms into fully traceable, branded, palletized goods that are competitive in the food service market. In its new incarnation, Growers Collaborative intends to standardize pack size, pre-season planning and calculating cost of production. The organization hopes to unroll three new centers over the next three years that will double as grower training facilities and packing/distribution hubs.

The Growers Collaborative model emphasizes the participation of small and minority-led farms and highlights the compatibility of this mission with regional food distribution efforts. By aggregating product from diverse farms, Growers Collaborative delivers safe, consistent local product while ensuring small and minority farms a share of the growing institutional market for local produce.

Challenges

Nonprofit management of a distribution enterprise presents unique questions about funding, long-term goals and economic viability. Staff highlighted the difficulty of securing capital for local food distribution, an undertaking with tremendous start-up and infrastructural costs. With approximately 20 percent of Growers Collaborative's funding grant sourced, the program's director estimated that it would have to break \$2 million annually with a 40 percent mark-up in order to become profitable. As such, the organization has been exploring new models that show greater potential for profitability on a smaller margin. An expert business consultant has been crucial to strategizing this transformation.

Institutional buyers want pre-processed and easily-processed product. As a result, the collaborative's fastest moving product is fruit because it requires the least preparation. Vegetables have been much more difficult to sell because many food service operators lack the facilities and staff needed for processing. Despite the existence of regional processing infrastructure, the double mark-up on processed or frozen local produce can be cost prohibitive for customers such as school districts and nursing homes.

Growers Collaborative has rarely accounted for more than 20 percent of its food service customers' purchases. With efficient, infrastructure-rich, mainline food distributors

dominating upwards of 80 percent of the institutional food market, it became untenable for Growers Collaborative to compete as a distributor. The organization's comparative advantage is its close connection to hundreds of small- and mid-scale local growers and its control of California's Buy Fresh Buy Local brand. Strategic revisioning has enabled the organization to improve growers' access to local, institutional markets by leveraging these assets.

Lessons

Private-nonprofit distribution partnerships may reduce the cost and infrastructure barriers that prevent new, small and minority growers from reaching local wholesale markets. By developing aggregation and packing infrastructure, Growers Collaborative can help small, local growers move their products while offering a welcome procurement alternative for mainline distributors that currently purchase local product at farmers' markets. These partnerships leverage the organization's strong farmer network and mainline distributors' comparative infrastructural and market advantages in institutional food distribution.

As local food distribution systems are scaled to the wholesale level, greater attention must be paid to the crucial role of product aggregation and marketing. The organization's decision to focus on aggregation and marketing underscores some of the challenges and opportunities unique to emerging, local, agricultural value chains. Timely harvesting, skillful post-harvest handling and traceability ensure quality, consistency, freshness and food safety. Furthermore, if the farm story is not communicated to the end consumer, product value is lost. Small growers often do not have the infrastructure or marketing resources at the scale or level of expertise necessary to enter the food service market, and many mainline distributors are ill-equipped to collect and pack product from a variety of small farms. By providing refrigerated storage and packing as well as local brand recognition, the collaborative bridges the gap between the small farmer and industry standards and practices.

By sourcing from farms of various sizes, Growers Collaborative is able to meet wholesale volumes while ensuring a place in the market for small and minority farmers. Growers Collaborative works with farms ranging in size from fewer than 10 acres to over 400 acres. Small family farms, women farmers and farmers of color accounted for 28 percent of Growers Collaborative's recent sales. Most product is purchased from larger farms in order to meet wholesale volume and pricing requirements.

GROWN Locally

Location: Northeastern Iowa

Business structure: Producer-led cooperative

Product offerings: Fresh produce and herbs, meat, honey, flowers, fruit and berries

Services: Production, marketing, distribution, storage and branding.

Suppliers: 22 member farms

Customers: In 2008, 38 percent of the co-op's sales were to households, 12 institutions, including colleges, hospitals, nursing homes, restaurants and casinos, accounted for 62 percent of its sales. Having increased its supply, the co-op anticipates expansion into the institutional market.

Volume: \$100,000 in 2009

Years in operation: 9

Grower requirements: Growers adhere to GAP standards, but are not certified. Likewise, while all growers comply with organic growing practices, only a fraction of them are certified. The co-op requires that all of its producers test their well water to ensure the health and safety of their on-farm washing facilities. While growers do not implement HACCP, the co-op has its own manual of post-harvest handling standards that it is currently revising to better accommodate large-volume sales to institutions.

of employees: One full-time coordinator

Pricing: Co-op committees establish tentative prices based on past sales and cost of production. They recalibrate prices throughout the growing season as needed.

Website: www.grownlocally.com



Based in northeastern Iowa, the 22-member GROWN Locally cooperative collectively orchestrates pre-season planning, pricing and distribution. Beginning with an emphasis on Community Supported Agriculture (CSA) and home deliveries, the cooperative has shifted toward the robust institutional market, which has proven to be more resource-efficient than household sales. GROWN Locally recently partnered with a local foods entrepreneur who has taken over the coordination and distribution of the cooperative's CSA enterprise. Together, they are exploring the development of a processed vegetable product line for the cooperative's institutional clientele.

GROWN Locally was established in 2000 by a group of small growers in northeastern Iowa to reduce competition between farms and increase their access to institutional markets through product aggregation and co-branding. (GROWN stands for "Goods Raised Only With Nature.") Member farms range from 500 square foot gardens to 10-acre operations, and specialize in a variety of produce and meats. Approximately 20 percent of GROWN Locally's member farms are certified organic. The rest adhere to organic standards but are too small to pursue certification. While many of the cooperative's growers sell at farm stands, farmers markets and through individual accounts, its coordinator, Johnice Cross, estimates that the cooperative's sales account for 75-80 percent of its growers' total sales.

2008 was GROWN Locally's first profitable year. Its \$100,000 earnings represented a 100 percent increase over 2007. The co-op may have earned even more had it been able to meet demand.

The co-op earned \$100,000 in 2009, despite eliminating a CSA program that accounted for 20 percent of its earnings in 2008.

Prices are set by co-op committees in advance of the growing season. Prices are based on production costs and past sales, with the anticipation of some adjustments in response to the market. GROWN Locally charges a 20 percent flat fee for its administrative, marketing and distribution services, and a 10 percent surcharge for meat products and orders delivered by the growers themselves. Its institutional customer base prefers to receive as few deliveries as possible. Therefore, the co-op aggregates products for these clients and limits direct deliveries by individual growers to low-volume hauls during the off-season.

Typically, growers wash and pack their own products according to wholesale post-harvest handling standards and haul orders to a central location for distribution. Large orders may contain

product from multiple farms, but retain farm identity. All product bears a single, uniform label branding the individual farm and the co-op, in order to ensure traceability.

Luther College, a GROWN Locally institutional customer, reports that the co-op's prices average 30 percent higher than conventionally sourced product. Cross cites commitment to the regional economy, product quality and active student demand as primary reasons for the college's procurement of local food, despite the high premium.

Recently, the co-op partnered with an entrepreneur who plans to convert a restaurant into a licensed processing facility and CSA packing and distribution hub. She and GROWN Locally are exploring the development of processed items including steam-ready carrots and potato products. The co-op has seen strong institutional demand for processed product, particularly from its nursing home and hospital clientele.

Challenges

Growing and operating within a margin that is sustainable for both the co-op and the growers. While GROWN Locally's grower members would like to cut back to a 15 percent mark-up, it has been difficult to break even at 20 percent. The lower markup would require considerably more volume, which, in turn, would require more infrastructure, time and capital.

Developing/hiring skilled leadership. The co-op model offers a horizontal leadership structure. Without clear responsibilities and delegation, however, this model can result in disorganization, leadership imbalance and fatigue. In the beginning, GROWN Locally relied largely on one member for coordinating purchases, deliveries, sales and infrastructure such as storage. Over time, this leadership arrangement was not sustainable because co-op responsibilities and resources were distributed unevenly among its members.

Internet marketing. The co-op's market basket program, which supplemented its CSA enterprise, let households place online orders for the products they wanted. Technical difficulties compromised the success of this program, and the co-op's shift toward institutional sales ultimately put an end to online ordering. The sales coordinator currently uses QuickBooks and orchestrates orders by email and phone according to buyers' preferences. She reports that these affordable, low-tech systems currently meet the co-op's needs.

