



Intervale
food hub *Moving local food forward*

Intervale Food Hub

www.intervalefoodhub.com

Intervale Center
180 Intervale Road
Burlington, Vermont

A CASE STUDY ***Facilitating Collaborative Farm-to-Restaurant Sales***

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Intervale Center

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BACKGROUND

The Intervale Food Hub is a collaboration between the Intervale Center and local farmers. It began as a research project of the Intervale Center in 2007. The goal was to identify the existing barriers and opportunities to increasing local food production and consumption and find appropriate solutions for moving local food forward in Chittenden County. Based on farm and market interest, we chose to focus on developing a farmer collaborative that would aggregate, market and distribute local foods to the surrounding community in a way that ensures fair prices for farmers. By working together, farmers are able to benefit by providing the community with increased crop diversity and greater customer service that may not be possible with a single farmer. In addition, multiple farmers working together benefit from economies of scale in both marketing and distribution, allowing them more time to focus on production.

Today, the Intervale Food Hub is a growing enterprise that markets and distributes local vegetables, fruits, meats, eggs, cheeses and specialty products from over 24 participating farmers. Our collective goal is to provide the greater Burlington community with convenient access to high quality foods while returning a fair price to the growers. Since 2008, the Food Hub has been serving businesses and individuals through a multi-farm workplace CSA program. In its first year, the Food Hub partnered with 7 local employers to offer workplace CSA delivery to 120 employees. Since 2008, the CSA has grown approximately 50% annually. In 2010, the CSA expanded to serve 20 local businesses with a total of 325 employees. In 2011, the business is expanding to offer spring and student shares in addition to the established summer and winter share options. Financially, the workplace CSA currently operates on a 65% gross margin, generating \$300,000 in annual revenue and is striving to reach \$500,000 in sales by 2012.

To complement, the multi-farm CSA, the Intervale Food hub launched a wholesale enterprise in May 2010 with funding from NE-SARE. The Food Hub sold \$45,000 to local restaurants, caterers, grocers and institutions in our first year. The following offers an overview of this new enterprise of the Intervale Food Hub.



RESEARCH

To determine the feasibility of initiating wholesale sales through the Intervale Food Hub, our work began with our 2007 Vermont farm producer survey. In this survey, the local farm and market research indicated clear opportunities for a local wholesale marketing and distribution enterprise.

In 2009, additional research was conducted with the 24 Food Hub farmers to determine their level of interest in expanding the CSA collaboration to serve local restaurants, grocers and institutions through wholesale distribution. Based on this research, approximately 75% of the Food Hub farmers expressed interest in participating to develop a model for aggregated marketing and distribution that could serve local grocers, restaurants and institutions.

On the market side, IC staff reached out to local health food stores, larger grocery chains, schools, hospitals and restaurants to assess their needs. This research identified current methods of sourcing local products, barriers to increased local purchasing and interest in an alternative collaborative wholesale service through the Intervale Food Hub. Several chefs and buyers identified the time required for sourcing local products as a significant barrier. Many buyers also expressed challenges including limited and inconsistent local produce availability, knowledge and service with existing distributors. Overall, the research overwhelmingly supported the desire to increase local purchasing throughout the year and the need for a local food distributor that better serves the needs of both restaurants and farmers.



PLANNING AND IMPLEMENTATION

Based on the feasibility demonstrated through the farmer and buyer assessments and support from Northeast SARE, IC staff began working with the Food Hub farmers to plan the development of a wholesale marketing and distribution service for Chittenden County. The goal was to develop an enterprise that aggregates local food and provides a marketing and distribution service to a variety of local markets while maintaining our commitment to providing stable markets and fair prices for Food Hub farmers.

During the 2009 winter season, IC staff worked with farmers to determine product availability and prices for wholesale distribution. In addition, we worked together to finalize product quality, packaging and delivery requirements and to develop a model where we can maintain farm identity and traceability.

Market recruitment began with outreach to known local chefs and buyers in Chittenden County, followed by cold calls to over 50 businesses to develop new relationships. By April 2010, Food Hub staff compiled a list of over 25 interested local markets. We worked with these markets further to determine their local product, pricing, packaging, invoicing and distribution needs.

Marketing and promotional efforts included joining the Vermont Fresh Network and developing a strong web presence with a new Food Hub logo, farmer profiles, point-of-sale materials and our business story. The logo and farm information is carried through on our weekly product availability lists, packaging and invoices. In addition, we developed a Food Hub catalogue that features our producers and is designed for chefs and buyers to extend farm identity and stories to their customers.

