

# Producers/Buyers Cooperative: Linking Family Farms and Institutions

## Final Report for CS09-074

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Principal Investigator:

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Food Bank of North Alabama

## Project Information

### Abstract:

Producers/Buyers Cooperative: Linking Family Farms and Urban Institutions

Food Bank of North Alabama (FBNA) and the Alabama Sustainable Agriculture Network (ASAN) investigated models applicable in the southeast that link local farmers with institutional buyers. FBNA then facilitated a multi-stakeholder Working Group of farmers and institutions to identify barriers to local wholesale markets and educate stakeholders about successful models. Through these activities, FBNA has laid the foundation for an entity called the North Alabama Farm Food Collaborative that (1) adapts the two most promising models; (2) leverages existing community resources; and (3) fosters a mutually beneficial business relationship among producers, aggregators and institutions.

### Introduction

Food Bank of North Alabama (FBNA) and the Alabama Sustainable Agriculture Network (ASAN) investigated value chain development including site visits to, extensive interviews with, and/or presentations by food hubs such as the Producers Buyers Cooperative in Wisconsin, La Montanita Cooperative Distribution Center, Red Tomato and many others. The purpose was to identify models applicable in the southeast that link local farmers with institutional buyers.

In the course of this research, FBNA also performed outreach to institutional buyers, local producers and supporting agencies such as the Alabama Department of Agriculture and Alabama Cooperative Extension. The outreach included farm visits and/or extensive interviews with food service directors and chefs. FBNA then convened local producers, institutional buyers and supporting agencies together for a series of facilitated dialogues and presentations.

In the course of this research, partners identified the following barriers impeding producer access to local wholesale markets.

Barrier 1: Lack of Infrastructure -The existing food system in Alabama lacks

adequate infrastructure to routinely facilitate wholesale sales for local fresh produce. For example, Madison County Schools attempted to purchase strawberries from a local producer. Although the producer had the supply, he declined the sale because the District needed the produce delivered to 26 schools. The producer did not have the time or resources to make such extensive deliveries.

Barrier 2: Seasonal and Inconsistent Supply – Buyers expect year-round availability and report concerns regarding consistent product volume.

Barrier 3: Price and the Supply Chain –The conventional supply chain has not sustained partnerships between buyers and limited resource farmers based on the value of local produce. Chefs and food service directors, for example, are accustomed to conventional food prices which reflect scale and are not sustainable to many local producers.

Barrier 4: Systemic Differences – Growers and institutional buyers operate according to systemic differences that obstruct mutually beneficial relationships. These differences often lead to conflict and severed business ties. For example, chefs and food service directors are accustomed to ordering and canceling food on a daily basis. Limited resource producers, however, have upfront expenses and annual planning invested in a crop before it reaches maturity. Abrupt cancelations can severely impact a local farm's net income.

As a result of this research, FBNA and partners are adapting the two most promising models investigated: (1) Fifth Season, a multi-stakeholder cooperative in Wisconsin owned and operated by stakeholders across the value chain including institutional buyers, producers, processors and distributors; and (2) FoodLink Food Hub, a food bank in Rochester, New York that is utilizing its assets (refrigerated trucks, cold storage, etc.) to act as a food hub aiding the ability of local farmers to reach markets. These two models address lessons learned from this project and leverage community assets available in Alabama and the southeast.

#### Project Objectives:

- (1) Research successful models of institutional local food purchases including a Producers/Buyers cooperative in Eau Claire, WI and educate key stakeholders, particularly institutional buyers, about these operations;
- (2) Identify and address key barriers to local food purchases by institutional buyers such as hospitals, corporate cafeterias, nursing homes, universities and schools; and
- (3) Foster a mutually beneficial business relationship among rural, local producers and urban institutions that results in local institutions locally sourcing a percentage of their food purchases.

## Cooperators

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## Research

### Materials and methods:

**Objective #1:** Research successful models of institutional local food purchases and educate key stakeholders about these operations.

We organized a two day site visit to Wisconsin for a contingent from north Alabama including producers to investigate a multi-stakeholder cooperative that was owned and operated by producers, institutional buyers, processors and distributors called the Producer/Buyers cooperative. Six team members participated in the site visit that included tours and interviews with stakeholders across the supply chain:

Producer Members: S&D Produce of Flower Farm and Bullfrog Farm;

Institutional Buyer Member: The CEO of Sacred Heart Hospital and the Director of Hospitality Services conducted an in-depth presentation of the founding and operation of the Producers/Buyers Cooperative

Processor Member: Gunderson Foods meat processor

Distributor Member: Family Farms Inc.

Supporting Organizations: Just Local Food Co-op and Menomonie Market Food Co-op which has created a soup broth from unwanted chicken backs and necks that Sacred Heart Hospital accumulates from its purchase of local poultry. Partial proceeds from the broth sales will nurture the local food infrastructure.