Seasonality. GROWN Locally would like to offer products year-round. It is currently able to provide some eggs, meat and greens into the winter, and is investing in greenhouses to increase its supply of winter crops. These, and other, infrastructural improvements were largely made possible by small matching grants from Iowa State University Extension and the Northeast Iowa Food and Farm Coalition. Cross

believes that a larger, more diverse winter product inventory will foster stronger relationships with customers and supplement the co-op's revenues. Local processing has also been explored as a way to close the seasonality gap while meeting institutions' requests for ready-to-cook product.

Lessons

Skilled leadership and coordination are critical to an organization's sustenance and successful growth. Through trial and error, the cooperative discovered that it was more cost-effective to pay a higher salary to a management professional than to rely on volunteer members, interns or inexperienced staff to oversee its administrative tasks. Early in 2008, the cooperative hired a full-time coordinator with a background in business management and marketing. This hire enabled growers to focus on production.

Adaptability and responsiveness to the evolving market are imperative to an organization's longevity and financial sustainability. In 2008, technical difficulties with its online ordering service, combined with the complex orchestration of the CSA enterprise and home delivery network, compelled the cooperative to reevaluate its target market. After shifting its focus to the institutional market, it soon found that its new accounts more than made up for the loss of household sales and freed time to build stronger relationships with customers.

Technology is only useful if it is functional, updated and utilized. Online ordering mechanisms can be efficient and effective if customers and suppliers use them. Before designing an online distribution system, distributors should evaluate the ongoing funding and technical support necessary to maintain this system.

Small farmers face unique challenges in meeting and verifying wholesale post-harvest handling standards. Because of their small scale and production volume, many of GROWN Locally's farmers cannot afford the certification and infrastructure necessary to formally complete existing GAP and HACCP requirements. The cooperative takes precautions to ensure the quality and safety of its food. However, the co-op's shift toward the institutional market has raised new concerns about verifying product safety. As a result, GROWN Locally plans to adopt a post-harvest handling program for small, sustainable, wholesale growers that may lead to third-party certification.

Pre-season production planning helps farmers respond to market demand. GROWN Locally's farmers select crops and plan production volume based on customer demand ahead of the growing season. Prices are then set to reflect the true cost of production. In this way, the cooperative is able to meet the needs of both producers and customers.

High Desert Foods

Location: Durango, Colorado

Business structure: Independent business

Product offerings: Shelf-stable products including fruit confitures, tomato sauce, dried tomatoes, nut mixes and coffee.

Services: Outlet for number two fruit; exploring co-packing opportunities with local growers and natural food retailers.

Suppliers: 10+ orchards in Colorado and New Mexico, with supplemental product coming primarily from California and Washington.

Customers: Consumer-direct online; natural and specialty food stores nationally. High Desert Foods is exploring community-based sales through farmers' markets, house parties and other small, private venues.

Years in operation: 10

Grower requirements: Emphasis on small-scale, sustainable growing practices. Most fruit and other primary ingredients are sourced from organic and/or local growers. Products range from 70 to 100 percent organic.

of employees: 5 total—office, production and maintenance. Most positions are close to full-time during the peak season; hours decline during the off-season.

Pricing: High Desert Foods generally pays growers according to terminal pricing for organic number two (processing grade) products, with some variability depending on purchase volume and other factors. The price of its fruit confitures and other specialty products reflects the cost of sourcing organic ingredients and processing.

Website: www.highdesertfoods.com



High Desert Foods processes sustainably grown, shelf-stable conserves, sauces and nut mixes. The company was founded by Bill Manning, a certified organic orchardist. He struggled to make ends meet in the local, wholesale fruit market and sought to diversify by exploring economically viable seconds markets for his surplus. Partnering with renowned Slow Food chef Deborah Madison, specialty food designers and marketing professionals, Manning ultimately created his own product line and acquired a local processing facility. Today, High Desert Foods products are available nationally, both online and in specialty food stores.

Since 2004, High Desert Foods has provided a seconds market for the flavorful but blemished tree fruits grown at Kiva Orchards, a small, certified organic operation located in western Colorado. The region's cool nights and hot summer days, sandy clay loam soil and snowmelt irrigation are believed to produce fruit with exceptional flavor. However, unpredictable weather conditions in recent years have resulted in significant weather-related losses.

Unfamiliar with the specialty foods industry, founder Bill Manning sought the expertise of chefs, food designers and marketing professionals who shared his commitment to locally sourced, sustainable, high-quality, value-added products. After two years of market analysis and product development, Manning identified a market niche—organic specialty foods. (In the mid-1990s, the local, organic and specialty foods markets were largely distinct.) Eventually, Manning sold Kiva Orchards to focus on processing and acquired a 19,000 square foot, certified

organic processing and packing facility.

High Desert Foods now sources 90 percent of its fruits and vegetables from about 30 small farms located primarily in Colorado. Most of these farms range in total size from 3 to 50 acres. High Desert Foods purchases exclusively number two fruit, much of it organic. Its growers also sell number one product to regional wholesale buyers, at farmers' markets and through CSA shares. Sales to High Desert Foods comprise a relatively small percentage of their total business.

Delivery methods for fresh ingredients vary, ranging from hauls by Manning himself to deliveries by growers. Because High Desert Foods products are all shelf-stable, the company typically relies on conventional courier services to distribute its processed products. High Desert Foods sells its products nationally, both directly to customers through its website and through specialty food stores. Locally, it sells at farmers' markets and is exploring new venues such as house parties.

Challenges

Shortage of profitable seconds markets for small and mid-scale growers. Despite High Desert Foods' effort to address the local processing gap, many area growers still have organic seconds lying in their orchards that they can't sell. Further, many processors are unable or uninterested in processing fresh produce and would prefer to work with peeled, pitted, sliced or frozen fruit. Building the market for high-value organic seconds will require the development of a better small-scale, regional processing infrastructure.

Identifying economically viable, place-based specialty food markets. Western Colorado produces flavorful fruit with a distinct *terroir*—or taste and other qualities exclusive to the region where it is grown. By developing a specialty product line built on his products' strengths—*terroir* and organic certification—Manning transformed his seconds into high-value specialty products. However, because of the region's low population density, High Desert Foods must distribute its product widely to turn a profit. The company was unable to compete in the national retail grocery market because of the standard retail markup. It is now exploring direct marketing options with less costly margins.

Navigating the local versus organic versus sustainable debate. Manning shifted his emphasis to sustainability rather than exclusively certified organic production. For example, he made the decision to purchase high-quality, local ingredients such as honey instead of shipping organic ingredients from other states. Driven by his values, Manning has pursued a holistic approach to product sourcing based on relationships, quality and availability in the face of often contradictory information about consumer preferences and the ecological impact of his choices.

Lack of information exchange across the supply chain and between growers. As a grower with a background in ecology and an interest in the specialty foods industry, Manning was disconcerted by the lack of communication he observed between growers, ecologists, specialty foods entrepreneurs and other allied sectors. While superficially distinct, these sectors depend on each other to strengthen local markets and bolster sustainable production.

Transferability of models. While encouraged by the growing attention to—and innovations in—sustainable, regional food production and distribution, Manning cautions entrepreneurs against adopting models simply because they have succeeded elsewhere. To effectively utilize existing models, entrepreneurs must adapt them to suit the physical and market conditions of their local environment.

Lessons

Further exploration and development of economically viable markets for seconds would create valuable new outlets for regional growers. Creation of kitchen incubators, co-packing facilities and other small- and mid-scale processing infrastructure could dramatically expand regional food consumption. By adding value through processing, local produce can be sold year-round while creating new, potentially higher-grossing markets for number two product.

Partnerships and information exchange are critical to the success and improvement of both individual enterprises and the supply chain as a whole. Careful market analysis and strategic partnerships with culinary, design and marketing professionals make a significant difference in product development and marketability. While Manning has made a concerted effort to understand the workings of the entire supply chain, he emphasizes the importance of entrepreneurs recognizing the limitations of their own knowledge. They should solicit input and expertise as needed in order to improve product quality, production efficiency and market feasibility. Finally, as the specialty foods landscape is constantly changing, the market must be regularly reevaluated.

Adaptation is more effective than adoption when importing distribution and business models from other regions and sectors. As demand for local food increases nationally, local food entrepreneurs have much to learn from their cohorts in other regions. However, success will depend on foresighted adaptation rather than wholesale adoption of emerging production and distribution models. Local food is place-based by definition, and therefore particularly sensitive to immediate environmental and infrastructural opportunities and limitations.

Anticipate and respond to change. High Desert Foods has constantly evolved in response to new opportunities as well as unanticipated weather and market conditions. This responsiveness and flexibility, characteristic of a learning organization, has positioned High Desert Foods to grow and transform in ways that wouldn't have been possible if it had fought weather conditions or struggled to succeed in a saturated market.

