



“Good Food for All” Summary Report

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I. Introduction

“Good Food for All in Southern New England” is a planning and assessment project that allowed CISA and partner organizations to review the current status of healthy, regionally grown food with respect to two goals: 1) significantly increasing the market share of this food; and 2) simultaneously improving access to this food for low income residents of our region through large-scale market outlets.

Our focus was on large market outlets which could achieve a significant increase in the proportion of regionally grown food that they purchase and provide to their clients and customers. We worked with two regional buyers, a regionally owned supermarket chain and a large hospital, as examples.

The long-range purpose of this project is to expand the production and sale of healthy, regionally grown foods while building farm viability and strengthening vulnerable populations in urban and rural Massachusetts and Connecticut by increasing their awareness and consumption of “good food.” As a result, poor and “near poor” children and families will have better access to, and information about, healthy foods, simultaneously improving their nutrition and building their capacity to make informed decisions about their diets. To improve availability of “good food,” more such foods will be produced, and new business relationships will be established along regional food supply chains resulting in improved channels for delivering food and information to target residents.

CISA’s current strategic planning process has reinforced our commitment to the two goals identified in this project. We do not, however, expect to address them through a single comprehensive project, but instead will work through partnerships strengthened during this planning year to create appropriate solutions. We expect to maintain our core focus on strengthening local agriculture, while working with partners to create solutions that deliver healthy food to vulnerable communities while maintaining farm viability.

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II. Project Partners

CISA's mission is to strengthen local agriculture by building connections between farmers and the community. CISA's expertise lies in the area of linking farmers and markets. This project has stretched us beyond our core competencies related to the production, marketing, and distribution of good local food. With the help of project partners, we have assessed options for improved food access in order to: 1) better understand food access challenges, root causes, and proposed solutions; and 2) seek out synergies for our local food supply work with food access-focused partners. To this point, we have been building stronger relationships with community partners and agencies that specialize in food access so that future efforts on this issue can be strengthened.

Project partners included: Baystate Health Systems; Big Y World Class Market; Center for Self Reliance, Community Action!; City Seed; Food Bank of Western MA/Second Harvest; Health Care Without Harm; Live Well Springfield; Northeast Sustainable Agriculture Working Group; Stone Soul Inc.; and Target Hunger/Mason Square Farmers Market. The project was co-directed by CISA and the Northeast Sustainable Agriculture Working Group (NESAWG). The Steering Committee consisted of CISA staff members Margaret Christie and Jess Cook, Kathy Ruhf, NESAWG coordinator, Steve Stevenson, the lead researcher from the National Agriculture of the Middle Initiative and Annie Cheatham, food systems consultant.

Our focus was on large market outlets which could achieve a significant increase in the proportion of regionally grown food that they purchase and provide to their clients and customers. Big Y World Class Markets is a family-owned regional supermarket chain with 59 stores in MA and CT. Fifteen of their stores are located in areas with the highest rates of poverty in southern New England. Baystate Health Systems is a regional health care system in western MA with 3 hospitals and 9,000 employees – a portion of whom are considered “near” or “working” poor (up to 200% of the poverty level).

III. Methodology

The purpose of this project was to strengthen vulnerable populations in urban and rural Massachusetts and Connecticut by increasing their awareness and consumption of “good food”. This concept reflected the combination of two discrete but interdependent goals – increasing the supply of healthy, regionally grown food through large market outlets, and improving the consumption of these foods by families and children who experience levels of poverty.

Understanding Vulnerable Communities in our Region

In order to improve our understanding of vulnerable communities, we examined regional and national survey data, reviewed literature related to low-income communities and food access and choices, conducted interviews and attended meetings in our region, and examined projects with similar goals both regionally and nationally. Input and expertise from local organizations, including the Food Bank of Western Massachusetts, the Center for Self Reliance, Live Well Springfield, Springfield Partners for Community Action, the Holyoke Food and Fitness Project, and City Seed were particularly important here.

This research provided us with a better understanding of food access issues at the individual and community level, as well as strategies that have been used in the past to improve food security, including a look at conventional market strategies (SNAP promotion, transportation planning) as well as alternative market modes that could inform the approach of large market outlets (such as mobile markets and and corner store campaigns).

This planning project also gave us the opportunity to think about how “buy local” initiatives can be involved in food access, the role of government and private subsidies, and the possibilities for merging farm viability and food access goals. [See Attachment I: “Getting a Fair Share”]

In gathering information about communities in our region, we focused on a set of criteria including income level, density, ethnic/racial diversity, grocery store proximity, complimentary partners and initiatives, proximity to farms, and current data available. Using these criteria we prioritized Springfield, Holyoke, and Greenfield Massachusetts as centers of urban and rural low-income populations. These locations offer strong potential partners and possible collaboration on longer-term community outreach and product sourcing initiatives working with farmers in the Pioneer Valley.

Increasing the Supply of “Good” Food in our Region

As noted above, CISA has experience and expertise in the marketing and distribution of locally grown food. In addition, our partners brought expertise in national and regional value chain models. This project enhanced our understanding in three important ways. First, it gave us the opportunity to spend more time with large buyers, leading to a much better understanding of their needs and constraints. Second, the project gave us time to assess and evaluate our everyday experience with growers and buyers. Third, we built our understanding of supply chains, most particularly value chains—those that are regionally focused and offer alternative structures, processes and values. [See Attachment II, “Value Chains”].

We used two primary strategies for research on the supply side: interviews with growers and buyers in our region; and gathering information through interviews, print, and on-line sources about value chain models nationwide.

Healthy, Green, Fair, and Affordable

Part of our planning process included discussions about the “healthy, green, fair, and affordable” (HGFA) characteristics for food that the Kellogg Foundation has proposed in its Food and Society initiatives. We considered criteria for evaluating potential new products for regional markets, keeping in mind the HGFA standards and additional criteria for market success. In addition, we developed a sample list of possible new products that met some of the criteria. Additional considerations specific to individual business and market situations will influence the specific introduction of new products to regional markets, but these examples suggest some ways to think about new product options [See Attachment II, “Value Chains,” and Attachment III, “Considerations in Evaluating New Products”].

IV. Findings

A. Background

One important assumption underlying our proposal was that mainline grocery stores are the primary source of food for near poor communities. Community-level surveys supported that assumption, verifying that the majority of survey participants go to grocery stores for their primary food shopping.

- The Holyoke Food and Fitness Survey conducted in Summer 2008 showed that most respondents do most of their food shopping at mainline grocery stores (in order of popularity: Stop & Shop, Price Rite, Save-A-Lot, C-Town, big box stores, Big Y, bodegas¹).
- An informal survey implemented during a Target Hunger Community Cookout in Springfield, MA, sponsored by the Food Bank of Western Massachusetts, noted that the most common destinations for participants' primary food shopping were Big Y, C-Town, and Price Rite, and big box stores like Walmart, BJ's or Costco.
- In a small participatory ("dot") survey held at the Stone Soul Festival in Springfield in 2008, 76% of respondents said they get most of their food at grocery stores.

Surveys in our region did not address the question of bringing healthy, regionally sourced food to vulnerable communities through hospitals and other health care settings. Our findings through interviews, however, support the conclusion that health care professionals and institutions increasingly recognize the connections between good food and good health and are interested in innovative ways to introduce and encourage good food options.

These local findings support our understanding that the best way to increase the volume of healthy, regionally-sourced food consumed in our region is to work with large market outlets such as supermarkets and hospitals. Although supermarkets are not convenient to many residents of our region, they remain a primary source of food. Despite these findings, many of our community interview subjects were eager to talk to us about strengthening and increasing the number of farmers markets in their communities. Representatives of some community groups, including Stone Soul, Inc., Springfield Community Partners, and Target Hunger, were particularly interested in the fresh food and opportunities for social interaction and community building represented by farmers markets.

Although our interviewees were eager to strengthen and expand farmers' markets in the region, they also had significant concerns about access to healthy food through other markets, including corner stores and supermarkets. When approached by CISA, respondents tended to mention farmers' markets first, but solutions such as new supermarkets and mobile vegetables sales were also mentioned.

¹ Demographic data was not collected for these surveys but survey methodology suggests that a broad range of community members participated in the HFFP 1,000 person survey.

B. Supermarkets and Hospitals as Large-Volume Buyers and Sources of Food for Vulnerable Communities

Our interviews with supermarket buyers and managers from Big Y, Stop & Shop, and independent supermarkets and hospital food service buyers from Baystate Health Systems, Cooley Dickinson Hospital, Franklin Medical Center, and Fletcher Allen Health Care reinforced our previous understanding that time-consuming, hands-on relationship-building and support are critical to creating strong partnerships that support robust sales of regionally grown food. Each relationship benefits from at least one champion who is able to bring the various parties together again and again to negotiate a deal and work out the kinks.