The wholesale enterprise launched in May 2010. The business offers chefs and food buyers high quality product and service, providing a competitive weekly product availability list and enabling them to conveniently purchase a wide diversity of local foods with a single order and single delivery. In addition, the Food Hub provides buyers with superior customer service to ensure that product origin and integrity is transferred through the supply chain. We provide 100% traceability, maintaining farm identity, relationships and intimate knowledge of all products sold through the Food Hub.

Operations are conducted at the Intervale Food Hub barn and are designed to utilize current storage and distribution infrastructure for the CSA while contributing to the overall Food Hub goal of financial viability. Weekly sales in 2010 averaged \$1500 for a total of \$45,000 in our first year. Sales projections assume a 25% growth rate in 2011 and 2012.



MANAGEMENT

Wholesale operations are managed and executed by Sona Desai, the Food Hub manager and supported by the Food Hub CSA coordinator. As the manager, Sona's responsibilities include business development, supply coordination, marketing and sales, operations, budget management, staff supervision and strategic planning. As the previous produce manager at a local health food store in South Burlington, Sona has a strong background in purchasing and marketing local produce and providing superior customer service. In addition, she has strong communication skills and solid working relationships with farmers and local buyers, lending to her ability to serve and connect farmers and buyers.



OPERATIONS

The wholesale enterprise operates with a "just in time" philosophy, meaning farmers send weekly product availability lists which are then consolidated and sent to local markets with final orders reported back to farmers. This way, the Food Hub is not saddled with standing inventory and the immediate obligation to sell product; rather, the business buys only what has been pre-ordered. Product is then distributed to restaurants along with invoices on designated delivery days.

Distribution days occur twice a week on Tuesdays and Fridays. Farmers provide product availability lists to the Food Hub staff on Wednesday mornings and Friday mornings. These lists are consolidated and sent to chefs and buyers that morning. Buyers have until Thursday morning and Monday morning by 9am to place their orders. Market orders are consolidated and immediately reported back to farmers. Farmers deliver the product to the Intervale Center by 10am on Tuesday and Friday mornings. Orders are sorted, loaded into the delivery vehicle and delivered to markets between 11 am and 3pm. A combination of excel spreadsheets and an access database is used to generate reports and streamline the collection of farm and market orders; QuickBooks is used for billing and payment.

To ensure consistency in product availability and pricing, the Food Hub developed a comprehensive product and price list for all farmers to follow. Although availability and prices fluctuate throughout the season, this list provides the general parameters for availability and cost. The Food Hub business retains a 15% gross margin on all wholesale sales, with 85% returned to farmers.

In terms of packaging, the Food Hub only offers whole and half cases at this time. To ensure consistency, cleanliness and sustainability, we use Returnable Plastic Containers (RPCs). In our first year, the Food Hub absorbed the cost for RPCs but will use information from this season to transfer responsibility over to farmers in subsequent years.

With regards to product supply, the IC primarily works with the Food Hub farmers. On occasion, we diversify and supplement the weekly product availability list using products from other farmers. This only occurs if the product is unavailable through the Food Hub farmers. To address competition with independent direct farmer sales to wholesale markets, the Food Hub focuses on servicing untapped markets. All Food Hub farmers have developed lists of their high priority existing markets and their most vulnerable markets; the Food Hub has chosen to not market to these. Rather, farmers refer these existing accounts to the Food Hub when they are not able to fully service them on their own. In future years, the Food Hub will evaluate providing service to a larger geographic area (beyond Chittenden County) to tap into underserved markets and regions.

All participating farmers adhere to a set of product quality, packaging and delivery standards to address risk and ensure consistency. Standards are aligned with traditional protocol for selling wholesale to retailers. Food Hub staff check all farmer product to ensure compliance upon delivery and reserve the right of refusal in the event of noncompliance. In addition, individual farmers and the Food Hub honor credits for quality issues within 48 hours. The business also requires proof of product liability insurance from each participating farmer. As for permit and license considerations, the Food Hub is considered an unregulated food establishment according to the Vermont Department of Health, however the Food Hub follows best practices. We currently hold a Meat Handlers license under the Vermont Agency of Agriculture and have obtained a PACA (Perishable Agricultural Commodities Act) license from the United States Department of Agriculture.



ANALYSIS

The feedback from participating chefs and buyers has been overwhelmingly positive. Overall, operations ran smoothly, product quality and consistency was maintained and buyers were pleased with the ease of ordering, distribution and payment. In addition, participating farmers have found this to be an additional revenue stream that requires minimal effort.