Sharing processing and retail facilities with like-minded businesses can reduce costs and expand product offerings. In 2009, High Desert Foods opened a small retail storefront in Durango with four fellow farmers' market vendors. For High Desert Foods, this sharing has made business expansion possible even in a difficult economic climate.

Organic Valley Produce Program

Location: La Farge, Wisconsin

Business structure: Producer cooperative

Product offerings: While Organic Valley's brand is identified with dairy products, it sells many other products including number one, or "fancy grade," produce.

Services: Production support, training, marketing, merchandising and distribution.

Suppliers: 150 growers and small-scale grower cooperatives located primarily in five states (WI, IN, MO, MN and IA). Most growers are Amish and farm between one and thirty acres in southwestern Wisconsin.

Customers: Approximately 40 buyers nationally, with 15 located in the Midwest. Most are natural foods distributors or distribution centers for grocery retailers.

Volume: While Organic Valley's total gross sales are \$527 million annually, it budgeted \$3 million for produce sales in 2009.

Years in operation: 21

Grower requirements: Growers must be certified organic. Organic Valley does not require GAP certification but it provides GAP training for its growers and is developing a farm sanitation audit process. It carries product liability insurance for its members.

of employees: While Organic Valley employs over 500 people, the produce program has five full-time, year-round employees and two full-time, seasonal warehouse leads.

Pricing: Farmers are paid a base price for their produce and receive an annual bonus based on profits earned by the cooperative. The produce program operates on a 20 percent commission on product sold.

Website: www.organicvalley.coop/products/produce



Organic Valley is a producer-owned cooperative that sells organic dairy products, meat, eggs, soy and fresh produce in season. It sources produce primarily from Amish growers in southwestern Wisconsin, and supplies grocery retailers and distribution centers in the Midwest, East and South. The cooperative works closely with its members to increase volume, and improve quality and post-harvest handling. Organic Valley would like to help its growers scale up their production and add new grower pools across the United States to meet the flourishing national demand for regionally grown, organic produce.

Organic Valley was founded in 1988 as a produce growers' cooperative. Shortly thereafter, it launched its organic dairy program. This dairy program quickly became its primary and most profitable focus. However, the cooperative continues to sell other products under the Organic Valley label including produce, juice, eggs and soy. Its sister company—Organic Prairie—markets beef, pork, chicken and turkey. The cooperative's freight logistics arm—Organic Logistics—coordinates its regional and national hauling.

In order to ensure all members have a voice in the cooperative, Organic Valley farmers belong to pools based on region and product produced. Each farmer pool meets monthly and has an

elected executive committee, made up of farmers, that helps direct policy and major decisions for the co-op. To join the cooperative, farmers must make an equity investment of 5.5% of their total annual sales or a minimum of \$250. Additional equity investments are made as a farmer's production share increases. Organic Valley employees are hired and supervised by a management team that answers to the co-op's board of directors. The board is made up of and elected by farmers. Growers are paid a base price bi-weekly according to the product and volume they deliver. At the end of the season, they are paid a "pooling bonus"—the difference between the revenues and base price of each crop after accounting for freight and commission.

Organic Valley's produce program encompasses production, warehousing and sales. A produce pool coordinator works directly with growers to coordinate pre-season planning. The coordinator visits each farm to review quality standards and packing requirements, and answer production questions. The program hosts workshops for its growers on topics such as on-farm sanitation, post-harvest handling and pest management. By providing its growers with product liability insurance and supporting them as they move toward GAP certification, Organic Valley helps growers meet wholesale produce industry requirements that would be difficult and expensive to meet individually.

Growers wash, grade and pack produce on-farm and either deliver it to the Organic Valley distribution facility or have it picked up for a small fee. Once product is aggregated, Organic Logistics orchestrates distribution at a low cost by shipping the produce along with dairy products. The produce is sold under the Organic Valley label. Individual farms are not identified, but state of origin is coded on each case. The co-op is pursuing Global Trade Item Number (GTIN) bar codes on all of its case shippers. Organic Valley equips buyers with point-of-sale merchandising materials.

Historically subsidized by the cooperative's dairy revenues, the produce program's 2009 sales may prove financially self-sustaining for the first time. Organic Valley sees significant room for produce sales growth in all of its production pool regions, and sees a need to engage more growers to make market expansion possible. In addition, the cooperative is exploring a value-added product line that might include tray-packed, lightly processed and pureed products.

Challenges

Insufficient understanding of production costs. Small and mid-scale growers often have difficulty tracking their labor and input costs, especially when growing a variety of specialty crops. As a result, many growers are unable to report such information to Organic Valley so that it can advocate for sustainable price returns and cut production of unprofitable crops. In response, Organic Valley has hosted cost-of-production workshops and is creating a workbook for growers that will include production tracking forms and accounting formulas.



Difficulty preserving the integrity of the cold chain.

Because it works largely with Amish growers who have limited cold storage and transportation options, Organic Valley must either pick up perishable product shortly after it is harvested or select crops that require less stringent cooling. Organic Valley provides grower education and technology to improve post-harvest handling. The co-op plans to centralize grading and packing in a new facility with forced air and hydrocooling (see below).

On-farm packing limits use of #2 produce and pack size options. On-farm grading and packing reduces pack size and grading options. The cooperative aims to finance a centralized produce packing facility that would enable it to efficiently grade and sort #1 and #2 product, and expand sales and value-added processing for #2 product.

Balancing small grower profitability with efficient production and distribution. According to Produce Program Manager Annake Witkop, "Wholesale product makes sense at a certain economy of scale. We are not doing our growers any favors by accepting two cases of zucchini a week—with a little effort, they could get a better price for this quantity at a farmers' market."

Lessons

To succeed in the wholesale market, small growers must reach economies of scale and comply with production, post-harvest handling and pack size standards. Small growers' advantage in the marketplace is their ability to produce unique varieties and provide their stories alongside their products. To help its members capitalize on this advantage while scaling up, Organic Valley is developing an on-farm sanitation standard and auditing process based on GAP requirements.

Building on established enterprises can reduce operating costs and enhance brand recognition. The Organic Valley produce program is subsidized by the cooperative's dairy program and has access to the marketing, infrastructure and sales force of a much larger operation. The ability to ship produce nationally with other Organic Valley products has resulted in exceptionally low distribution costs. Conversely, the value of additional brand exposure combined with the opportunity to fill out less than full dairy trucks have been Organic Valley's primary reasons for maintaining this historically unprofitable program.

Provisions International

Location: White River Junction, Vermont

Business structure: Independent Limited Liability Company (LLC)

Product offerings: Cheese, meat, oil, vinegar, baking supplies, condiments and other specialty foods from Europe and New England. Emphasis is on artisanal cheese.

Services: Marketing, delivery, in-store tastings, sales and regional hauling.

Suppliers: 25 regional cheese suppliers. Provisions International distributes anywhere from all of a supplier's product to only a small percentage, depending on the scale of the operation and the number and size of accounts suppliers have established on their own.

Customers: Regional chefs and specialty retailers

Years in operation: 23

Producer requirements: Provisions International conducts site visits to all its regional suppliers' facilities. Some of its suppliers are organic, but this is not emphasized. Product flavor and quality are the main drivers in Provisions International's sourcing.

of employees: 21: 4 sales, 2 purchasers, 1 bookkeeper, 1 general manager, and additional hauling and warehouse staff.

Pricing: Pricing is established through negotiation with suppliers. In many cases, Provisions International orchestrates all of the distribution needs for regional cheese producers and simply charges a percentage for the service.

Website: www.provisionsintl.com



Provisions International is a small, wholesale purveyor of specialty foods based in White River Junction, Vermont. When it was established in 1986, the company specialized in procuring and distributing European imports to its rural New England restaurant and retail clientele. In recent years, the company has shifted toward sourcing more high quality, regional products. This trend has emerged as a result of both the increased demand for, and the improved quality of, local product. Provisions International integrates regional and international, as well as rural and metropolitan, artisanal food networks. It demonstrates the importance of product knowledge and consumer education in the sales and marketing of specialty foods.

When Provisions International founder Wendy Hallgren first moved to White River Junction, Vermont in 1986, she planned to start a catering business. However, initial market research and conversations with area chefs indicated there was a much greater need for a specialty foods purveyor in the region. At the time, chefs and retailers throughout northern and central New England were placing individual orders with national specialty food companies that required costly and inefficient deliveries. Building on the contacts she had developed as a caterer in Princeton, New Jersey, Hallgren formed partnerships with established New York distributors who had long-standing relationships with European suppliers.