Technical Advisor: Dennis Deery who devised the Producers/Buyers Cooperative's virtual office

Topics covered include cooperative membership requirements, produce certification requirements (such as using SafeServ and Good Agricultural Practices protocols), board operations, bylaws, diverse perspectives, needs and requirements of each stakeholder, order process, employee challenges, and virtual office development and operation.

FBNA also conducted a site visit to La Montanita Cooperative Distribution Center and performed interviews with staff from Red Tomato, FoodLink, Fifth Season and branding expert Dr. Allen Williams. ASAN investigated examples of distribution systems such as Good-Natured Family Farms, Appalachian Sustainable Development, the New North Florida Cooperative, and Moore Farms and Friends.

This research enabled FBNA to develop and deliver a presentation highlighting the common elements of successful models that was targeted to staff of institutional buyers including senior administrators, food service contractors, corporate wellness and sustainability officers, chefs as well as farmers and ranchers.

**Objective # 2:** Identify and address key barriers to local food purchases by institutional buyers.

The partnership also conducted phone interviews with commercial and institutional buyers to identify barriers and assess interest in local food purchases. Over fifty restaurants, groceries, schools and other institutions in Alabama were contacted, including many that were already purchasing product from local farms. The interviewees identified a number of specific products that they would be interested in purchasing; the demand was not very uniform and ranged from chicken to French green beans to raw milk. The buyers also identified consistency of product as a key

concern, and appearance was an issue for grocery stores. While the interest in local purchases was evident, the logistics enabling the purchase of a variety of local products on a regular basis appeared challenging.

The partnership also conducted some preliminary research and interviews with local farmers to assess the volume of production in North Alabama that could be tapped into for local distribution. In the eight-county area around Huntsville, the 2007 USDA Census of Agriculture reported 13,600 farms and ranches, with over 300 farms growing almost 5000 acres of vegetables and ranches in the area raising almost 300,000 head of cattle. The census report also identified 90,000 acres of cotton and over 400 million chickens, mainly broilers, raised on larger farms for the international market. ASAN staff interviewed local farmers, extension agents and others to identify specific crops that could be produced in the region in quantity for larger-volume markets including sweet potatoes, tomatoes, corn, squash, and okra.

After this broad survey, FBNA conducted one on one meetings/site visits to 19 select institutional buyers/chefs/food service directors and 9 producers to assess the daily operations, specific needs and volumes of products potentially feasible to source locally. FBNA then convened select buyers, supporting agencies and local farmers and ranchers in three facilitated dialogues where participants identified and discussed the following barriers: (1) matching farmers with appropriate markets that meet their needs, capacity and aims; (2) lack of infrastructure; (3) seasonality/consistency of supply; (4) price; and (5) systemic differences between farms and institutional buyers.

Objective #3: Foster a mutually beneficial business relationship among rural, local producers and urban institutions that results in local institutions locally sourcing a percentage of their food purchases.

Through the facilitated dialogues, the stakeholders involved including farmers, ranchers, buyers (such as public schools, restaurants, hotels, corporate cafeterias and hospitals) and supporting agencies (such as the Alabama Cooperative Extension and the Alabama Department of Agriculture and Industries) formalized their status as an ongoing Working Group called the North Alabama Farm Food Collaborative by adopting a set of operational guidelines designed to foster a mutually beneficial business relationship among producers and institutional buyers.

#### Research results and discussion:

(1) Developed and delivered 3 presentations of SARE-sponsored research to a total of 37 stakeholders including health professionals, hospital directors, farmers, ranchers, senior corporate administrators, chefs, food service contractors, restaurateurs, cooperative extension agents and Alabama's Commissioner of Agriculture and Industries.

The presentation highlighted (1) why a robust local food economy is in the best interest of institutions and the community at large; (2) consumer trends valuing local foods; (3) healthcare trends regarding local food procurement; (3) barriers to institutional purchases; (4) successful models of institutional buying; (5) key elements of value chains vs. conventional supply chains and (6) lessons learned from failed institutional buying projects.

(2) Facilitated three dialogues among producers, institutional buyers and supporting agencies attended by a total of 30 distinct stakeholders, many of whom participated in all three meetings.

(3) From the outreach to producers, 6 out of 9 producers demonstrated the capacity for institutional sales and committed to the on-going Working Group. From the outreach to institutional buyers, 11 out of 19 institutional buyers agreed to join the

on-going Working Group. As a result of outreach to supporting agencies, the Alabama Commissioner of Agriculture and Industries endorsed the initiative, and staff from the Alabama Department of Agriculture attend project meetings. Additional supporting agencies joined the initiative including the Alabama Cooperative Extension and Alabama Mountain, Rivers and Valleys RC&D.

(4) Compiled resources for stakeholders including a set of case studies of successful models, samples of local food procurement policies and food standard agreements.