The most successful relationships are ones in which all parties are willing and able to spend time and energy. For many potential partnerships, the institutional barriers of price, scale, distribution, payment schedule, vendor requirements are still too big and complex for relationships to develop swiftly and in some instances these barriers prohibit a robust sales relationship altogether. In those cases, we believe that non-profits can play an important role in the slow work of improving the conditions for strong sales and support for lower-income customers.

Below, we outline some of the factors that can help to make a large-scale buyer such as a supermarket or hospital a good market outlet for farmers and good shopping place for low-income consumers.

- **Supermarkets: Improving access to “Good” Food:**

- Siting/Location (physical)

- Retailers can choose to site new stores or invest in upgrades in stores that are in accessible locations. The definition of accessible locations may be primarily related to **physical access**, such as sites near public transit or walkable corridors, or **socially accessible** areas, like Oregon’s New Seasons Market’s siting strategy which takes into consideration finding the “sweet spot” between socio-economic classes². The Food Trust’s Supermarket Campaign and specifically its Fresh Food Financing project were developed to support upgrades of existing markets in underserved communities or the creation of new markets there. In our region, the Food Bank of Western Massachusetts’ Target Hunger project is assessing options for partnerships that could create a new supermarket in the North End of Springfield.

- Transportation (physical)

- As many food desert studies point out, transportation remains a major barrier for healthy food access in low-income communities. In order to improve accessibility, retailers and food access advocates can lobby for improved transportation to/from grocery stores and low-income communities. For example, a Shop Rite in Philadelphia is requesting tram extension from the city to better access their store and Hartford Food Systems helped reroute bus routes³. Efforts to create and sustain mobile markets (such as Oakland’s People’s Grocery or The Veggie Mobile in New York’s Capital Region) indicate how

² Rohter, Brian. Telephone interview. 5 Sept. 2008.

³ Winne, Mark. *Closing the Food Gap*. 2008.

challenging it can be to create successful public transportation options for supermarkets, but also bring challenges of their own.

Community Outreach (social & informational)

If community members feel that they are welcomed into a store and that a supermarket gives back to the community in some way, they may be more likely to use that store for their shopping needs. Retailers often utilize **hiring** practices to improve community relations (Shaw's⁴, ShopRite, New Seasons), and develop a community sense of ownership and stake in the retailer's success. They **participate in the community** through event sponsorship, donations, community spaces in the stores, and they use communication tools to better understand their clientele (e.g. focus groups – Shaw's, ShopRite). Supermarket managers can also partner with **community organizations** that represent target populations and promote healthy living. Examples include New Seasons' collaboration with the African American Health Coalition to host healthy eating classes, and proactive recruitment to ensure diversity in staffing.

Marketing Approach (economic & social)

Improving access to good food may require a mentality shift on the part of retailers, both in terms of the types of products they source and promote, and also in how they define their target market. Retailers can improve access to lower-income community members by viewing a wider demographic as **potential customers**. The Food Bank of Western Massachusetts is working on training retailers in food stamp (SNAP) application support so that retailers can help community members access their products by making use of government subsidy programs.

- **Health Care Settings: Improving Access to “Good” Food:**

Availability & Promotion (physical & social)

Making good food choices available in employee cafeterias, in patient meals, and during catered events can encourage better **eating behaviors** not just on site, but when people return home. In a report on local food purchasing initiatives at California hospitals, Elizabeth Sachs and Gail Feenstra note that “Conventional produce varieties are selected for durability and consistency in size and shape, frequently at the expense of flavor. By replacing these with fresher, more diverse, more flavorful produce, institutions can encourage patients, staff, and visitors to devote a greater part of their diets to fruits and vegetables.”⁵

This approach to access also provides good food options to everyone using hospital facilities, across a range of demographic categories including poor and near poor individuals. And as Sachs and Feenstra note, hospital good food access efforts link directly with building *stronger supply*: “Not only can serving local food in patient meals and cafeterias directly improve eating habits, but it can help hospitals take a leadership role in

⁴ "In New Haven, A Supermarket Opens in the Inner City." *Making Room at the Table: A Guide to Community Food Security in Connecticut*. Connecticut Food Policy Council, no date.

⁵ Sachs, Elizabeth and Gail Feenstra. “Emerging Local Food Purchasing Initiatives in Northern California Hospitals”. UC Davis. 2008. Page 10.

creating food and agricultural systems that foster public and environmental health and social and economic equity.”⁶

We have seen this approach locally at Baystate Health Systems, where the on-site CSA distribution created by CISA is seen as an important part of the employee health program. Hosting **on-site markets** is another tool that hospitals can use to increase access and consumers’ awareness of good food option. Workplace CSA distribution sites or farmers’ markets should be facilitated in a way that makes the use of EBT cards easy, and provides culturally-appropriate food options. Baystate offers payroll deduction for CSA shares, which allows employees to spend a little bit each week rather than making one or two large payments. **Educational** components can be integrated with the sales events, such as food preparation demonstrations, recipe card distribution, or joint advertising or specials for products that are sold and used in hospital food service, or recommended through good food “prescriptions.”

Onsite Education and Engagement (informational & social)

Good food programs at hospitals can benefit from a committed network of advocates. Effort should be made to engage hospital employees, clinical staff, and food service staff in linking good food availability with health messaging and activities at the hospital. This agenda can be advanced through the formation of a food committee⁷, patient educational materials related to regionally produced foods and food preparation, and even patient prescriptions for good food.

- **Supermarkets and Hospitals: Improving Supply of “Good” Food**

The best large-volume buyers of regionally grown food understand that their purchases improve their bottom line, match customer demand, and are in line with their corporate priorities. If these factors are not yet in place, non-profit organizations, values-based traders and other “drivers” can help to create the conditions which encourage them.

CISA has more than ten years of experience helping these markets to source and promote locally grown products. Many of the lessons we have learned from our work with supermarkets and institutions hold true across all markets, regardless of ownership, number of stores or sites, or mission. For example, large markets need suppliers who can provide significant volume, regular delivery, and clear ordering and invoicing systems. On the other hand, there are factors that vary from business to business, such as management and decision-making structures, warehouse systems, rules and practices related to back door deliveries and the degree to which purchases of locally grown products are institutionalized, rather than dependent on particular individuals.

Some factors that influence the success and quantity of sales of regionally grown products to large buyers are listed below, illustrated with examples from our own or others’ experience.

⁶ Ibid, page i.

⁷ Ibid, page 21.

1. Corporate identity and impetus for local purchasing.

Large-scale buyers want products that meet the needs of their customers, whether these are supermarket customers or the staff and patients at a hospital, and that they can sell at a price point that works for them. Other corporate or institutional priorities, however, also influence their choices about buying locally grown products.

Example a: Big Y World Class Markets has a strong commitment to their local region. They sponsor homework outreach, provide programs that give money back to schools, and give shoppers options for supporting the local Food Bank. Their local ownership is a point of pride in their advertising and promotions, and they see supporting local agriculture as a part of their effort to support the economy and communities of their region. Their interest in buying from local farmers is a part of their general desire to be seen as a family-owned, community-oriented business, and does not stem from any further commitment to local agriculture. We found in working with Big Y that for the most part they are satisfied with their current level of local product purchasing

Example b: Whole Foods Market describes “locally grown” as the “the Whole Foods Market Promise” and notes that they have been purchasing locally grown products for more than 25 years. While this corporate commitment has been publicly challenged in recent years, the Whole Foods store in our region can point to an impressive track record of long-term relationships with growers and important examples of “above-and-beyond” support for farm businesses. Whole Foods, like other large buyers, has volume and insurance requirements that many local growers cannot meet. In addition, recent requirements for formal food safety protocols, such as HACCP, are designed for large-scale growers, and some small, local Whole Foods vendors have been unable to comply with these new requirements. These new requirements have resulted in fewer local products in some aisles at Whole Foods.

2. Management structure and impact on purchasing, promotion, and labeling.

Example a: Big Y’s management structure relies on clear organization and direction from the management level in Springfield. In contrast to Stop & Shop in our region, Big Y store and produce managers have less autonomy in setting store purchasing priorities, labeling, and back door buying. With the exception of a few products for which customers have a clear preference for purchase from a recognizable, local farm (e.g. sweet corn), Big Y stores do very little back door purchasing.

Example b: Individual Stop & Shop stores in our region have more leeway in individual store purchasing, events, and use of labels. In some cases, local store managers have made impressive strides in their purchase and sale of locally grown products. This improvement is due to the actions of individual store or produce managers who make a priority of selling local products due to demand from local customers, response to local competition, or their own priorities. The down side of this individual action is that the store often reverts to previous patterns once the manager moves on to another store or job.

3. Communication with customers: labeling and promotion

Most markets selling regionally grown food understand the importance of communicating their connection to local growers to their consumers. This is done through photos of growers in the store, product labels, and in-store events. In all cases, markets are trying to convey their authentic connection to local growers. Baystate Health Systems, for example, occasionally features unprocessed locally-grown products in their hospital cafeteria, such as apples or baskets of berries. These are good “grab and go” products, but also emphasize Baystate’s support of the local community and economy.