Today, Provisions International's service area extends from southern Maine

west to New York's Hudson Valley. The company operates out of a refurbished, turn-of-the-century building. Its facilities include a warehouse, offices, an industrial kitchen and a historic ballroom that is used for tastings and other events. Provisions International also owns a fleet of five 12-pallet trucks and makes weekly deliveries throughout the region, hauling local products south to Boston and New York and returning with imported specialty goods.

At Provisions International, products' stories and origins are viewed as integral to their value. As such, all products bear their producers' labels and new products are carefully selected not only for quality, but for the values and story they carry. This emphasis on quality and marketing characteristics is illustrated in the company's approach to expanding its selection of local products. Provisions

International initially expanded its domestic cheese selection slowly, marketing local cheeses alongside trusted imports. In addition, the company provided extensive education about product origin, differentiation and handling. As local foods became increasingly popular, the company had already established strong relationships with its customers and had proven that it would not sacrifice quality for origin. Provisions International exemplifies how small, specialty distributors can provide both their suppliers and customers with skillful marketing and efficient distribution services, as well as customer education about emerging and novelty products.

Challenges

Supply shortages. While Provisions International is growing and capable of further growth, the company is wary about the unintended consequences of expansion—particularly a decline in product and service quality.

Sourcing high-quality product. Although the recent trend toward people seeking out locally grown food has bolstered demand for local product, the company remains committed to ensuring that product quality is not sacrificed for product origin.

Persuading local, artisanal food producers to entrust marketing and distribution to a third party. Provisions International initially found that many local food artisans were reluctant to relinquish tasks such as marketing, tastings for buyers, demonstrations, sales and deliveries for a 20 percent charge. Hallgren believes that few producers realize the true cost of handling sales and distribution themselves. These days, producers learn about the company from its existing suppliers and seek its professional services in order to break into new wholesale markets.

Independent couriers can be unreliable for rural clientele. Independent couriers generally require a full truck before they haul. This makes for irregular deliveries to rural areas where order volume and demand are low. As a result, Provisions International handles nearly all of its own deliveries and has increasingly taken on hauling jobs for independent regional producers and buyers. The company's timely deliveries have earned it a strong reputation as a reliable regional hauler.

Lessons

Imported specialty foods now compete with a growing number of regional artisanal products whose quality and availability have improved dramatically over the past decade. When Provisions International started in 1986,

80 percent of their specialty cheeses were imported and 20 percent were sourced locally. These days, the ratio of imported to domestic product has nearly reversed. Hallgren attributes the improved quality of domestic products to rising consumer standards and increased opportunities for producer education and networking. However, some purchases may be driven by the exchange rate. When the dollar is strong, inexpensive imports put local producers at a disadvantage.

Limiting scale and growth can help sustain high levels of product quality and customer service. Although current demand exceeds supply, Provisions International remains cautious about pressuring its producers to expand. Hallgren believes that customer service and product quality are closely connected to scale and relationships and that heedless expansion could compromise quality. Hallgren advocates for cultivating more high-quality local producers rather than growing existing businesses.

Professional resources and responsiveness to the market are critical to success. Hallgren was able to capitalize on her market niche because of the valuable contacts she cultivated with international importers through her previous catering business in metropolitan New York. Without these contacts, starting a specialty foods distribution business in a rural area would likely have been much more difficult.

Strong relationships between producers, distributors and wholesale customers result in a mutual investment in product quality and greater product loyalty. Building relationships with producers requires visits to production facilities to learn about cheesemaking. Provisions International exceeds industry norms in its commitment to customer education about product care and origin. These practices forge lasting relationships with suppliers and wholesale buyers.

Product quality and consumer satisfaction must come before product origin. Provisions International could not afford to sacrifice the relationships and reputation it built as a purveyor of European specialty foods by distributing inferior-quality local product. Significant improvements in local, artisanal products, particularly cheeses, made it possible to carry more local goods without compromising quality. As more producers and distributors become interested in local and regional products, it is important to remember that flavor, appearance, cost and food safety remain among the most important drivers for consumers. The long-term success of local products and food businesses will require that all of these characteristics are taken into account.

University of Wisconsin-Madison

Division of University Housing: Dining and Culinary Services

Location: Madison, Wisconsin

Business structure: Dining and Culinary Services operates as an independent business with no financial support from the university.

Local food offerings: Produce, dairy products, baked goods, tofu, tempeh, eggs, cheese and meat. Some foods are processed, but not grown, locally.

Suppliers: Approximately 40 growers and food distributors including local enterprises such as Organic Valley and the campus dairy.

Customers: 16,000 students, staff and faculty annually.

Volume: Total annual food budget in 2008-2009 was \$8,574,256, 12.5 percent of which was spent on locally grown product. Food sourced from the UW-Madison dairy accounted for approximately 65 percent of this spending. An additional \$3,424,653 was spent on locally processed goods.

Years in operation: Over 30

Grower/processor requirements: Most produce must be refrigerated below 40° F. Produce processors must be inspected semi-annually and meet standards for keeping product cool and controlling microbes. Delivery vehicles must be enclosed, refrigerated and clean.

of employees: 44 managerial staff (including 17 chefs), 80 hourly staff and 1,200 students.

Pricing: Students living in the residence halls purchase à la carte items at a discounted rate. Cash customers pay 60 percent more than residents. Vendor contracts are awarded through a competitive bidding process that considers cost, quality and other criteria.

Website:
www.housing.wisc.edu/dining/



The UW-Madison Division of University Housing operates its own à la carte dining service. Fresh, shelf-stable, frozen and fresh-cut products are sourced from more than 30 suppliers including three local distributors and several regional growers. Meals are planned in advance by chefs, prepared in a central commissary and distributed across campus. While many items have traditionally been sourced from the campus dairy, the operation has steadily increased its sourcing of other local products over the past decade. Current efforts are focused on incorporating seasonal, fresh product into menus, improving kitchen facilities to accommodate fresh product, and enhancing sourcing and delivery efficiencies.

University Housing has a long tradition of operating its own dining service on the UW-Madison campus. Primary clientele are the 7,000 undergraduates living in campus residence halls. Menus are set and prepared in a central commissary and distributed across the university's dining locations. These include four dining rooms, two carryout locations, one deli and a room service delivery program. University Housing has an off-campus warehouse for canned food, dry goods and other shelf-stable items. Limited refrigerated storage is available throughout campus. The operation has a fleet of three box trucks, two of which are refrigerated.

The UW-Madison dairy has historically provided dairy products for University Housing. While other foods have been locally sourced over the years, University Housing didn't formally commit to local purchasing until the late 1990s. At this time, the College Food Project—a collaboration between growers, University Housing, the UW-Madison Center for Integrated Agricultural Systems and other partners—facilitated a shift toward more local sourcing. While this has expanded local and organic offerings, it has also increased the administration and labor required to order, receive, store, process and serve local food, particularly unprocessed fresh produce.

Although there is substantial student demand for local and sustainably grown food, Dining and Culinary Services primarily uses local food as culinary accents due to seasonal constraints and an irregular supply of local staples. University Housing intends to increase its local purchasing and plans to incorporate fresh product receiving and washing capacity at its new food service locations.

Challenges

Upper level management's decision to improve operational efficiencies by cutting suppliers. This may reduce access for small and mid-scale growers and local distributors. University Housing's goal, however, is to reduce the number of suppliers delivering product from outside the region in order to expand its capacity to source locally.

Shortage of locally grown fresh-cut and frozen product. UW Housing purchases large quantities of pre-cleaned and cut fruit and vegetables. While much of this product is processed in Wisconsin, the majority is not locally grown.

Liability insurance requirements. Suppliers are required to carry \$1 million liability insurance policies. Grower consortiums, distributor alliances and cooperatives can help alleviate insurance costs by pooling or partially covering expenses.

Marketing and merchandising. University Housing has highlighted local food with point-of-sale signage. However, Julie Luke, Associate Director of Dining and Culinary Services, says that marketing and merchandising could be improved by more clearly and consistently emphasizing local menu items. Combined with sales tracking, improved marketing could also help measure campus demand for local food. A destination café featuring local food is a marketing strategy used successfully on another campus to measure demand.

Seasonality and inconsistent supply of local product. Wisconsin's short growing season makes it difficult to source local produce for much of the school year. Even

during the growing season, however, University Housing has encountered supply shortages and irregularities. As Luke explains, "If we're going to serve stuffed peppers, we need to know that we're going to have enough peppers for all our dining venues; otherwise, we don't have a complete entrée."

