Opportunities Working With Small Scale Farmers
USDA DEFINITIONS vs. FOOD HUB REALITY

• The USDA defines a small farm as a farm with sales of less than $250,000 / year
• This definition doesn’t really apply or transfer well to Food Hub work, as most farms that we work with are well below that number
• Each Hub will have it’s own definition or parameters that they use to classify farms dictated by the area’s producer demographics
• Possible Parameters: Sales volume, Acres in Production*, Etc.
• At The Turnip Truck, we work with farms from 1/2 Acre to 100+ Acres
• Most of our farms fall in the 5 acres to 20 acres
• Our ideal producers are in the 20-75 acre range:
  • Not too small, but not too big either!
Benefits & Challenges

• Working with smaller farms has it’s own unique set of benefits and challenges.

• Each hub and each producer will bring it’s own set of benefits and challenges... No two hubs or farm operations are the same!
local is delicious!
Small Scale Farmers
WMGC Background

• Incorporated in 2003 with 6 member farms
• Currently 40 member farms and over 60 total vendors
• Operated out of 2000 sq. ft. warehouse for 12 years, sales reaching 1.6 million
• Moved to 6000 sq. ft. warehouse in 2015, operate 4 box trucks, sales of 2.3 million.
Products

• “Full Plate” of MT grown and produced food
• Diversified product line allows us to retain more year-around business and still keep it local
• Started fresh and frozen processing line in 2010.

Sales by Item Type 2015

- Herbs 2%
- Vegetables 27%
- Dairy 17%
- Eggs 24%
- Meat 8%
- Fruit 11%
- Processed 5%
- Dry Goods 5%
- Freight 1%
Customers

- Distribution network reaches across MT, into Northern ID, Eastern WA, and now Seattle and Portland.
- Early focus on restaurants, small stores, and U of M. Addition of grocery stores and larger natural food stores added volume.
Our (small) Farmers

- Average farm size is 25 acres, excluding grain farms and dryland pasture.
- Produce growers comprise >70% of Member Farms
- Over 50% of Members have sales through the Coop less than 25K
Small is Beautiful

• Working with small farms allows WMGC to
  • Work towards our Mission goal of supporting diverse, family owned farms
  • Diversify product offerings to meet customer needs
  • Provide a market for young and beginning farmers
  • Bring a “farmer’s market” to our customer’s door
  • Create “buy-in” from farmers valuing the Coop’s services
Small can be Challenging

- Working with Small farmers *can* mean
  - More time for the Coop spent planning and training
  - Less room for error during inclement weather events
  - Less economy of scale and higher prices for customers
  - Quality control issues
  - Increased work load to aggregate product
  - Reduced profitability for the Coop/Food Hub
Mitigation

- Don’t work with small farmers
- Intensive crop and production planning
- Encourage farms with means and will to scale up
- Learn how to tell the story of your farmers
- Balance production between small and larger(er) farms
- Calculate your costs but keep the Mission in mind
local is delicious!
Local Food Hub, Inc.
Est. 2009 | Charlottesville, VA

501(c)3 with revenue (loss) from ops

2015 $1.5M sales | 30% growth over 2014

Our mission is to partner with Virginia farmers to increase community access to local food.

We provide the support services, infrastructure, and market opportunities that connect people with food grown close to home.

Providing access to farm sourced food
GROWERS & DELIVERY

Partner Producers: 60+ in over 20 counties
Wide range of sizes, products, management practices

Customers: 200+
Distributors, Institutions, Retail, Restaurant/Cater, Buying Clubs, Schools

Providing access to farm sourced food
“There are just so many ways things can go wrong.”
– Katherine Hanks, Phantom Hill Farm, LFH 2015 Rookie of the Year
(with partner Chris Pohl)

Challenges at Farm Level

➢ GAPS IN WHOLESALE PROFICIENCY CAUSE LOSS

Planning | Production and Yield | Forecasting Availability
Communication | Traceability | Business Literacy

➢ LACK OF INFRASTRUCTURE CAUSES LOSS

Washing, Packing, Storage Space | Refrigeration
Refrigerated Transportation

➢ WEATHER, PESTS, LABOR, MARKET CHANGES CAUSE LOSS
SOME SUCCESSES

- Workshop Series – Wholesale Proficiency
- Texting and Smartphones
- Priority TA for reliable producers – 2015 GAP Cost Share
- 2016 Purchasing Cycle
- Pushing On-Farm Investment - GAP Infrastructure
- Inter-Farm Collaboration (transportation)
- Reconsidering LFH on-farm pick up (reefer)
Challenges: The Balancing Act

COSTLY NEED FOR 1 ON 1 SERVICES vs LACK OF FUNDING TO COVER STAFF TIME

PROVEN WHOLESALE AGGREGATION PRACTICES vs INDIVIDUAL CUSTOMER AND GROWER NEEDS

Initiatives for 2016

- Trim product mix
- Develop pre-order system
- Tiered membership? Fees?
- Continue Modest Specialty Market Development – New Consumer Programs
OPPORTUNITY IN DIVERSITY:

- Geographic diversity lengthens seasons, buffers (some) loss from the natural world
- Diversity in experience levels, age, and heritage brings new perspectives and techniques, may guard against insular thinking
- Diversity in scale of farm, and management practices, enables LFH to respond to changes in market demand

DIVERSITY TO DO:

- Diversify customer base to guard against market swings, price sensitivity, and competition
- Develop diversity in product mix with shared investment, risk and return
How do we talk about ALL of our partners in a way that is:

✓ Inclusive of existing diversity?
✓ Focused on grower needs?
✓ Honest, and specific enough for customers?