Communication methods that fail to convey authentic connections to growers—“local” labels above products that are clearly not locally grown; “farmers markets” that include neither farmers nor fresh-from-the-farm produce, for example—fail to succeed in conveying an authentic connection to shoppers. As a result, these efforts do not generate increased sales of locally grown products and may lead store managers to conclude that customers are not interested in these products.

4. Supply, volume, aggregation, and logistics.

To successfully market to large buyers, farmers need to deliver an adequate volume and reliable supply of consistently high-quality products. Increasingly, they also need to address buyers’ food safety concerns and requirements. Achieving necessary volumes sometimes means aggregating supply from multiple small and/or midsize farms. Different aggregation models include producer collectives (e.g., coops, LLCs) and independent aggregator firms.

Logistical performance and efficiencies are pivotal for successful regional food supply chains, particularly in the areas of processing and transportation. Optimal efficiencies are often achieved through partnerships with conventional processing and trucking companies. Support from non-profit organizations or values-based traders may be important as new relationships are cemented and protocols developed. Small changes, such as face-to-face meetings between farm owners and buyers, off-season planning meetings, and farm visits for buyers, can help to strengthen fledging relationships and facilitate future communication.

An example from Baystate Health Systems illustrates some of these challenges and the role of a non-profit player in the relationship between buyer and seller. Baystate’s Dining Services department purchases produce from two sources, a distributor and a local grower now doing consolidation and delivery of regionally grown products from his own and others’ farms. In recent years, the distributor has increased the number of regionally sourced products they offer, and improved their labeling of these products, so that the Baystate buyer can prioritize his purchases from the region. The local grower/consolidator offers some minimal processing, such as chopping carrot and zucchini sticks and peeling butternut squash. The Baystate buyer is pleased to support local farms by buying directly from this grower, even though his prices are slightly higher than those of the other produce distributor. Clear communication, a straightforward ordering procedure, and reliable delivery are all very important to the buyer, and sometimes challenging for a farmer managing production, consolidation, and delivery. A face-to-face meeting and farm visit arranged by CISA helped to air some of these challenges and may improve future communication and lead to expanded orders from Baystate.

A commitment to the success of regional agriculture can lead to improved sales relationships that benefit both buyer and grower, including pre-planting planning meetings, a willingness to experiment with new crops or varieties, and flexibility in the face of unexpected conditions, such as weather. That commitment on the part of the buyer must be met with excellent communication, reliability, and ordering and invoicing systems from the grower or distributor.

If these factors are not in place, a number of strategies may be employed to help both parties understand their benefits. These can be described as “push” strategies (offering technical assistance, providing signage, arranging meetings between growers and buyers, providing examples of success in other places) and “pull” strategies (encouraging consumers to request regionally grown foods, changing the competitive environment by improving sales of regionally grown products in other markets within a sales region).

In addition to a commitment to the health of regional agriculture and the skills needed to successfully manage wholesale relationships, a number of other barriers to improved large-scale marketing of regionally grown products exist. These include adequate and reliable supply, patchy distribution and delivery options, limited processing infrastructure, and the variable, industry-driven requirements for health and safety certification, most of which are not designed to be scale-appropriate for Northeastern farms.

V. Outcomes, Strategies, and Next Steps

The goal of this project was to develop a credible strategy to increase awareness and consumption of healthy, green, fair, and affordable food available through large market outlets to vulnerable populations in Massachusetts by devoting a year to research, planning, and building alliances between community stakeholders, nonprofits, and business sectors. The outcome of this project is not a comprehensive or overarching strategy but rather stronger partnerships, a better understanding of current production and community needs, and several targeted projects which address bottlenecks or gaps in the current system for getting good food to vulnerable people in our region. These initiatives recognize the need for multiple responses to intransigent problems.

Major lessons learned from this project include the following:

1. **Large market outlets remain critical in expanding sales of regionally grown, healthy food to people across the income spectrum.** In addition, they serve a wide cross-section of consumers, and thus have the potential to be an important supplier of healthy, affordable food and information to low-income consumers. If large buyers have not yet achieved the status of “good partners” on either of these goals, non-profit organizations or other “drivers” may play important roles in helping them to take steps to better partnership. For example, “buy local” organizations like CISA, with existing public outreach programs and widespread community goodwill, may be able to help these buyers achieve a greater commitment to regional agriculture by increasing the “pull” from their existing customers, who could be moved to greater engagement in local agriculture by a call to action from an organization like CISA.

2. **Efforts to build direct sales outlets, such as farmers markets, that are profitable for farmers and serve a wide range of residents in our region should be continued and strengthened.** Continuing this work recognizes the interest of consumers in strong farmers markets but acknowledges that markets are not successful unless they are profitable for farmers. In addition, bringing locally grown products to low income residents through farmers markets may be an important first step in building their understanding of the benefits of this food, and thus expanding the ranks of engaged consumers who begin to demand fresh, healthy food in all of the places where they purchase food.
3. **CISA’s strengthened partnerships with organizations like the Food Bank of Western Massachusetts are likely to lead to a number of joint projects that rely on the diverse strengths of the two organizations.** In addition, this joint work can help to ensure that the considerable market power represented by government food subsidies benefits the local agricultural economy while providing low-income residents with fresh, healthy food. Projects being explored include: 1) Using the Food Bank’s trucking and warehouse capacity to consolidate and deliver regionally-grown products to businesses and agencies serving vulnerable communities in the region; 2) Providing regionally-grown products to an expanded consortium of Springfield pre-schools now testing cooperative purchasing for the first time; 3) Developing a supermarket in the North End of Springfield.
4. **Supply chain “drivers” play critical roles in increasing supply of good food into mainstream outlets.** In this project we inventoried a variety of alternative-oriented supply chains across the nation. We concluded that there are several categories of “drivers” – an essential lead entity that originates and provides the “juice” and stewardship for the chain. These categories are:
 - Producer
 - Buyer
 - Facilitator
 - Distributor
 - Consumer

In this new typology, each exhibits pros and cons as to how they operate and their effectiveness. In our model, CISA is a facilitator. As a nonprofit organization with no legal/financial involvement in supply chains, CISA focuses on public education, grower education and technical assistance. It facilitates links between producers and buyers, and serves a pivotal role in stimulating the formation of new supply chain entities and partnerships which can fill vital gaps in the food system, such as processing and distribution. [See Attachment II, “Value Chains”].

A number of strategies, projects and partnerships are suggested by the lessons detailed above. Several of them further multiple goals, including (1) improve farm viability; (2) enhance public understanding that a strong agricultural economy is one of the buttresses of the larger local economy; and (3) contribute to long-term local solutions to the problems of hunger and

poverty. In order to succeed, these efforts must establish a culture of cooperation and collaboration between various partners in the region's food system so that different drivers in the chain understand how their actions affect all of the other actors, and benefit the overall community. In addition, successful projects will encourage low income community members to become active players in sustaining the region's food system for better health and access for all, and will provide new business and employment opportunities for low income community members and others who participate in the design and implementation of a new, regional, equitable food system for western Massachusetts. The partnerships strengthened through this project can help to create solutions that will benefit all residents of our region.

Attachment I

Getting a Fair Share: *Increasing Food Access and Supporting Local Farmers at the Same Time* Strategies for Buy Local & Farm Support Organizations

Objective: To outline challenges and solutions that increase access to healthful food for low-income communities, while developing market opportunities and solid business strategies for local farmers.

Food access is a critical issue in every community, particularly as the effects of the economic downturn draw record numbers to food assistance programs. As organizations like CISA try to balance personal and moral commitment to hunger and poverty issues with a primary mission of supporting farm viability, how can we effectively merge these two directives?

Some of the questions we've been asking ourselves and our partners in food systems work:

- What is the role of *buy local* initiatives in food security/food access framework? What are the points of entry and key partnerships?
- How can you develop good market opportunities for farmers at the same time as improving access to fresh, healthful food for low-income communities?
- Assuming price barriers are just one of the constraints that limit access to fresh local food (in addition to physical, informational, and cultural access), but one which implicates vendors most directly - how can we close the gap between a fair price for farmers, and customers' ability to pay?

In preparation for a roundtable discussion at the *Community Food Security Conference 2008*, we set out an inventory of various strategies that can be used to bridge this price-affordability gap. These tools cluster around two primary approaches - lowering the end-price (or enhancing value) of local farm products for consumers and increasing the purchasing power of disadvantaged communities. (Additional methods can be used to narrow the physical, informational, and cultural access divides - but we'll save that for another discussion).