Labor, training, and facilities needed for fresh product preparation. Some UW Housing food service facilities are ill-equipped to receive and prepare fresh product. Likewise, its chefs and kitchen staff have required retraining to calculate fresh product conversions and prepare whole foods. Finally, the high cost of labor required for fresh product preparation cuts into the budget for local and sustainably grown food.

Lessons

Enthusiastic leaders in University Housing helped facilitate a relatively quick, smooth transition to local sourcing. A recent legislative mandate bolstered local purchasing efforts by issuing a waiver enabling University Housing to purchase local food off contract.

À la carte food service operations allow for cost transfer and menu experimentation. Because University Housing operates an à la carte menu, it transfers cost premiums to its customers. As such, Dining and Culinary Services can experiment with

local and sustainable offerings, adapting supply to demand. In spite of this flexibility, some local and sustainable items—particularly beef—are still too expensive to include on the menu.

Design and capacity development can prove advantageous for local food procurement initiatives. Working with chefs and kitchen staff and equipping facilities to process fresh product reduces staff resistance to operational changes and enhances the likelihood of success.

Anecdotal evidence indicates that the demand for local product exceeds the demand for organic food. University Housing expanded its organic offerings several years ago but did not capture adequate sales. It is unclear whether the higher cost of organic food suppressed demand. Present indicators suggest robust demand for local food on campus that outpaces the demand for organic food.



Wescott Agri Products

Location: Elgin, Minnesota

Business structure: Privately held company

Product offerings: Tree fruit. Wescott grows product and sources regional varieties in season. In order to meet year-round customer demand, they also source from national and international suppliers.

Services: Production assistance, washing, packing, marketing, aggregation and distribution.

Suppliers: 25 regional producers growing 30 apple varieties, with additional growers in Washington State and the Southern Hemisphere.

Customers: 105 customers in a five-state region (WI, MN, IA, ND, SD). Their customer base is about 70 percent retail buyers and 30 percent distributors.

Years in operation: Wescott has grown fruit for over 30 years. It has run a pack house for over 20 years.

Grower requirements: Wescott has GAP transitional certification and follows wholesale packing standards. It works with growers to institute sustainable production practices. All production locations are inspected by third-party certifiers.

of employees: 35: 1 CFO; 4 administrative staff; 1 operations manager; 4 account managers; 4 warehouse/distribution staff; 15 packers; 5 drivers; 1 production supervisor.

Pricing: Prices are set according to market conditions. Strong relationships and trust between the company and its growers are critical. Wescott enters into season-long contracts with specific retailers and offers transactional pricing for other customers. Some contracts are for volume commitments only, with prices fluctuating with the market, while other contracts are for price and volume commitments.

Website: www.wescottorchard.com



Wescott Agri Products is an Elgin, Minnesota-based grower and distributor specializing in wholesale tree fruits. By drawing its product from regional, national and international suppliers ranging in size and experience, Wescott is able to provide its wholesale grocery customers with a stable and consistent year-round supply, while still creating space in the market for new growers and seasonally available local product. Wescott offers its growers marketing services and expanded outlets for seconds. By providing its growers with technical support and other resources, Wescott is better able to control and ensure its product quality.

As a grower and distributor, Wescott Agri Products represents a consolidation and distribution model that supports regional growers of diverse sizes and experience levels while also guaranteeing a stable, year-round supply of fresh product for its large retail and wholesale customers. Wescott sources from orchards ranging in size from approximately 15 to 200 acres. Its product represents anywhere from 30 to 100 percent of its suppliers' sales.

In return for a marketing fee, Wescott provides its growers with on-site technical support, harvest and production planning, sales and marketing services, storage, packaging, transportation and other logistical support. Product is either picked up

at farms by Wescott for a nominal charge or delivered by growers to a central packing facility. There, it is aggregated under the Mississippi Valley Fruit Company label or custom packed under private labels. Wescott has its own fleet of 48-foot trucks and distributes directly to grocery retailers and distributors throughout the Upper Midwest. Although product is not identified by farm of origin, Wescott has full track and trace capabilities and meets standard wholesale food safety requirements.

In addition to providing production, packing, and distribution services, Wescott has explored value-added processing opportunities to help its growers capture a greater return on

lower grade product. In exchange for Wescott's service and assistance, its growers are expected to meet the company's growing and packing requirements. Wescott has found a correlation between its investment and involvement in production and consistent product quality.

Wescott's success is attributable, in part, to its scale, diverse sourcing and commitment to its relationships with growers. With growers located across the globe as well as in the Upper Midwest, Wescott avoids the seasonality barriers and reduces the weather-related risks associated with sourcing exclusively local product. Its partnerships with growers at all scales of production ensure an ample, stable supply, enabling Wescott to engage small and start-up operations that may initially have small or inconsistent harvests. As the demand for local product grows, Wescott has begun to help local growers establish new apple orchards with regional varieties. Wescott meets wholesale and large-scale retail demands while helping to sustain and grow regional, small and mid-scale orchards.

Challenges

Seasonality. Due to the Upper Midwest's short growing season, Wescott's ability to meet the demand for fresh, local product is limited. As a result, the company has acquired orchards and forged partnerships with skilled growers in Washington, Nova Scotia, Ontario, South America and New Zealand to maintain a constant supply of fresh product for its customers.

Regional growing conditions can make it difficult to compete with national and international product.

The midwestern apple industry's primary competitor is Washington State. Although Wescott's local growers are located in some of the best growing regions in the upper Mississippi River Valley, it is difficult to grow apples in this humid climate. The wet weather tends to lead to more pests, which impact crop production, yields and quality. This comparative disadvantage is heightened in organic production. Product differentiation through the expansion of unique regional varieties and strategic merchandising are critical to maintaining competitiveness.

Mitigating the lower value of seconds. First-quality Haralson apples will sell for \$1.69/lb. on the retail shelf, but offer a mere \$0.05/lb. return if they have any blemishes and are sold for juice production. This represents a significant loss for growers and underscores the need for seconds markets that can offer growers a higher return (see Wescott's solution to this challenge, under "Lessons").

Cultivating the next generation of growers. Many of Wescott's orchardists are close to retirement, yet few new growers are entering the industry. Fruit crop management is intensive and requires years of knowledge and training. Furthermore, reestablishing orchards is costly and can take a long time. Wescott is presently exploring new management and ownership strategies to preserve existing orchards and attract and train new growers.

Lessons

Meeting conventional wholesale growing, post-harvest handling and pack size standards opens regional wholesale markets to local growers. Regional distributors with proven track records, reliable traceability and uniform production and post-harvest handling standards are well positioned to enter the growing wholesale market for local and regional product. While wholesale customers want local product, food safety, freshness and appearance continue to be driving priorities.

Partnerships with local specialty processors create markets for seconds. Wescott's recent partnership with a specialty retailer interested in producing locally sourced apple pies has helped create a new use, and increased demand, for local, high-quality seconds. This type of innovation and partnership between regional distributors and processors capitalizes on the growing demand for local and specialty products while developing a vital alternative market for blemished product.

Consumer education and place-appropriate growing standards are necessary for a competitive local market.

Demand for local product must also be paired with an understanding of the particular assets and limitations of regional growing conditions. In the case of midwestern apples, there is a need for greater consumer education and acceptance of IPM as a regional alternative to organic production. Production and merchandising that differentiates regional and heirloom varieties may help local producers overcome national and international competition.

Marketing and on-site technical assistance benefit both growers and distributors. The services and training Wescott provides for its growers are mutually beneficial, improving grower capacity along with product quality and consistency. Strong, long-standing relationships between growers and distributors produce better products.