Although the response from participating buyers was positive, we had hoped for greater participation based on our initial outreach to local restaurants. Several chefs that expressed strong interest during the planning stages did not purchase once the Food Hub had launched. When contacted during the summer growing season, many chefs mentioned that it was a challenge to change their current ordering systems due to staff and resource limitations. Other chefs reasoned that if they had the time to market the use of local produce and train their customers to demand more local, then they could justify the higher price premiums associated with local purchasing. We will continue to communicate and work with these chefs over the 2010 winter season to help break down these potential barriers. We also acknowledge that making food accessible does not necessarily translate to increased participation. There is a great deal of education, marketing, and persistence required to change purchasing habits.

Another challenge was getting our farmers to buy in to the wholesale process. For the enterprise to be successful, it is necessary for the Food Hub farmers to recognize the efficiency associated with collaborative marketing. Many of our farmers understood and committed to the process by surrendering some of their direct market accounts to the Food Hub. Other producers however, remained wary of sharing markets and losing their direct connections with chefs and buyers. At our annual farmer meeting, we discussed this extensively and it seems that farmers are beginning to understand that sharing markets does not necessarily translate to lost markets.

Other challenges in our pilot year include our reliance on a small cargo van for distribution and a manual system for managing ordering and reporting logistics. Next year, we will be investing in a refrigerated truck to ensure food safety and in a new web-based system to create greater efficiencies in ordering, packing and reporting. Additionally, we experience some challenges with farmers' availability and timeliness, resulting in occasional availability issues and/or late deliveries to our chefs and buyers. Overall however, farmers were timely and able to deliver products accordingly and buyers remained flexible and understanding of our first year in operation.

Despite these first year challenges, the Intervale Center and farmers remain committed to continuing the wholesale enterprise and working towards expansion for 2011. Our regular wholesale customers have expressed satisfaction with the availability, diversity of product and efficiencies associated with the business and have urged us to continue offering future services.

Financially, sales reached \$45,000 in 2010, approximately \$5,000 short of our projections. Sales projections remain modest in subsequent years, growing by 25% annually and reaching \$100,000 in sales by 2012. To meet our projections for 2011, we will work to refine the business, invest in necessary infrastructure, increase marketing efforts and expand our geographic scope.

FOOD HUB FARMERS

Adam's Berry Farm — Burlington, Adam Hausmann
AH Mushrooms — Colchester, Amir Hebib
Arethusa Farm -- Burlington, Thomas Case and Benner Dana
Bella Farm — Burlington, Rachel Schattman and Kelli Brooks
Brotherly Farm — Brookfield, Craig and Angela Russell
Burnt Rock Farm — Huntington, Justin Rich
Champlain Orchards — Shoreham, Bill Suhr and Andrea Scott
Does' Leap Farm — East Fairfield, Kristan Doolan and George van Vlaanderen
Dragonfly Sugarworks — Huntington, Paul Limberty and Jennifer Esser
The Farm Between — Jeffersonville, John and Nancy Hayden
Hazendale Farm — Greensboro, David Allen and Diana Griffiths
Jericho Settlers' Farm — Jericho, Christa Alexander and Mark Fasching
Maple Wind Farm — Huntington, Bruce Hennessey and Beth Whiting
Maplewood Organics — Highgate, Eric and Hannah Noel
Mount Mansfield Creamery — Morrisville, Stan Biasini and Debora Wickart
Open Heart Farm — Burlington, Rachel Daley and Josh May
Old Stillhouse Farm — Huntington, Paul Limberty
Pitchfork Farm — Burlington, Eric Seitz and Rob Rock
Riverberry Farm — Fairfax, David Marchant and Jane Sorenson
Rockville Market Farm — Starksboro, Eric and Keenann Rozendaal
Screamin' Ridge Farm — East Montpelier, Joe Buley
Stray Cat Flower Farm — Burlington, Diana Doll
Sugarsnap Farm — Burlington, Abbey Duke and Jen Miller
Valley Dream Farm — Cambridge, Anne and Joe Tisbert
Willow Hill Farm — Milton, Willow Smart and David Phinney



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For 23 years, the Intervale Center has been dedicated to preserving agricultural resources. We help farmers bring their products to market and promote land use that protects Vermont's water quality and sustains Burlington's Intervale, 350 acres of farmland, nursery, trails and wildlife corridors along the Winooski River.