Subsidies

Government

- Federal programs: Food Stamps/SNAP, WIC, farmers market vouchers
Programs that subsidize limited amounts of fresh product purchases at eligible farmers' markets, farmstands, and in some cases CSAs
- State programs: Senior FarmShare (Maine, CISA)
CSA program sponsored through government and matching funds for eligible seniors

Corporations

- Health insurance discounts for CSA memberships and hospital food prescriptions as a prevention tool
- Reduced mark-ups taken at the cash register for healthy/organic foods purchased with WIC/EBT

Private/individuals

- Sliding scale CSAs, (People's Grocery Grub Box), "supported shares" (VT FEED)

Foundations

- Matching for government subsidies (e.g. private contribution doubling Senior farmers' market vouchers in Holyoke, MA)

Gleaning

Making use of product that hasn't found a market

- Volunteer gleaning (on-farm)
- Second grade/blemished donations (post-harvest)

Direct Marketing & Efficiencies

- In-season
Timing purchases or contracted sales during high-season low-price periods
- Reducing overhead
Reducing travel costs by sourcing locally, backhauling and building on current delivery/distribution routes, consolidating practices to avoid multiple mark-ups
- Add to primary markets
Supplement premium markets (high-end farmers markets, CSA distributions, restaurant drop-offs) with additional lower-margin markets e.g. Just Food's Farm to Food Pantry project that economizes farmers' trips into the city by guaranteeing sales at set price to emergency food provider hubs, or IATPs mini farmers' markets held in low-income communities after primary farmers' market.
- Economies of scale & convenience
Contract for additional plantings by established farmers, guarantee sales and allow for flexibility in type of product delivered from week to week (i.e. Just Food's Farm to Food Pantry program).
- Mutually-beneficial relationships
Food Banks and farms team up to exchange farmland access and food (Food Bank of Western Massachusetts)
- Wholesale-ready growers
Work with farmers who have lower-price markets (e.g. auction)
- Bulk-buying
Develop bulk-buying options to expand consumer purchasing power

Education

Improving awareness of the value of purchasing local fresh food for low-income consumers.

- Awareness-raising of non-monetary value
Educate consumers about additional value when they buy locally (opportunity to know a farm, less waste/spoilage, opportunities for pick-your-own or processing-quality produce in bulk, info on planting for gardeners) so that actual value becomes higher than asking price
- Highlight economics - less waste/spoilage

Non-Monetary Economy

Develop options for non-monetary exchange of barter labor, services, or goods (i.e. Greens Grow in Philadelphia) or build on other community assets that would be a useful exchange for farmers.

Grow Your Own

This is a very strong area for improving food access, but because we are looking specifically at market opportunities for farms there is not much overlap here unless you look at sales of seeds, seedlings, and starts.

Attachment II

Value Chains Observations, Models, and Recommendations

A. Definitions

FOOD VALUE CHAINS. A conventional food supply chain is described as consisting of the following links:

inputs → producer → processor → broker/distributor → wholesaler → retailer → consumer

A value chain is a certain kind of supply chain. There are quite a few definitions of value chain. For our purposes, we consider two *attributes of the product*:

1. Products based on *value-added attributes*. The product may be *value-added* by being converted from raw product through processes that give the resulting product an incremental value -- higher price or expanded market -- in the market place. For example, cheese which is processed from milk, sauce from tomatoes.
2. Products with *added value* based on features of the product itself: geographical source; production practices (e.g., organic, IPM); food safety; or functionality. It *adds value* to a product if it is identified by where it comes from, as in Vermont maple syrup or locally grown sweet corn.

Another characteristic of value chains focuses on the *business relationships*. The business relationships between interacting business enterprises are based on an articulated set of values, rather than any characteristic of the product itself. Farmers are treated as strategic partners, and rewards are distributed equitably throughout the chain. For example, a produce buyer in a value chain will guarantee farmers a certain fair price or might offer a contractual agreement to buy certain products in advance of the harvest. This agreement will be developed by both parties and will be fair to all parties.

A regionally based value chain has attributes and characteristics that make it particularly effective in producing and delivering “good food.” Values throughout the chain are transparent because individuals in the chain are part of the community. The food is within easy distant to markets. Members of the chain understand the cultural differences in the region and can respond quickly to changes in demand. Prices reflect the costs of production in the region which might be quite different from costs in another region of the US. The labor market is known and developed and support from land grants and NGOs is available and appropriate.

B. Organizational Drivers

- 1) ***Regional food value chains (VCs) can be launched and managed*** from different organizational positions in the supply chain – what we’ve referred to as the “driver.” The driver can be producer, facilitator, buyer, broker/distributor, and consumer organizations. It can also be the processor/manufacturer, but we did not consider these in our exploration. An example is Connecticut River Valley Foods (Gary Schaefer and Barbara Fingold, owners).
- 2) ***Drivers have different organizational structures*** such as cooperatives, limited liability companies (LLC), and non-profits. Some are combinations such as non-profits with for-

profit subsidiaries. Producer- and consumer-driven entities tend to be coops and LLCs while facilitator-drivers tend to be non-profits.

- 3) **VCs range in the number of links** in their supply chains. VCs focusing on fresh produce tend to have fewer links because they don't deal with processing. Farmer-consumer cooperatives eliminate nodes in their chains when they internalize their own distribution systems.
- 4) **VCs are found in all sections of the country.** While they vary in scale, most are regional in scope, defined by metropolitan, multi-county, state, or multi-state boundaries. National VCs such as Organic Valley are decentralized by regions.
- 5) **Multiple functions (services) are required** to start and sustain VCs, including education, skill-building, business planning, networking, and sometimes certifying, as well as managing supply chain logistics.
- 6) **Access to appropriately scaled and located processing facilities** is critical to the success of VCs that deal with processed food products. Several vegetable-based enterprises operate their own packing sheds and processing facilities (washing and slicing), while one non-profit group is exploring the feasibility of an appropriately scaled creamery and animal processing facility.
- 7) **Financial support** for VC development and management comes from a range of sources, including profits, commissions, fees-for-services, consulting, and grants.
- 8) **Preliminary observations** regarding pros and cons among categories of drivers:

Producer: Pro: Farmers know what they can produce and when; more products are available if farmers work together to assess market needs.

Con: Competitive tendency; lack of trust; management can be spotty

Facilitator: Pro: Can see big picture and needs of the whole system; has connections in every part of the economy;

Con: Not strong enough; may be seen as "outsider" and may need to skim off some of the profits to cover its own costs

Buyer: Pro: Has money to spend; can set the agenda

Con: Profit-driven for selves, could be short sighted, could cut corners on products for sake of profit

Distributor: Pro: Able to aggregate more product more efficiently; able to be the "one-stop-shop" for buyers;

Con: Takes a piece of the profit; can misrepresent nature of products to buyers; stands between consumer and farmer

Consumer: Pro: Passion and commitment

Con: May not understand all the issues of the food chain

C. Good Food (Healthy, Green, Fair, Affordable, and Vitalizing) according to our indicators.

If we are to achieve more production, processing and distribution of "good food" in our region, we begin by tackling what we mean by "good food". The framework proposed by the W.K. Kellogg foundation (our project funder) is a good start. WKKF lists four criteria: Healthy, Green, Fair and Affordable. WKKF describes these as follows:

- **Healthy**, won't cause chronic illness.
- **Green**, was produced in a manner that is environmentally sustainable.
- **Fair**, no one along the production line was exploited for its creation.
- **Affordable**, people of all socioeconomic backgrounds can purchase and access it.

For this project, we further defined each term with indicators and added a fifth:

1) **Healthy.**

- Fresh
- Minimally processed
- Low calorie/low fat
- Seasonal
- Local
- Consistent with USDA food group/pyramid recommendations
- No/minimal hormones, antibiotics
- No/minimal chemicals, additives, etc.
- Safe (from contaminants)

Some VCs use certification (e.g., organic, Food Alliance certification, Integrated Pest Management (IPM)) to make claims about the health attributes of their products. Some VCs say they have "natural" products, but are not explicit about what that means. Some specify that their livestock producers do not use growth hormones or prophylactic antibiotics. The health attributes of other VC product lines are more difficult to establish. The food coops, for example, have a wide range of products, some of which may be more than minimally processed, or may have more calories, fat or additives than would be deemed "healthy." Produce VCs make claims to freshness, but there is no documentation about post-harvest handling, length of time between harvest and purchase, etc. Also, few mention Good Agricultural Practices (GAP), Hazard Analysis Critical Control Point (HACCP) or related food safety indicators.

2) **Green.**

- Farming practices: "sustainable", organic/other label/certification
- On-farm conservation, e.g., soil, water, energy, waste, habitat
- Energy/water use, e.g., packing, processing, packaging, distribution, sales

- Renewable materials used, e.g., packing, processing, packaging, distribution, sales
- Waste/emissions management, e.g., packing, processing, packaging, distribution, sales

Green has to do with production practices and resource use (energy, water, materials) and waste management. Certification systems (see #1 above) are used by some VCs to make claims about production systems that address environmental concerns. Recently, some VCs have become interested in measuring and reducing the carbon footprints of their farming, processing, and transportation systems. But we did not find any expression of this. Sometimes “local” is used to imply “green.” There may be less energy used in transportation, but not necessarily (see Pirog), and we found no evidence that local is related to production practices per se.