Appendix 1: Case studies at a glance

Enterprise	Alsum Produce	Cherry Capital Foods	Co-op Partners Warehouse
	Friesland, WI Privately held company Production, aggregation, distribution and marketing www.alsum.com	Traverse City, MI LLC Distribution and marketing cherrycapitalfoodsllc.blogspot.com	St. Paul, MN Subsidiary of a natural foods co-op Aggregation, distribution and branding www.cooppartners.coop
Years in operation	36	2	10
Number of employees	130 full-time: 28 office; 63 grading and packing; 6 maintenance; 27 drivers; 6 mechanics. 20 additional employees are hired for harvest.	7: 5 full-time plus additional seasonal employees as needed.	29: 2 quality control; 9 warehouse; 6 drivers; 2 accounting; 2 buyers; 7 sales; 1 manager.
Product offerings	Complete produce line available in a three-state region (Wisconsin, Iowa, Illinois); potato and onions available across the eastern half of the United States.	Products available year-round include juices, condiments, eggs, meat and cheese, as well as frozen, dried and canned goods. Organic, conventional, and sustainably grown produce is available seasonally. All products are sourced in Michigan.	Over 200 organic produce items as well as organic milk, cheese and yogurt; soy products; fresh juices and smoothies; sauces; deli items; condiments; dry goods.
Services	Grower, packer and shipper of potatoes; onion repacker; marketing and distribution.	Marketing, distribution, some pack-size training and guidance on GAP/HACCP protocol.	Drop-ship and traditional warehouse aggregation, local deliveries within the Twin Cities, billing and marketing.
Grower requirements	Liability and product insurance. Organic certification is required for Alsum to pack organic product.	Some growers already have GAP certification. This will be a requirement for all by 2010. While some are certified organic, all growers are encouraged to use sustainable production practices.	More than 98 percent of all product is certified organic. Co-op Partners relies more on transparency and relationships than GAP certification and HACCP approval with its local producers.
Suppliers	Regional and national growers ranging in size, volume and certification, as well as some wholesale distributors. Alsum works with 300-400 suppliers, 60 of whom are in Wisconsin.	Close to 50 farms and farmers' markets supply fresh and processed greens, vegetables, meat, cheese and specialty food products.	Co-op Partners sources regionally and nationally, featuring products from over thirty Wisconsin and Minnesota producers. When regionally grown product is not available, goods are sourced primarily from CA and WA.
Customers	1) Regional independent grocers, grocery chains, state institutions and school systems in Wisconsin and northern Illinois; 2) Grocers and food service distributors in the eastern United States.	150+ schools, institutions, restaurants, hotels, grocery stores, independent food service operations, child and family services, colleges, universities, caterers, farm stands and farmers' market vendors.	Retail co-ops and natural food stores throughout the Upper Midwest.
Pricing	Prices are established according to the local market. Alsum has begun to lock in some prices, but trends suggest that both growers and distributors prefer the open market.	Predominantly by negotiation. Base purchasing prices generally correspond to terminal prices with an added premium for "local."	Co-op Partners negotiates prices directly with local growers. Mark-up ranges from 16-25 percent depending on product perishability. Prices are set in advance or determined as needed.
Volume	N/A	\$500,000 worth of product sold in 2008. 2010 sales are expected to exceed \$1 million.	~ \$4 million worth of local product out of approximately \$13 million total annual sales in 2008.

Enterprise	Fennimore Produce Auction	Growers Collaborative	GROWN Locally
	Fennimore, WI Auction Grower, aggregator and distributor www.timslackauctionrealty.com	Davis, CA Non-profit Aggregation, distribution and branding www.growerscollaborative.org	Northeastern IA Producer co-op Grower, aggregator and distributor www.grownlocally.com
Years in operation	2	5	9
Number of employees	One full-time administrative program coordinator. The auctioneers are independent contractors.	9: 4 in Greater Los Angeles; 5 in the Greater Bay Area. Employees include drivers, operations managers, regional managers and a farmer outreach coordinator.	One full-time coordinator
Product offerings	Fresh produce, flower baskets, flower flats and garden plants. Special sales feature quilts, furniture and other items.	Fresh, retail and processing quality fruit and vegetables, available seasonally. 100 products available in the summer; 30 products available in the winter.	Fresh produce and herbs, meat, honey, flowers, fruit and berries.
Services	Order-buyer purchasing service for wholesale buyers not attending the auction, marketing to local buyers and product aggregation.	Production and packing assistance, marketing, distribution and branding.	Production, marketing, distribution, storage and branding.
Grower requirements	Product must be produced within 100 miles of the auction.	Suppliers meet a range of production standards. Some are GAP and organic certified. The collaborative audits all of its farms to ensure compliance with conventional safety and production standards. Buyers can review all of the collaborative's farmers and their growing methods on its website.	Growers follow organic standards; not all are certified. Growers comply with GAP but are not certified. Well water tests are required for on-farm washing facilities. The co-op has a manual of post-harvest handling standards which it is revising to accommodate large-volume sales to institutions.
Suppliers	Any grower within 150 miles can bring produce to the auction. Suppliers are predominantly area Amish farmers. About 35 growers are represented at each auction.	25 in Southern California and 100 in the Bay Area. Farms range in size from 4 to 400+ acres.	22 member farms
Customers	Primary customers include roadside stands. Secondary customers include grocery stores and food service buyers.	70 institutions, 40 of which are regular customers. These include public and private schools, colleges, universities and hospitals, as well as Meals-on-Wheels and other buyers.	Institutions such as colleges and nursing homes.
Pricing	Prices are determined by bidding.	Farmers set prices that the organization is able to meet because demand outpaces supply. The premium paid by food service operators for local food is minimal relative to the marketing benefits gained from local food sourcing.	Co-op committees establish tentative prices based on past sales and cost of production. They recalibrate prices throughout the growing season, as needed.
Volume	About \$11,000 per auction. The Tim Slack Auction and Realty, LLC Buyer Program is presently seeking grant support for the auction, which is not yet financially self-sustaining.	N/A	~ \$100,000 in 2009

Enterprise	High Desert Foods	Organic Valley Produce Program	Provisions International
	Durango, CO LLLP Small processor www.highdesertfoods.com	La Farge, Wisconsin Producer co-op Production support, aggregation, marketing and branding www.organicvalley.coop/products/produce/	White River Junction, VT LLC Distribution and marketing www.provisionsintl.com
Years in operation	10	21	23
Number of employees	5: office, production and maintenance. Most jobs are close to full-time during the peak season; hours decline during the off-season.	Over 500 total. The produce program has 7: 5 full-time, year-round employees and 2 seasonal employees including a program manager, sales coordinator, office assistant, pool coordinator, warehouse manager and 2 warehouse staff.	21: 4 sales, 2 purchasers, 1 bookkeeper, 1 general manager, and additional hauling and warehouse staff.
Product offerings	Fruit confitures, tomato sauce, dried tomatoes, nut mixes and coffee.	USDA Number 1 product: brassicas; peas and beans; potatoes; melons; cucurbits; winter squash; leafy greens; onions and garlic; tomatoes and eggplants; root vegetables; berries; and miscellaneous vegetables.	Cheese, meat, oil, vinegar, baking supplies, condiments and other specialty foods from Europe and New England; emphasis on artisanal cheese.
Services	Outlet for number two fruit; exploring co-packing opportunities.	Production support, training, marketing, merchandising and distribution.	Marketing, delivery, in-store tastings, sales and regional hauling.
Grower requirements	Emphasis on small-scale, sustainable growing practices. Most fruit and other primary ingredients are sourced from organic and/or local growers. Products range from 70 to 100 percent organic.	Growers must be certified organic. Organic Valley's distribution center is Primus Lab-audited, per produce customer request. Organic Valley does not require GAP certification but it provides annual GAP training for its producers and is in the process of developing an internal farm sanitation audit process. Organic Valley carries liability insurance for its members.	Provisions International visits all its regional suppliers' facilities. Some of its suppliers are organic, but this is not emphasized. Product flavor and quality are the main drivers for sourcing.
Suppliers	10+ orchards in Colorado and New Mexico, with supplemental product coming primarily from California and Washington.	150 growers primarily in Wisconsin, Indiana, Missouri, Minnesota and Iowa. The majority are Amish growers farming between one and thirty acres in southwestern Wisconsin. Many growers supplement their vegetable production income with other on- and off-farm revenues. Organic Valley sources from both individual operations and smaller grower cooperatives.	25 regional cheese suppliers. Distributes anywhere from 100 percent to a small percentage of a supplier's product, depending on the scale of production and the number and size of accounts suppliers have established on their own.
Customers	Consumer-direct online; natural and specialty food stores nationally. The company is exploring community-based sales.	Approximately 40 buyers nationally, with 15 located in the Midwest. Most customers are natural foods distributors or distribution centers for grocery retailers.	Regional chefs and specialty retailers
Pricing	Typically uses terminal pricing for organic number two (processing grade) products, with some variability depending on purchase volume and other factors.	Farmers are paid a biweekly base price determined by highest historical sales price minus freight and commission, and the minimum needed for profitability. Post-season, farmers are paid a pooling bonus—the difference between revenues and base prices after freight and commission. The produce program operates on a 20 percent commission on product sold.	Pricing is established through negotiation with suppliers. In many cases, Provisions International orchestrates all of the distribution needs for regional cheese producers and simply charges a percentage for the service.
Volume	N/A	The produce program is budgeted to sell \$3 million in 2009.	N/A