LFH Pillars of Sustainability*

Long Term Economic Viability | Stewardship of Virginia’s Resources | Well-Being of Farm Families and Communities

*adapted with permission from SARE’s publication ‘What is Sustainable Agriculture?’
La Montañita Co-op
La Montañita Co-op is New Mexico’s largest community-owned natural and organic food market, opening our first store in 1976.
La Montañita Co-op Distribution Center (CDC)

In 2006:

- Leases a refrigerated truck to pilot and develop pickup/delivery routes
- Leases an 11,000 sq ft warehouse

In 2007:

- Begins sales with customers beyond La Montañita’s retail stores, including Whole Foods, small to mid-sized grocers, restaurants, etc.
- Establishes relationship with national brands, including becoming a regional distributor of Organic Valley Co-op meat, eggs, and dairy
Ten Years Later …
La Montañita Co-op Distribution Center (CDC)

By 2016:

• Expands to a 17,000 sq ft warehouse (2012)
• Purchases products from 150 producers and suppliers
  • 35 of which are farmers
• $6 million in annual gross sales
  • more than 50% to outside customers
• ~ 1,600 SKUs
So What Moves through the CDC?
La Montañita Co-op Distribution Center (CDC)

Sales by Vendor / Type

- Organic Valley Cooperative (meat, eggs, dairy) 14%
- Sweet Grass Cooperative (local beef) 10%
- Applegate (meat) 8%
- Kyzer Farm (local pork) 4.5%
- Pitman Family Farm (poultry) 3.5%
- Tucumcari Mountain (local cheese) 2.5%
- Old Windmill Dairy (local cheese) > 1%
- Seco Spice (local chilies) 1.5%
- Schwebach Farm (local produce) < 1%

Share of Top Protein Vendors: 43%
Share of These and All Produce Vendors: 6.5%

- Produce split between CDC and direct-store deliveries
- Produce sold by CDC valued at nearly $500,000
Working with Local Farmers

• Size and volume depends on the product and management style
  • Seco Spice (chilies) leases hundreds of acres (1.5%)
  • Old Windmill Dairy (cheese) herd is ~ 180 goats and 7 cows (1.2%)
  • Schwebach Farm (mixed vegetable) manages ~ 100 acres (.7%)
  • Peculiar Farm (eggs) manages ~ 100 acres (.7%)
  • Javier Sanchez (winter squash) did $15,000 in pumpkins with the CDC
  • Thunderhead Farms (specialty peppers) manages 2 acres; packages retail-ready, with emphasis on wholesale through the CDC

• General strategy is to meet producers where they’re at in order to bring them to where you want to go

• Facilitated by dedicated staff (i.e. Enterprise Development Manager)
Seco Spice

- Owns two dehydrators; sells a lot of conventional chilies, largely through non-CDC outlets
- Piloted organic chilies by request of La Montañita; increasingly leasing land for that purpose
Thunderhead Farms

- 2015 business with La Montañoita largely fresh peppers
- Interested in accesses regional Whole Foods through CDC
- Per CDC recommendation, considering roasting and/or freezing to avoid gluts in local pepper market
Sweet Grass Cooperative

- Assistance from La Montañita in forming their co-op
- Coordination amongst members helped to level out supply
- CDC now purchases 20 whole, premium carcasses/month
Old Windmill Dairy

• Recipient of working capital through La Montañita loan program
• Transparent in business goals
• Responsive to needs of retailers and wholesale buyers
Established in 2009 in Skagit County Washington
38% loss of farmland since 1940
70% of all county farmers are expected to retire in the next 20 years
Fifth most threatened agricultural region in the nation – American Farmland Trust
We preserve sustainable farming culture, create a strong local and just food economy, and provide aspiring and limited-resource farmers opportunities for success.
We provide bi-lingual training in holistic and organic farming practices, and access to land, infrastructure, equipment, marketing and capital.
Bilingual Training, Education and Technical Assistance

500 small farmers (100+ Spanish speakers)

• Accredited 3 Quarter Land Based Practicum Training
• Incubator 1:1 Technical Assistance
• Regional Workshops
Accredited 3 Quarter Land Based Practicum Training

- Partnership with Skagit Valley College and Washington State University Skagit County Extension
- Micro Certificate that can be applied to degree programs
- Hands on practice during a farming season, provides a high level of understanding and implementation
Incubator 1:1 Technical Assistance

- Business Planning and Development
- Crop Planning, Production and Post Harvest
- Organic Certification
- GAP/Food Safety
- Record Keeping and Reporting
- Access to Capital
- Marketing
2015 Workshops

- Food Hub Training
- Integrated Pest Management
- Record Keeping for Successful Farm Businesses
- Small Farm Irrigation
- Integrated Weed Management
- Organic Certification
- GAP/Food Safety
- Access to Capital
- Plant Pathology
- Basic Excel for Small Farms
Sales Operations

- 2015 we focused on local produce only
- Reduced or Retail Selection and Operations
- Increased Viva Wholesale Program 88%
- Increased Farmer Revenue 26%
- Operating at a loss
Land Access

• At capacity for the 2016 season with several farmers currently leasing additional land off site.
• We are exploring ways we can provide access to more land.
Challenges

• Working with truly “beginning farmers” that need significant technical assistance and support
• Viva market channels and diversifying farmer market access
• Consistency and quality of supply
• Funding of training and sales operations
• Land access
Opportunities

- Master crop planning
- Farmer marketing agreements
- Increasing scale of developing farmers
- Viva branded packaging and value added products
- Additional available land