3) ***Fair.***

- Equitable returns along the supply chain
- Open/stable business relationships
- Fair treatment/rights of labor
- Democratic participation
- Culturally appropriate options
- Accessible
- Humane

VCs vary considerably in the degree to which they address economic fairness within the supply chain. Several VCs (Country Natural Beef (CNB), Organic Valley, Red Tomato) have developed quite sophisticated systems for ensuring that prices paid to farmers and ranchers are predictable, stable, transparent, and based on producers’ costs plus fair profit margins. These are not necessarily made public or part of their advertising and promotion. For other VCs, it is not evident whether or how farmers are actively engaged in price making rather than being price takers as is their traditional status in food commodity systems. Only one VC reported consciously addressing labor issues (pay and working conditions) for farm, processor and food service workers. One food service company is Fair Trade certified and one marketer/distributor considers itself a “fair trader.”

Regarding the humane treatment of animals, many of our models stand against antibiotics and hormone additives for animals. Many of them carry only cage free eggs, and many advertise that the meat processing practices used by their producers are humane. Several refuse to carry any meat raised in confinement (CAFO) systems. One model, a meat cooperative, gives detailed information on their website about how animals are treated throughout the slaughtering process.

4) ***Affordable.***

- For a diverse customer base
- For retail/institutional buyers (of different scales)
- For producers (of different scales)
- Relates to “available” and “accessible”

In general, “affordable” refers to affordability for lower-income consumers. We have applied the term to all players in the VC, meaning it should be affordable for farmers and buyers to participate in the chain. There is a tension between fair prices to farmers and “affordable” prices for less well off consumers. In our examples a few VCs articulate a focus on fair pricing to farmers (e.g., CNB, Red Tomato). Others address the consumer affordability challenges by offering more affordable products, e.g., lower-end meat cuts, organic milk sold under supermarket store label, or processed staples such as flour. Several cooperatives have membership subsidies for lower-income consumers.

Affordable is often used interchangeably with accessible. Access has to do with economics, but also physical and informational access. Many of our models give customers information about farmers and source of food products, including information about the costs of production.

5) **Vitalizing.**

- Community social benefit:
 - Local participation in production/ processing/distribution
 - Small/family scale farms
 - Local control/participation in decision-making
- Community economic benefit:
 - Employment
 - Business development
 - Local/regional location of chain businesses; dollars stay, taxes paid in region

This category refers to social and economic contributions to the community. Regional focus, local ownership, and the value-added nature of VCs are conducive to community and economic development – especially if engaged on a significant scale. Several of the cooperatives clearly enrich the knowledge and relationship between farmers and eaters, such as relationships with local schools. One metropolitan supermarket consciously sites its stores in locations assessed to have optimal impact on neighborhood development.

C. Pivotal Value Chain Characteristics (from in-depth research by the Agriculture of the Middle Project)

- 1) ***Producing and marketing high quality, differentiated food products.*** High quality involves food safety, taste, and nutritional excellence, as well as reliable logistical performance. Food products are further differentiated according to “green” production systems, locality, fair trade among supply chain partners, functional performance, and value-added processing. With increased scale, some VCs find that third party certifications help them differentiate even further. It is likely that food safety concerns will increase the power of certifications since producers, distributors and suppliers are looking for ways to guarantee that food is safe. Increased scale also means that a viable strategy for increased market share is co-branding with supply chain partners.
- 2) ***Developing effective internal organizational forms.*** A range of organizational structures can work well, from cooperatives and limited liability corporations to non-profit organizations

and non-profit/for-profit hybrids. Competent leadership is essential in larger, mature enterprises through leadership and management structures that effectively couple farmers/ranchers with food system professionals. These enterprises also implement leadership succession strategies that maintain managerial competency and company culture.

- 3) **Selecting appropriate value chain partners.** In successful VCs, partners have similar values, different competencies, and complementary business models. Farmer/rancher characteristics combine structural attributes (e.g., capacity and appropriate certification) with personal attributes (e.g., cooperativeness and reliability). Processing and distribution partners can play important roles in assuring product quality, buying unsold product at commodity rates, facilitating distribution schedules, and augmenting sales capacity. Retail and food system partners often vary in size as the value chain develops, with smaller partners being more appropriate at the outset. Strategic partners within the VC (most commonly processing and distribution) can provide high capital, high expertise infrastructure or services, but require clear objectives and good management to be successful.
- 4) **Developing effective supply chain logistics.** Successful VCs require increasingly sophisticated logistical systems as they grow larger and more complex. Important aggregation variables include transportation and collection efficiencies, post-harvest handling, and supply and sequencing control. For some VCs, product supply and sequencing decisions begin fully two years prior to processing and sales. Given the complexity and importance of logistical performance, successful enterprises designate specialized staff to coordinate logistical flows from producers to processors to distributors to customers. As VCs grow, the accounting functions (records, invoicing, and payments) are often the first of the logistical operations to be separated out and performed by special staff.
- 5) **Achieving economic sustainability.** In successful VCs, commitments are made to the economic welfare of all strategic partners. Pricing philosophy is based on two principles: a) supply management and stable pricing; and b) cost-of-production-based pricing. The first principle is intended to unhinge economic sustainability from fluctuating commodity markets and pricing system. The second principle seeks to cover farmers' production and transaction costs, plus a return on investment, and a reasonable profit. VCs seek to sell a high percentage of products in identity-maintained, differentiated, higher-value forms, yet have commodity market options available as back-up for unsold product.
- 6) **Securing technical support.** VCs secure technical support related to a range of bio-physical and socio-economic areas, including agronomic and animal husbandry issues, costs of production calculations, organizational structuring and facilitation, and information technology. In turn, VCs provide support to developing food enterprises through formal and informal consulting, as well as through providing services and financial support.

D. Models and Examples

What are the conceptual models and actual examples of food value chains in the US that address our goals? After scanning the country for examples, we identified characteristics that would be replicable in southern New England:

1. Regionally focused, with business entities headquartered in the region
2. High quality, differentiated products
3. High quality aggregation and distribution logistics
4. Effective organizational forms that address leadership, succession
5. Effective strategic partnerships across the chain and with other entities
6. Business models that fully integrate costs of production and a fair return
7. Supportive entities that offer technical assistance (land grant universities, community development centers, NGOs focused on sustainable agriculture, etc.)

For the purposes of this report, we organized our models by identifying the driver. Below we describe several examples of value chain and similar initiatives in each category, along with our assessment of how each may apply to our work in our region.

1. Producer-driven: These are typically producer cooperatives, although the legal structure could be an LLC. These entities can have multiple chain functions: in addition to production, they may aggregate, distribute, market and/or offer technical assistance.

- **Country Natural Beef (www.oregoncountrybeef.com)**

Begun in the mid-1980s by 14 ranching families in eastern Oregon, CNB is currently a 120-member cooperative that raises and markets “natural” beef to a range of supermarkets and food service companies in the Pacific Northwest. Its primary customers are Whole Foods (higher value cuts) and the regional fast food chain, Burgerville (hamburger). The CNB cooperative contains no equity shares, owns no physical capital, and provides for staffing through consulting enterprises, mostly member-based. Ninety six percent of returns are paid to ranch families. Sales in 2007 were slightly over \$50 million.

HEALTHY: Beef is fed a 100% vegetarian diet; grass fed for 14 months; finished on potatoes, hay and silage; hormone and antibiotic free;

GREEN: “Graze well/Raise well” program required of all ranchers; humane animal practices and environmentally sensitive land management certified by The Food Alliance;

FAIR: Meat prices are mutually established based on cost of production; unionized labor force;

AFFORDABLE: High Select and Choice cuts are only sold. Highest end to Whole Foods and lower end to Burgerville;

VITALIZING: Farmer owned coop: profits returning to community

Application for southern New England: Demand for regionally produced meat is extremely high at institutions and supermarket chains. A number of dairy farmers are switching to beef production, and a few farmers are discussing forming a cooperative. Most regionally produced meat is branded and consumers are loyal to regional brands. Cooperative development is familiar to southern New England farmers. Processing facilities are needed to meet increasing demand, and several farmers in western Massachusetts are investigating a

small processing plant. Food buyers at all levels exist and would welcome more supply. CISA has conducted a feasibility study on the needs for processing facilities in southern New England, so some background research has been completed. The region has two land grant universities with meat production programs.

- **Organic Valley/CROPP (www.organicvalley.coop)**

Begun in the late 1980s by 7 organic vegetable farmers, the Cooperative Regions Organic Producer Pools membership includes over 1300 farm family members in 8 regions of the country, over 400 employees, and sales of nearly \$500 million in 2007. The largest organic farmer-owned cooperative in North America, CROPP sells a range of dairy products, plus organic soy, fruit juice, produce and meat products under the label, Organic Valley Family of Farms. Eighty-five per cent of CROPP's sales are dairy related with the bulk sold to supermarkets. CROPP recently built a new headquarters and new distribution center in rural southwestern Wisconsin.