Enterprise	University of Wisconsin - Madison Dining Services Madison, WI Auxiliary of the University of Wisconsin Institutional buyer www.housing.wisc.edu/dining/	Wescott Agri Products Elgin, MN Privately held company Grower, aggregator and distributor www.wescottorchard.com
Years in operation	30+	35+
Number of employees	1,300+: 44 managerial staff, 80 hourly staff and 1,200 students.	35: 1 CFO; 4 accounting and administrative staff; 1 operations manager; 4 account managers; 4 warehouse/distribution staff; 15 packers; 5 drivers; 1 production supervisor.
Product offerings	Produce, dairy products, baked goods, tofu, tempeh, eggs, cheese and meat. Some foods are processed, but not grown, locally.	Tree fruit. Wescott grows product and sources regional varieties when they are in season. However, in order to meet year-round customer demand for mainstream varieties, they also source varieties from Washington State and the Southern Hemisphere.
Services	N/A	Production assistance, washing, packing, marketing, aggregation and distribution.
Grower requirements	Most produce must be refrigerated below 40° F. Produce processors must be inspected semi-annually and meet standards for keeping product cool and controlling microbes. Delivery vehicles must be enclosed, refrigerated and clean.	Wescott has GAP transitional certification and follows wholesale packing standards. It is working with a number of its growers to institute sustainable production practices that exceed industry standards. All production locations are inspected by independent, third-party certifiers.
Suppliers	Approximately 40 growers and food distributors including local enterprises such as Organic Valley and the campus dairy.	25 regional producers growing 30 apple varieties, with additional growers in Washington State and the Southern Hemisphere.
Customers	16,000 University of Wisconsin-Madison students, staff and faculty annually.	105 customers in a five-state region (WI, MN, IA, ND, SD). Their customer base is about 70 percent retail buyers and 30 percent distributors.
Pricing	Students living in the residence halls purchase à la carte items at a discounted rate. Cash customers pay 60 percent more than residents. Vendor contracts are awarded through a competitive bidding process that considers cost, quality and other criteria.	Wescott sets prices according to market conditions. Strong relationships and trust between Wescott and its growers are critical. Westcott enters into season-long contracts with specific retailers and offers transactional pricing for other customers. Some contracts are for volume commitments only, with prices fluctuating with the market. Other contracts are for price and volume commitments.
Volume	Total annual food budget in 2008-2009 was \$8,574,256, 12.5 percent of which was spent on locally grown product. Food sourced from the UW-Madison dairy accounted for approximately 65 percent of this spending. An additional \$3,424,653 was spent on locally processed goods.	N/A

Appendix 2: Additional distribution models for local and regional food

Enterprise and contact information	Description
<p>Appalachian Sustainable Agriculture Project 729 Haywood Rd. Asheville, NC 28806 www.asapconnections.org</p>	<p>An organization devoted to developing local distribution and processing options for growers. They publish marketing materials for consumers and buyers in the region, fostering relationships for local food.</p>
<p>Badgerland Produce Auction N2954 State Hwy 22 Montello, WI 53949</p>	<p>Badgerland Produce Auction has area farmers (Amish and non-Amish) supplying fresh Wisconsin farm produce to be sold by auction two to three times per week.</p>
<p>Big River Foods 14220-B Ostlund Trail N. Marine on St. Croix, MN 55047 www.mnfoodassociation.org</p>	<p>Big River Foods is a distributor of local produce, offering semiweekly deliveries during the growing season from their farm distribution center near Stillwater.</p>
<p>Black River Produce 449 River St. North Springfield, VT 05150 www.blackriverproduce.com</p>	<p>Black River Produce has supplied northern New England and New York State businesses with daily deliveries for nearly three decades. Their fleet of more than 30 refrigerated trucks delivers fresh organic and conventional produce, seafood, dairy, meats and other specialty products. They are a member of the Vermont Fresh Network.</p>
<p>Bon Appétit 100 Hamilton Ave., Suite 400 Palo Alto, CA 94301 www.bamco.com</p>	<p>Bon Appétit Management Company is an onsite restaurant company that provides café and catering services to corporations, colleges and universities, and specialty venues. They have over 400 locations in 29 states.</p>
<p>Chenango Bounty 99 N. Broad St. Norwich, NY www.chenangobounty.com</p>	<p>Chenango Bounty provides local distribution services to the Greater Chenango County region. They offer home delivery and provide trucking, sales and (limited) storage to area growers.</p>
<p>Creation Gardens 609 East Main St. Louisville, KY 40202 www.whatchefswant.com</p>	<p>Creation Gardens is a gourmet produce and provisions company serving the Louisville area. They hired a farm forager to help build relationships with local growers and nurture relationships with chefs and retailers.</p>
<p>Crown O' Maine Organic Cooperative PO Box 565 Madawaska, ME 04756 www.crownofmainecoop.com</p>	<p>Crown O' Maine distributes locally grown produce across the length and breadth of Maine. COMOC works with buying clubs, restaurants, and retailers to provide food from local farmers, fishermen and artisans. Products from 53 Maine growers are brought to their central warehouse in Newport, where they then distribute and deliver the products around the state.</p>
<p>Deep Root Organic Cooperative PO Box 633 Johnson, VT 05656 www.deeproorganic.com</p>	<p>Deep Root Organic Cooperative consists of 19 member farms from throughout Vermont and the eastern townships of Quebec. Founded in 1986, Deep Root is one of the oldest cooperatives of organic vegetable growers in the Northeast. Due to their size and the variety of member farms, they offer a wide range of products throughout the year.</p>
<p>Farm Buyers Club PO Box 306 Amisville, VA 20106 www.farmbuyersclub.com</p>	<p>The Farm Buyers Club is a direct-to-consumer buying club connecting consumers with local farms in the Piedmont region of Virginia.</p>
<p>Farm to Chef Express PO Box 285 Mechanicville, NY 12118 www.farmtochefexpress.org</p>	<p>Farm to Chef is a non-profit distributor of local foods from the Adirondack region. They provide sales, trucking and delivery for 24 local farms, all located within a 200-mile area north of New York City, reaching into the foothills of the Adirondack Mountains.</p>

Enterprise and contact information

Description

Farmer Chef Connection
721 NW Ninth Ave., Suite 200
Portland, OR 97209
www.farmerchefconnection.org

A program of Ecotrust.org, this organization helps to build relationships between farmers and chefs and promotes regional food systems. The website provides product listings and contact information for over 450 farms located in Oregon and Washington.

Featherstone Fruits and Vegetables
43090 City Park Rd.
Rushford, MN 55971
www.featherstonefarm.com

Featherstone Fruits and Vegetables is an 80-acre family produce farm, certified organic since 1997. They produce over 40 different vegetable crops for fresh delivery to food co-ops, natural food stores and wholesalers from the Twin Cities to Chicago. They are exploring the option of aggregating organic vegetables for other producers at their farm, including cold storage and distribution services.

Grasshoppers Distribution
1501 Portland Ave.
Louisville, KY 40203
www.grasshoppersdistribution.com

Grasshoppers Distribution is the first producer-owned, all-local food distributor in Kentucky. They were founded as an LLC in 2006 when farmers came together to address the extraordinary need for marketing and distribution infrastructure under one roof. Their mission is to increase marketing opportunities for local farmers, give farmers a fair return on their products and provide customers with an authentic connection to the growers.

Harmony Valley Farm
S3442 Wire Hollow Rd.
Viroqua, WI 54665
harmonyvalleyfarm.com

Harmony Valley Farm consists of 200 acres of woods, pastures and crop land lying along Spring Creek in Wisconsin's Driftless Area. They are a well-established organic vegetable farm with diverse markets; they also sell organic fruit and pastured beef. Harmony Valley is exploring the potential for aggregating other vegetable farmers' products and offering cold storage and shipping services.

Heritage Foods USA
PO Box 827
New York, NY 10150
www.heritagefoodsusa.com

Heritage Foods USA was formed in 2001 as the sales and marketing arm for Slow Food USA, a non-profit organization dedicated to celebrating regional cuisines and products. The Heritage Turkey Project, which helped double the population of heritage turkeys in the United States and upgraded the Bourbon Red turkey from "rare" to "watch" status on conservation lists, was Heritage Foods USA's first foray into saving American food traditions. In 2004 it became an independent company dedicated to saving not only turkeys but also Native American foods, pigs, sheep, bison, cows, reef-net salmon, goats and all breeds of food livestock.