(5) Prior to its dissolution, a member of the Clean Food Network presented information gained from the site visit to Eau Claire, WI about the multi-stakeholder cooperative model to approximately 28 participants at the 2011 SSWAG conference.

## **Participation Summary**

### Educational & Outreach Activities

#### **PARTICIPATION SUMMARY:**

Education/outreach description:

In terms of intensive outreach, FBNA conducted one on one meetings/site visits to 19 select institutional buyers/chefs/food service directors and 9 producers to assess their daily operations, specific needs and potential volumes of products potentially feasible to source locally as well as share information regarding local food value chain development. FBNA also performed outreach to four supporting organizations.

FBNA gave 3 presentations of SARE-sponsored research to a total of 37 stakeholders including health professionals, hospital directors, farmers, ranchers, senior corporate administrators, chefs, food service contractors, restaurateurs, cooperative extension agents and Alabama's Commissioner of Agriculture and staff members.

Prior to its dissolution, members of the Clean Food Network also presented information about the multi-stakeholder cooperative model Producers/Buyers Cooperative at the SSWAG conference in January 2011.

### Project Outcomes

Project outcomes:

The project overcame the following challenges during the course of the grant cycle: (1) the dissolution of the Clean Food Network, a network of small family farmers which had originally committed to the project; (2) the departure and lack of replacements of food service directors, sustainability officers and chefs at key institutional buyers; (3) the closure of the Producers/Buyers Cooperative, a promising model the partnership had investigated; and (4) the recent passage of Alabama's immigration law which led to an exodus of farm workers and created uncertainty about the future of vegetable production among Alabama growers.

As a result of these challenges, the Food Bank of North Alabama (FBNA) was able to identify key obstacles to local food purchases by institutions through practical

experience in the field in addition to alternative sources such as site visits, interviews and research. The practical experience informed a presentation that resonated with both institutional buyers and producers. One producer commented, "It's as if you presented my entire life."

During the facilitated dialogues, stakeholders from across the supply chain not only identified barriers to institutional sales but also ways to overcome them through leveraged resources.

The dialogues culminated with the stakeholders unanimously voting to formalize their status as an ongoing Working Group called the North Alabama Farm Food Collaborative and adopting a set of operational guidelines designed to launch a mutually beneficial business relationship among producers and institutional buyers. The Farm Food Collaborative Working Group also established three sub-committees (Education, Logistics, and Organizational Structure) assigned members and tasks.

The Farm Food Collaborative Working Group is adapting the two most promising models investigated: (1) Fifth Season, a multi-stakeholder cooperative in Wisconsin owned and operated by stakeholders across the value chain including institutional buyers, producers, processors and distributors; and (2) FoodLink Food Hub, a food bank in Rochester, New York that is utilizing its assets (refrigerated trucks, cold storage, etc.) to act as a food hub aiding the ability of local farmers to reach markets.

Like Fifth Season, Farm Food Collaborative functions as a multi-stakeholder network of producers, buyers (including public schools, restaurants, hotels, corporate cafeterias and hospitals) and supporting agencies. Rather than launch at the outset as a separate entity like Fifth Season, the Farm Food Collaborative will launch as a pilot program within and facilitated by the Food Bank of North Alabama. Because the absence of food hub infrastructure (such as an aggregation facility with cold storage and refrigerated trucks) is a key barrier, the Working Group is assessing how the Food Bank's infrastructure (cold storage, refrigerated trucks) can be leveraged to aggregate, store and deliver product to aid sales among Farm Food Collaborative stakeholders.

The Farm Food Collaborative also negotiated its first potential pilot transaction between a school district with 26 schools and a producer. If the transaction is cleared by the Alabama Department of Education and the proper legal documents are drafted, the Food Bank of North Alabama has agreed to deliver to 14 of the District's schools twice a month while the producer delivers to the remaining 12 schools.

Recommendations:

## Potential Contributions

An entity such as a Food Bank may be an ideal incubator for value chain enterprises because it possesses the same infrastructure (trucks, storage) for its charitable distributions as does a local food hub – but a food bank is in a better position to absorb the seasonality of local products with its ongoing charitable distributions, which peak during the winter holidays when local products wane. As this lack of infrastructure is a key barrier to value chain projects across the nation, the Food Bank of North Alabama's potential to act as a food hub and facilitate a multi-stakeholder network may serve as a developmental model not only across Alabama but throughout Feeding America's national network (the national association of food banks). This echoes what Alice Rolls, Executive Director of Georgia Organics, said to a panel of food banks this year, "You, as food banks have what we as growers

need.”

## Future Recommendations

We recommend that research and funding sources aimed at regional food system development take a systems dynamic approach and refrain from segregating limited-resource farmers from “ag of the middle” producers as well as produce (specialty crops) from other non-commodity local foods such as grass-fed meats.

We also recommend training for how to organize and accomplish “group GAP” certification and research on umbrella policies for food hubs to cover product liability insurance.

Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture or SARE.



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