HEALTHY: 100% organic products; some gluten free products; no antibiotics, hormones or pesticides; GMO free feed;

GREEN: Animals have access to outdoors; certified organic pastures; all milk is regionally processed, reducing food miles;

FAIR: Farmers set prices; good employment practices with health, retirement benefits, flex-time, liberal vacation;

AFFORDABLE: Competitive with other organic dairy and meat products;

VITALIZING: Dairies of varying sizes, appropriate to region; dollars stay in region; partnerships with regional and local sustainable agriculture partners (Farm Aid, Chefs Collaborative, etc.); farms add to local economies.

Application for southern New England: Dairy cooperatives are functioning in southern New England, many with individual brands and effective regional marketing. Consumers are loyal to southern New England dairy brands. Farmers are visible at fairs, supermarkets and other venues to talk with consumers about dairy farming. Many farms have agritourism events. Institutional buyers and supermarket chains are eager to buy regionally produced milk and dairy products. And dairy farmers are diversifying to cheese, juices, maple syrup, eggs and meat to supplement dairy products. Packaging issues are sometimes barriers for institutions, and there is no small, independently owned dairy processing plant in Massachusetts where farmers can get their own branded milk. Such a facility does exist in western Connecticut.

- **New North Florida Cooperative (www.localharvest.org/member/M11043)**

This coop was formed in 1995 by a group of African American farmers with a focus on selling to area schools. They now sell to 15 school districts in Florida, Georgia, Alabama and Mississippi. They have over 100 members.

NNFC's goal was to bring in farmers and have them work together on distribution and other issues but found that farmers were competitive. So they made it a service cooperative focused on education, marketing, production, processing, and distribution. They worked with one school first and learned about the food service system and language. They worked with this school district for three years before branching out to others. They looked at signature items,

culturally accepted items in the region that could be feasibly grown by small farmers and settled on leafy greens, green beans, and sweet potatoes fries. These items were usually not on the school district's bid list from Sysco, thus eliminating competition in the bidding process. Also, they don't offer a large variety of products. They are considered a specialty item vendor rather than a full-line vendor.

All sales are based on the menu system that is formulated by food service directors. Prices for farmers are based on the cost per serving. This is enough money to provide the farmer a good price and cover everything in between. Farmers know how much to grow in advance of the harvest. Farmers can grow produce for the whole school year in this region. The coop have seven trucks and one processing facility. The farthest they travel is 7 hours.

HEALTHY: Fresh; regionally produced, seasonal, minimally processed;

GREEN: Regional sourcing; central processing;

FAIR: Farmers know price before they plant, and coop makes sure price is enough to pay farmers for all costs;

AFFORDABLE: Meets standards for school lunch budget;

VITALIZING: Small and mid-sized farms benefit; all links from producers to buyers are within the region; Coop is locally owned.

Application for southern New England: Institutional buyers would be open to meetings with farmers to discuss niche products not offered by food service companies and that are regionally and culturally appropriate for clientele. Vegetable cooperatives already exist in the region and could play a role in negotiating such arrangements with institutions.

- **Tuscarora Organic Growers (<http://www.tog.coop/>)**

TOG is a producer cooperative. It works with over 25 producers to bring 50,000 cases of certified organic produce to city buyers 12 months of the year. TOG serves farmers in south central Pennsylvania, but also gets product from other producers along the East Coast. They have a farmer Board of Directors, and paid staff. They own a warehouse, but rent trucks. Coop operating expenses are paid out of regular commissions on sales, and any profits at the end of the year are distributed according to the Board's wishes. The economic goal of the coop is service at cost to growers.

HEALTHY: 100% organic; fresh; seasonal; minimally processed;

GREEN: Certified organic practices and fields; soil and water management; high commitment to tracability;

FAIR: 75% of profits returned to farmers; 25% to staff and infrastructure development; coop structure with all farm members having a vote; clear, articulate branding;

AFFORDABLE: Competitive with other organic produce in the region;

VITALIZING: Small and mid-sized farms; all links from producers to buyers are within the region; TOG is owned by its farmers. High value placed on working with farmers to help meet demand in the region. Hundreds of varieties grown with all farmers participating by growing what they grow best, then pooling product under TOG label.

Application for southern New England: Diversity of products exists in southern New England. Also we have a high number of organic farmers who would like to expand to wholesale markets. Growing season is shorter than the mid-Atlantic, and we need to build winter storage capacity to meet demand from institutional and supermarket buyers. CISA is currently conducting a study on winter storage needs for the region. Also farmers are exploring winter crops more aggressively for season extension. Vegetable cooperatives exist in the region with fair distribution. Consumers are eager to have regionally produced products year round.

2. Facilitator-driven: These are typically nonprofit organizations with no legal/financial involvement in the chain. They are often originated by a citizen/consumer group or by an economic development entity. They do public education, grower education and TA. They facilitate links between producers and buyers, often focusing on direct or direct wholesale (back door) marketing.

- **Community Involved in Sustaining Agriculture (www.buylocalfood.org)**

CISA links farmers and communities to strengthen agriculture and enhance the economy, rural character, environmental quality, and social well-being of western Massachusetts, and partners with other organizations in its region and around the country to sustain agriculture. CISA works directly with farmers to build their skills and markets, and within urban and other communities to make local, healthy food more accessible. It works with institutions such as schools, hospitals and private industry.

HEALTHY: Emphasis on western Massachusetts local, fresh, sustainably grown;

GREEN: Emphasis on local; encourages farm members to use sustainable practices (IPM, organic, crop rotations, renewable energy use recommended);

FAIR: Encourages but does not require farm members to use best labor practices;

AFFORDABLE: Has low-income seniors farm-share and farm-to-city programs; Partners with other NGOs working in low income communities to raise awareness of and access to regionally produced food and its producers;

VITALIZING: Has initiatives to foster local infrastructure development; builds markets for farm products.

Application for southern New England: Other communities in southern New England could develop advocacy groups like CISA, with CISA providing some technical assistance to them. There are opportunities for collaboration across state lines in New England for projects that require a regional approach, especially food processing.

- **CADE (Center for Agriculture Development and Entrepreneurship) (www.cadefarms.org)**

CADE is a nonprofit agriculture development organization based in central New York. It connects farmers in eight counties to markets. It serves farms, coops and agricultural businesses. It is supported by private and public funds. CADE also names research, education and technical assistance as organizational functions. Farms receive consulting services. CADE is involved with and active in pursuing development of appropriate infrastructure such as a local creamery and meat processing facilities.

HEALTHY: Local and regional, seasonal; part of Rural Health Network;
GREEN: Organic; free range; free stall labeling; certified organic dairies; grass-fed and pasture raised labeling
FAIR: Farms using best practices for labor;
AFFORDABLE: Products competitive in region and in New York City;
VITALIZING: Aims to reinvigorate local/regional infrastructure (creamery, meat processing); has Agriventures training for agriculture entrepreneurs. Also has a renewable energy project converting old hay into wood pellets; and has a project underway growing rape for biodiesel fuel.

Application for southern New England: Most areas in southern New England have community development corporations (CDC) and other NGOs which offer business development training. These groups could work with agriculture businesses to promote entrepreneurship in agriculture. Also farmers in Massachusetts and Connecticut could enlist NGOs in their region to help with processing facilities development.

- **Appalachian Sustainable Development** (www.asdevelop.org)

ASD is a nonprofit that does agricultural market development, technical assistance, training and education for farmers in southwestern Virginia and northeastern Tennessee. ASD has a subsidiary, Appalachian Harvest (AH), which owns and manages a packinghouse for produce and eggs and distributes vegetables to supermarkets in the region. The network of 60 farmers who participate are all organic producers. Retail customers of the AH marketing network include Ukrop's (see below), Ingles Supermarkets (a chain based in Asheville, N.C.), and Whole Foods Markets in the District of Columbia, Pennsylvania, and northern Virginia.

HEALTHY: Fresh or minimally processed; organic; no hormones, antibiotics, additives;
GREEN: Buys certified organic products; two-state region = lower transportation costs; packaging is made of renewable products;
FAIR: Seeks to assist family farmers in making a comfortable living from their land;
AFFORDABLE: Has developed a program with local food banks for gleanings and for use of seconds;
VITALIZING: Local business (packing) has produced jobs; also local wood processing business.

Application for southern New England: Southern New England farmers need more dedicated distributors who will work with farmers to grow needed products, package them, develop markets for seconds, and reach out to underserved communities. This model could be adopted by existing farmer cooperatives, or could be developed by an NGO in the region.

- **The Food Alliance** (www.foodalliance.org)

The Food Alliance (FA) is a nonprofit organization that certifies farms, ranches and food handlers that practice sustainable agriculture and socially responsible commerce in the food industry. FA works with produce distributors in the Northwest to identify "local" and "Food Alliance" products. FA focuses on distributors. Once distributors start asking for the FA certified products, farmers understand that they have to join FA to qualify for the sale. FA

now certifies distributors, and when they receive bad products, they send them back to the farmers saying, “This product is not up to the standards of FA.”