High Plains Food Cooperative
5655 S. Yosemite St., Suite 400
Greenwood Village, Colorado 80111 www.
highplainsfood.org

This cooperative of producers and consumers from the Colorado High Plains and Rocky Mountain Front Range is modeled after the Oklahoma Food Cooperative. The essential business of the cooperative is to provide a marketplace where willing buyers and sellers can meet. At no time does the cooperative ever have title to any of the products, and it maintains no inventory. It places a strong emphasis on sustainability.

Hudson Valley Fresh
47 S. Hamilton St.
Poughkeepsie, NY 12601
www.hudsonvalleyfresh.com

Hudson Valley Fresh is a non-profit organization made up of producers who collectively distribute products in the Hudson Valley region. They share a commitment to providing regional products at prices that sustain the farmers who grow them, and showcasing their proud agricultural heritage through a diversity of local products.

Iowa Food Cooperative
137 Lynn Ave., Suite 200
Ames, IA 50014
www.iowafood.org

Practical Farmers of Iowa organized this storage, ordering and distribution cooperative modeled after the Oklahoma Food Cooperative. This cooperative provides a web-based marketplace of Iowa-grown food for buyers and sellers, but owns no inventory of its own.

Just Local Food Cooperative
772 First Ave.
Eau Claire, WI 54703
justlocalfood.blogspot.com

Just Local Food Cooperative came together in late 2003 as the Clearwater Collective. They incorporated as a worker-owned cooperative, with a goal of increasing access to and consumption of regional foods. Their mission is to provide local and fairly traded goods, taking care to assure that the producers and workers involved are compensated appropriately, and the consumers have access to quality products at fair and reasonable prices. This co-op currently has more than 50 suppliers.

Keany Produce Company
3310 75th Ave.
Landover, MD 20785
www.keanyproduce.com

Keany Produce Company is a wholesaler of vegetables and other goods in the Washington D.C. area. The company began delivering fresh fruits and vegetables in 1978 to restaurants in Old Town Alexandria. The Keany brothers and their father have worked tirelessly to provide their customers with the finest quality produce at a fair price. In 2005, they were selected as Purveyor of the Year by the American Culinary Federation Nation's Capital Chef's Association.

Enterprise and contact information

Description

Keewaydin Farms
15270 Haucke Ln.
Viola, WI 54664
www.keewaydinfarms.com

Keewaydin Farms is both an independent organic family farm (CSA and dairy) and an aggregator/distributor for 18 certified organic farms in their region. Keewaydin sells and distributes to CSA members and retail and wholesale accounts in the Minneapolis, La Crosse and Madison markets. Keewaydin Farms is exploring the possibility of investing in more transportation, cold storage and processing facilities.

La Montanita Co-op
3361 Columbia NE
Albuquerque, NM 87107
www.lamontanita.coop

La Montanita started out as a retail food cooperative in the 1970s. They currently operate a warehouse that provides pick-up, supply and storage services for producers and distribution of regional products to retail outlets in the New Mexico region. They also work with growers to improve post-harvest handling and packing for wholesale markets. They created the "Beneficial Farms Eco Label," which provides assurance to shoppers that local foods not certified organic are produced in a manner consistent with sustainable farming practices.

Locally Grown Markets
locallygrown.net

LocallyGrown.net is a web-based tool intended to facilitate virtual local farmers' markets. Market managers and vendors are able to post availability a week ahead of pick up time; consumers have a two-day window in which to order. Most markets designate a physical location and time frame during which pick-up happens. Payment is made in person by consumers when items are picked up. Tools for wholesale orders with differential pricing are available.

Mission Mountain Food Enterprise Center
Ronan, MT 59864
www.mtmountainmarket.org

Mission Mountain is a non-profit economic development center dedicated to assisting farmers, gardeners, fishermen, restaurateurs and manufacturers with a passion for creating great food.

Nebraska Food Cooperative
PO Box 94691
Lincoln, NE 68509
www.nebraskafood.org

The Nebraska Food Cooperative brings together producers and consumers who care about the land, share an enjoyment of simple food and seek equitable relationships. This marketing and distribution service is designed to improve market access for farmers and local food access for consumers.

Old Soul Organics
Fayetteville, AR
www.oldsoulorganics.com

Old Soul Organics distributes organic and natural foods to commercial food operations, buying groups, hospitals and schools. They distribute a full range of fresh and frozen organic foods, including produce. They source from local and national growers.

Oklahoma Food Cooperative
1524 NW 21
Oklahoma City, OK 73106
www.oklahomafood.coop

The Oklahoma Food Cooperative is a marketing network of farmers and consumers. All items sold through the cooperative are grown or produced in Oklahoma and sold by the producers.

Organically Grown Company
Eugene, OR
www.organicgrown.com

Organically Grown Company is a member-owned business based in Eugene, Oregon. Founded by farmers in 1982, it has become the largest wholesaler of organic fruits, vegetables and herbs in the Pacific Northwest.

Red Tomato
1033 Turnpike St.
Canton, MA 02021
www.redtomato.org

Red Tomato is non-profit organization that markets fresh fruits and vegetables from family farms in the northeastern and southeastern U.S. to supermarkets and other customers throughout New England.

Southeast Minnesota Food Network
12124 75th St.
Elgin, MN 55616
southeastmnfoodnetwork.com

This network is a producer-driven distributor of locally grown food from southeastern Minnesota. It formed in 2001 when a group of food producers, processors and consumers decided to organize a food network to share costs, facilities and markets.

Superior Grown/
Northland Food and Farming Cooperative
1409 Grimmer Rd.
Two Harbors, MN 55616

Superior Grown was a project designed to facilitate market connections between producers, growers, restaurants, farmers' markets and consumers for the purchasing of locally produced food. Funded by NRCS and the University of Minnesota, the program has shifted its focus from marketing and distribution to farmer training programs coordinated by the Silver Creek Institute.

Enterprise and contact information

Description

Tuscarora Organic Growers
22275 Anderson Hollow Rd.
Hustontown, PA 17229
www.tog.coop

Tuscarora Organic Growers (TOG) cooperative took root in 1988 when a group of neighboring organic fruit and vegetable farmers discussed the possibility of joining forces for marketing their products. The growers are all located in the Chesapeake Bay Watershed.

Veritable Vegetable
1100 Cesar Chavez St.
San Francisco, CA 94124
www.veritablevegetable.com

Veritable Vegetable's business model is based on principles of diversity, advocacy, integrity and a rigorous work ethic. They describe their work as "an opportunity to be both individually creative and cooperative, and we see ourselves as both a business and an instrument for social, economic and environmental change."

Western Montana Growers Cooperative
PO Box 292
Arlee, MT 59821
www.wmgcoop.com

The Western Montana Growers Cooperative is a coalition of growers in the Flathead, Jocko, Mission and Bitterroot Valleys and Belt, Montana, whose goal is to provide the wholesale market in the western region of Montana with fresh, quality products from their farms.

Whole Farm Co-op
33 2nd St.
Long Prairie, MN 56347
www.wholefarmcoop.com

Whole Farm Co-op represents 30 member families in central Minnesota. They are committed to creating farms that nourish their families spiritually and economically and to sustaining the environment. They provide consumers with safe, wholesome food and knowledge of where it comes from.

Appendix 3: Additional resources for Wisconsin entrepreneurs

Agricultural of the Middle

Value chain case studies profile mid-scale food enterprises
www.agofthemiddle.org

Building Purchasing Relationships With a School Food Service

[www.reapfoodgroup.org/farmtoschool/food service/Purchasing relationship suggestions_june08 draft.pdf](http://www.reapfoodgroup.org/farmtoschool/food%20service/Purchasing%20relationship%20suggestions_june08_draft.pdf)

Wisconsin Licensing, Labeling, Food Safety and Regulation Requirements

(Excerpted from *Wisconsin Local Food Marketing Guide: A Producer's Guide to Marketing Locally Grown Food*. Published by the Wisconsin Department of Agriculture, Trade and Consumer Protection, October 2009.)

www.datcp.state.wi.us/mktg/business/marketing/val-add/directmktg/pdf/Chapter4October2009ver.pdf

Something Special from Wisconsin

www.somethingspecialwi.com

Wallace Center: Community Food Enterprise

www.wallacecenter.org/our-work/current-initiatives

Wisconsin Grocers Association—GrocersBuyLocal

grocersbuylocal.com



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