HEALTHY: No hormones or non-therapeutic antibiotics in animal production; no artificial colors, flavors or preservatives;

GREEN: Healthy and humane treatment of animals; no GMO crops or animals; use of IPM in production; soil conservation; reduce transportation costs between supplier and user;

FAIR: Fair and safe working conditions all through the chain;

AFFORDABLE: Pricing structures that are equitable for everyone in the food chain;

VITALIZING: Strengthens local and regional economies; has created larger profits for companies who are certified as they have been seen as early “green” businesses.

Application for southern New England: The “buy local” brands of southern New England have some of the clout of a FA certification, but a FA process might be a good idea for the region, certainly if it focused on distributors who would then pass along requirements to farmers. Also FA clients like Bon Appetit and other food service providers would carry southern New England products with the FA certificate to their institutional buyers. FA’s focus on distributors would give that sector an incentive to be more regional in its thinking, especially if buyers started requiring the certification. CISA could take on the role of being the FA franchise in the region. PASA has recently contracted with FA to be a Northeast certifier.

3. Buyer-driven: In this model, the buyer instigates purchase of local, regional, sustainable products. The examples below feature supermarkets, but there are also institutional buyers such as hospitals, universities and school systems.

- **New Seasons Market (www.newseasonsmarket.com)**

Begun in 2000, New Seasons Market has grown to 9 neighborhood supermarkets in the Portland, Oregon area. New Seasons consciously situates its stores in locations that provide access for both professional and working class customers, and its stores stock a range of food choices and prices. Seeing its stores as nodes of community organization, New Seasons supports neighborhood organizations in multiple ways, including the preferential hiring of neighborhood residents for store staff. Similarly, their food sourcing policies give preference to regional farmers, ranchers, and fishers, brewers, vinters, soap and candle makers and potters. Given its regional commitment, New Seasons chooses not to expand beyond the greater Portland area, but does informal consulting with others interested in establishing similar regional supermarket enterprises in other parts of the country. New Seasons Market is a privately owned company.

HEALTHY: Organic and non; “Home Grown” products are contracted; Pacific Village is private label; 2 fulltime staff nutritionists;

GREEN: Recycling and reuse are highly valued; green energy were possible;

FAIR: Employee timeshares; biannual profit sharing (20%) with employees;

AFFORDABLE: 10% discounts for seniors and military customers; range of price points; Meals on Wheels;

VITALIZING: Gives 10% back to community after taxes; Food Works program is one acre garden with youth farmers; revolving loan fund for employees.

Application for southern New England: Consumer base is similar to Northwest Oregon and would respond to kinds of marketing and programming done by New Seasons. Also plenty of underserved areas that need supermarket service and offer a skilled workforce from which to draw employees.

- **Ball's Food Stores (http://www.hoovers.com/ball%27s-food/--ID__120208--/free-co-factsheet.xhtml)**

Founded in 1923, Ball's Food Stores currently operates 30 supermarkets in the Kansas City area under the Price Chopper and Hen House Markets banners. Hen House Markets are upscale, service-oriented establishments, while Price Chopper is the company's price-impact supermarket format. These Ball's stores share leadership in the Kansas City market with the Hy-Vee supermarket chain, though both chains are facing increased pressure from Wal-Mart supercenter stores.

Ball Food Stores differentiates from the competition by focusing on local food through a partnership with the Good Natured Family Farms (GNFF), a multi-family farm enterprise that features beef and a range of other meat products, eggs, milk, cheese, speciality foods and honey. The Ball's Food Stores warehouse also serves as a staging area for Good Natured Family Farms' new business relationship with the Sysco Corporation. The Ball's Food Stores is a privately owned company, employs over 4,000 workers, and reported sales in 2007 of \$444 million.

HEALTHY: Natural products – natural meats, free-range poultry and eggs; fresh milk; “products reach the store within 48 hours of picking or processing; no pesticides, no growth hormones and no sub therapeutic antibiotics;”

GREEN: 200 mile radius of Kansas City;

FAIR: Meat cooperative structure;

AFFORDABLE: Ball's Price Chopper is “price-impact supermarket format;”

VITALIZING: Local warehouse, transport; partner with GNFF; GNFF does local processing; “Every time you purchase one of our products, a portion of your dollars go to keep these farms alive.”

Application for southern New England: The customer base in southern New England is primed for the kinds of aggressive local marketing that Balls and GNFF do around Kansas City. With the help of NGOs and area cooperatives, supermarket chains in the region could develop product lines, marketing plans and contracts for crops with farmers and farmer cooperatives.

- **Parkhurst Dining Services (www.parkhurstdining.com)**

Parkhurst Dining Services in Pennsylvania is a division of Eat'n Park Hospitality Group (which runs a chain of restaurants). Parkhurst Dining is a food service management company. “Farm Source” is a program that highlights Parkhurst's efforts to buy local. Farmers must have GAP certification to qualify. Parkhurst uses existing distributors in PA, WV and MD. All produce boxes are marketed with the “Buy Fresh Buy Local” label along with the pick date and farm name. Parkhurst staff receives reports from the distributors to find out what they are buying, and then tracks the local items.

Parkhurst staff works with farmers to standardize things, e.g. Parkhurst gives them boxes, and choose varieties that fit the system. Their tracking and labeling systems are easy to execute and expand. They work with non-profits to find farmers and then provide a simple, one stop drop system for farmers. Parkhurst focuses on produce and dairy (RGBH free dairy). They have a dedicated person who is directly responsible for sourcing locally.

HEALTHY: Fresh, locally sourced produce and RGBH free dairy; organic, cage free eggs, antibiotic free, sustainable seafood all available upon request from one of their patrons;

GREEN: Transportation costs are lower because of local sourcing; recycling; Eco-Steps logo to describe their efforts to be green; biodiesel for company trucks; and excess grease from their operations is recycled for biodiesel market in the region;

FAIR: Help farmers get fair price for products; Fair Trade Certification;

AFFORDABLE: Not known;

VITALIZING: Committed to local farm economy and distributors who are committed to buying local.

Application for southern New England: Many institutions in southern New England want to buy more local and regionally produced food. Parkhurst's systems for tracking and distributing their products could be adapted to distribution centers in our region. Also, CISA and other NGOs can help with sourcing.

- **Ukrop's Super Markets (www.ukrops.com)**

Started in 1937, this 30-store chain based in Richmond, Virginia has stores throughout eastern and central Virginia. In 2000, Ukrop's began purchasing local produce from Appalachian Harvest (see above). Ukrop's eagerly embraced the opportunity to purchase local produce, and was so interested in establishing a steady supply of locally grown organic produce that it helped Appalachian Harvest recruit former tobacco farmers to grow organic produce. Ukrop's also extended its in-store promotion of local food to include value-added food products manufactured with locally grown ingredients. In 2002, Ukrop's was the first grocery to offer, in its produce department, herb salad dressings from Shenandoah Growers along with national brands. The dressing was displayed in a stand-alone section next to a display of fresh herbs, underscoring the "freshness" of the locally manufactured product, with each bottle of dressing displaying the "Virginia's Finest" state logo.

HEALTHY: Purchases local produce and value-added products with local ingredients; advertises the freshness of its local products; cross markets processed and fresh products

GREEN: Highlights that some produce travels shorter distance.

FAIR: Website says that its practices offer fair price to farmers and it seeks to work with regional food system entities like Appalachian Harvest.

AFFORDABLE: Offers a range of product prices.

VITALIZING: Supports local economies by buying some local. Company is based in the region; supports community charities through its foundation; offers discounts to support local NGOs.

Application for southern New England: A supermarket chain that is willing to work with a non-profit organization to source food from local farmers, then markets that effort to its customers to develop a marketing edge over its competition -- all of the key factors for this scenario are in place in southern New England.

4. Distributor/broker-driven: In this model, the distributor plays the key role in identifying growers and differentiated products that align with its values. In both examples below, the entity or the sponsoring entity is a nonprofit.

- **Red Tomato (www.redtomato.org)**

Founded in 1996, Red Tomato (RT) has two purposes: 1) marketing sustainably grown fruits and vegetables in the Northeast; and 2) consulting on regional food system development across the country. Consciously seeing itself as a “food decommodifier” and “fair trader,” Red Tomato represents 35 fruit and vegetable farmers to a range of supermarkets in the Boston area, with a significant proportion of sales to Whole Foods and Trader Joe’s. In recent years Red Tomato has developed “Eco-Apples” (based on advanced IPM growing practices) as its signature product. Total sales in 2007 were nearly \$2.5 million. RT does not own warehouse facilities or trucks; these are contracted including some straight trucks owned by RT farmers]. RT is expanding to serve NY-NJ-PA markets.

HEALTHY: sells organic, IPM, “sustainable”; fresh produce;

GREEN: Most products from within the region (some purchased from Southeast);

FAIR: Bottom line is “dignity price” for producers;

AFFORDABLE: Works to make selling prices affordable for producers;

VITALIZING: regionally based business; family-scaled farms.

Application for southern New England: This is a New England company and so is already being applied here. There might be room for another distributor/marketer to meet demand in southern New England since the market is large enough for expansion. Might be similar or different product line(s).

- **The Growers Collaborative LLC (www.growerscollaborative.org)**

The Growers Collaborative (GC) is an LLC owned by Community Alliance with Family Farmers, a statewide nonprofit in California. GC aggregates and distributes high quality local fruits and vegetables from small and medium size farms to public and private schools, colleges, hospitals and corporate cafeterias in greater Los Angeles, the central coast and Sacramento Valley. In addition to providing more outlets for farm products, GC strives to increase access to local fresh fruits and vegetables in areas without access. GC partners with farmers who provide information about their farm history, production methods, produce, and location - all of which GC shares with customers. They work with customers to help them determine what is local for their area and how they can implement a local food sourcing policy while keeping on budget through purchasing food in season. They offer on-farm pick-ups and have access to a cold storage.

HEALTHY: “High quality”; local and seasonal produce;

GREEN: Aims to “reduce ‘food miles.’” Draws from several California sub-regions;

FAIR: Transparency between producer and customer;

AFFORDABLE: Strives to increase access to local fresh fruits and vegetables in areas without access; brings price points in line with community being served;

VITALIZING: Owns some infrastructure (cold storage); focus on family farms; “aims to help build a regional food system.”

Application for southern New England: Example of a distributor being managed by an NGO, a model that CISA could follow for southern New England.

5. Consumer-driven: In this model, the enterprise is originated by consumers, although the resulting structure and process may equally include producers (as in the Oklahoma Food Coop, below). Interestingly, a consumer coop can also serve aggregation and distribution functions for markets other than coop members (see La Montanita Co-op, below).

- **Oklahoma Food Cooperative (www.oklahomafood.coop)**

The Oklahoma Food Coop (OFC) is cooperative of both consumers and producers together – 2,400 consumers and over 125 growers and food producers in Oklahoma. It is essentially an Internet-based buying club in which producers have their own webpage where they tell their “story” and set their own prices. Producers bring their orders to a warehouse rented by OFC, where all orders are sorted and sent to about 40 distribution points. The coop never owns any product. The farmers own the product until the coop members buy it and take it away. There is no inventory. The coop owns a couple of trucks, but most trucking is done by farmers who are paid by the mile. They have part-time paid staff. They have over 3,000 different products, including prepared meals, frozen, canned, baked, dairy, meat, etc. All coop members have equal fees (\$15 membership fee) and voting rights. They do not sell meats from CAFOs. OFC says that their success is due to being led by their members.

HEALTHY: Local, regional sourcing; organic, antibiotic free dairy and meat; meat raised in humane conditions;

GREEN: Only sells food from Oklahoma which limits transportation miles;

FAIR: Producer-consumer coop; each member has one vote. Producers set their own prices; “We hope each of you develops a strong sense of ownership;”

AFFORDABLE: Low-income membership subsidies;

VITALIZING: Local infrastructure (rented warehouse); “We will discover new ways to participate in neighborhood and community.”

Application for southern New England: Regional consumer coops could expand their markets by offering more direct dealings between their members and farmers. CISA could meet with coop leaders to bring this model to their attention and encourage them to consider this approach as a way to expand their reach in the region. River Valley Coop is a new example

- **La Montanita Co-op (www.lamontanita.coop)**

La Montanita Co-op is a community-owned, consumer cooperative with four locations in New Mexico. All stores offer fresh organic produce, bulk foods, local organic beef, lamb and other meats and cheeses, fair trade products and a wide variety of natural and organic groceries, freshly prepared deli foods, natural body care, vitamins and supplements. The Co-

op's regional Co-op Trade/Food-shed Project is creating wholesale markets and providing product pick-up and distribution, supply delivery service and refrigerated storage for local farmers and producers. With over 1,100 local products from 400 local producers and 20% of total purchases and sales in local food, the Co-op is a leader in the local foods movement. They emphasize fair and just dealings at every level of their cooperative, from the soil and the farmer to the consumer. They support a living wage, just benefits and working conditions for our staff, local farmers, farm-workers and producers.

HEALTHY: Emphasize fresh, organic (but not exclusively) and local;

GREEN: Limit transportation miles; look at packaging and recycling;

FAIR: Emphasize fairness in their materials; support living wage, good working conditions for all; provide distribution and refrigeration storage for farmers to enhance wholesale markets for farmers; use "Coop Trade/Food-Shed Project" brand;

AFFORDABLE: Sensitive to range of customer income levels and seeks to set prices that allows all of their members to be able to have access to their local products;

VITALIZING: 20% of purchases are local.

Application for southern New England: Same as above.

E. Recommendations

- 1) ***Begin with the demand side.*** Start with discussions with institutional buyers like Big Y World Class Markets and Bay State Medical System to determine their interests. However, these conversations will be most fruitful if the nature of the region's productive capacity is kept in mind. Who are other potential buyers?
- 2) ***Start small.*** All VCs start small. It's wise to make the inevitable mistakes at small scales.
- 3) ***Decide the "driver."*** Who or what entity is prepared to drive a new VC? What would be its role(s)? If CISA wants to catalyze a VC initiative, it should first conduct adequate strategic and business planning to determine a proper role for the organization, and identify other potential drivers and partners.
- 4) ***Clarify what differentiates the food products.*** Value chains work for differentiated products that contribute added value. Clarify early on the key values involved: local? organic? IPM? minimally processed? natural or grass fed meat? quality/freshness?
- 5) ***Get the business values right early.*** The key characteristics of values-based supply chains should be discussed early on, particularly the "win/win" framework, cost-of-production/dignity pricing and high quality food and logistics. If the values aren't sufficiently shared, there will be trouble down the road. On the other hand, trust takes time to build. Values-based factors include decent price, length of contract, farmer input, transparency. Fair price for farmers is the basic foundation, along with farmers seeing themselves in partnership with other VC players.
- 6) ***Partner with existing infrastructure.*** Processing and transportation infrastructure is capital intensive and expensive, so partnering with existing infrastructure is important. Talk with experienced people regarding infrastructure, distribution and logistics, e.g., Michael Rozyne at Red Tomato or Gary Schaefer at Connecticut River Valley Foods.
- 7) ***Clarify the region.*** What is the reach of a VC initiative? This will emerge from an analysis of buyer interests, production capacity and transportation possibilities.

Attachment III

Considerations in Evaluating New Products

Building on the Kellogg Foundation's "Healthy, Green, Fair and Affordable" characteristics for food production and sale, we developed the following list of considerations for evaluating new products for production and sale through wholesale market outlets to a wide range of consumers in western Massachusetts. In addition, we developed a list of "example" products, not currently widely available from regional sources, which might meet some of these criteria.

- Accessibility
 - typically sourced through supermarket/institution venues
 - available in stores easily accessed by public transport or located in/near low-income neighborhoods
 - Consistent supply (year round)
- Familiarity/Preference
 - appeal to a range of audiences across age, ethnicity and race
- Marketing/Messaging appeal
 - multilingual options for marketing
 - options for appealing messaging to children
- Nutrition
 - whole foods, high nutritional value
 - considered healthy for a range of health conditions
- Responsible producers
 - "green"
 - social responsibility
- Consumer convenience
 - minimal kitchen equipment and home prep required
 - less perishable, not easily bruised while traveling home
 - basic – can be used for different types of meals, different times of day
- Feasibility (production and processing)
 - Seasonality
 - Partner with farmers who do some season extension or store fall produce?
 - Processing required/infrastructure availability
 - Volume (destination dependent)
- Cross Sector Representation/Product Diversity
 - Produce, dairy, meat, value-added/processed
- Affordability & Fair Prices
 - Farmers
 - Customers
 - Retailers/institutions
- Innovation (stretching the ability of farmers/distributors to make more good food available)
 - Processing options that are simple but not common (for example, pre-cutting produce that is not currently available pre-cut)

- seasonality
 - Buyer interest/potential volumes
-

List of example products:

1. Tomato sauce (not currently available, meets institutional needs for products that do not require new storage or handling options)
2. Sliced and pre-packaged fruits (convenience, appeal to kids)
3. Sweet potatoes (versatile, many serving options, used in many cultures/cuisines, appealing to kids)
4. Ready-to-eat apple options: dried, sauce, chips (not currently available, appealing to kids, do not require new storage or handling options)
5. Minimally processed (chopped or broken) broccoli for dipping or stir-fry (simple processing, not currently available, versatile, we know that carrot coins and zucchini sticks are successful)
6. Frozen fruits and vegetables (market potential, ease of use)
7. Season-stretching crops, particularly those requiring low energy inputs (buyer demand, although price point may not work for large retailers and some institutions).
8. Cabbage for institutional buyers (price, success in institutional setting, versatility for use in a variety of finished products, such as soup and stir fry)
9. Salad greens (known market demand could overcome known barriers, which include health and safety protocol requirements and price point incompatibility)