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Transitioning farmers to produce for wholesale markets

Marissa Nordschow
GROWN Locally - Decorah, IA

Johnice Cross
GROWN Locally - Decorah, IA

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Transitioning farmers to produce for wholesale markets

Abstract

Ramping up production from direct sales to providing goods for wholesale markets means farmers must acquire new skills and competencies. Working through a farmer cooperative, producers were offered education on food safety and how to expand their operations.

Keywords

Business management distribution and marketing, Farm to institution, Fruit and vegetables

Disciplines

Business Administration, Management, and Operations | Horticulture | Marketing



Transitioning farmers to produce for wholesale markets

Abstract: Ramping up production from direct sales to providing goods for wholesale markets means farmers must acquire new skills and competencies. Working through a farmer cooperative, producers were offered education on food safety and how to expand their operations.

Principal Investigator:

Marissa Nordschow
GROWN Locally
Decorah, Iowa

Co-investigator:
Johnice Cross
(formerly with GROWN Locally)

Budget:
\$20,000 for year one
\$18,850 for year two

Q How do we best prepare small farmers to produce goods (food) that will be sold to wholesale markets through a farmer cooperative?

A Farmers need education about safe food production and handling methods/requirements, assistance with writing a farm safety plan, information on standards and expectations, and encouragement to go through some type of audit process to evaluate their operation. Experienced farmers are needed to serve as models and mentors to new farmers.

Background

GROWN Locally (GL) is a member-owned farmer cooperative based in northeast Iowa. The co-op has been distributing food products—primarily vegetables—since 2000. The goals of this project included educating farmers about safe food production, recruiting new producers for the cooperative, encouraging current producers to expand, and having a majority of the farms complete a Good Agricultural Practices (GAP) audit. Ultimately, this would allow GL to grow as an organization and increase its marketing capabilities.

Objectives were to:

- Recruit new producers who will grow to GL standards while encouraging current producers to expand;
- Continue refining internal audits of producers' farms to ensure the safety and quality of the products GL offers;
- Assist GL producers to write a farm safety plan for their farm and train them in all areas of farm and food safety. (This includes good handling practices and post-harvest handling procedures for packing product for distribution.);
- Create peer mentoring groups for producers to learn how to grow more products on a larger scale to sell to wholesale markets; and
- Encourage producers to obtain GAP certification once they have all the required elements prepared.

Results and discussion

Year 1 (2012)

With the assistance of North Iowa Food and Fitness and ISU Extension, 10 producers were GAP/GHP-certified to allow them to sell to large distributors. Those farms not certified were required to be audited by GL and to keep a copy of water tests and insurance on file with GL. A summer drought and late-spring freeze posed challenges. Some producers had crop failures and were unable to provide the products they had



MARKETING

GROWN Locally is a cooperative of small, local farms in Northeast Iowa dedicated to providing fresh, high quality foods to local food service institutions.

We serve primarily 5 counties: Allamakee, Clayton, Fayette, Howard, and Winnebago plus a few surrounding areas in MN and WI.

We believe fresh, high quality food should be available to everyone at a reasonable cost.

We take pride in producing and delivering great tasting, high quality, freshly harvested, safe, locally produced food.

GROWN Locally
P.O. Box 293 ~ Clermont, IA 52135
563.380.9848 ~ info@grownlocally.com

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Information for new & potential customers

anticipated. With the loss in sales and income, GL was unable to continue paying the coordinator and sales manager. Tasks were then handled in-house by producers.

A peer mentoring program was started; the primary grower of an item became the mentor for that item and was available for questions from other growers concerning that product. Producers were trained in packaging product, quality, grading and safe handling procedures. GROWN Locally moved to a new distribution facility in Clermont, Iowa, which was brought up to food safety standards. A product list with quantities, dates and pricing for 2012 with a letter of commitment from Sodexo were completed. A production planning client access database was created to use in 2013.

New customer promotion

Year 2 (2013)

Activities included evaluation of the previous year, production planning for the coming season, recruitment of new growers, and educational sessions about safe food production and handling. A grower survey showed that most current growers were not interested in expanding their operations, nor were they interested in renewing the GAP certification. They did feel the farm tours and peer mentors were beneficial and should be continued. GL was able to look back at the previous year's shortages in order to help plan for the summer.

New members were recruited at events where GL sponsored a booth. Much interest was generated, but no commitments. GL members also used networking and individual visits to locate new producers. New informational brochures were directed toward grower and customer recruitment.

An early summer workshop about the importance of safe production practices was offered to growers. These workshops are important to ensure that products are uniform when coming from more than one farm. Once the growing season was underway, the GL compliance committee visited each farm to make sure that all was in order. This included looking at the production, cleaning and storage areas; reviewing required logs and paperwork; and updating farm safety plans as needed. GL producers were not interested in pursuing another GAP certification so the internal audit by GL was very important to ensure quality and safety. GL members determined that they were not able to produce the continual volume of produce or meet the low prices needed by large distributors and needed to seek other markets. Representatives visited several schools, colleges, camps and other institutions to determine their interest in local food purchasing. Some new accounts were added through these contacts. Discussion continued with the Sharing Spaces Kitchen in Prairie du Chien, Wisconsin, on how to best use product seconds in value-added products.

Conclusions

Many of GL's members are either retired or hobby farmers who are passionate about growing quality, healthy food for consumption within their communities. They want to sell goods locally on a wholesale level to people who appreciate the effort that goes into producing food. Ultimately, large distributors still look for the lowest price product and do not give the growers the sense of satisfaction that they desire. Thus, GL has moved to market directly to schools, colleges, camps, restaurants and hospitals in the region.

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“Come, grow with us!”

It also became apparent that without cost-share, the GAP certification process is too expensive for current GL members. GL will continue to internally audit member farms to ensure that food safety and quality requirements are being met. They may undertake a “Group GAP” process in which members of the cooperative might be able to obtain a blanket certification for the entire group and share the cost among members.

Word-of-mouth recruiting and pre-selecting individuals were the most successful ways to gain new GL members. Many people are interested in growing produce, but production requirements on the scale needed to meet wholesale needs are intimidating. Growers who were already producing for

CSAs or farmers markets seem to be the best prospects and it was easier to expand their knowledge and operations into wholesale production. (Currently there are 10-12 farmers actively involved.) The peer mentoring system was very successful. It helped members experience a sense of support and belonging, as well as improving the quality of goods produced.

GL also identified a need to expand the marketing season. An increase in greenhouse production can help lengthen the growing season. Farmers who would build a greenhouse could see positive results from having product available during off-peak periods. They also would not suffer the effects of extreme weather conditions such as hail, drought or excessive rain. Another way to increase year-round sales would be to offer “value-added” products that have undergone some sort of processing. Processing such as blanching/freezing or dehydrating is relatively easily and preserves nutritional value. This also is a good use for foods that might be slightly blemished and unusable as a fresh product. More complicated processes such as pickling, jams/jellies, and other canned goods could be well-received in local markets.

Investigation into value-added products showed that this was another arena difficult to justify for a small farmer. After evaluating the cost of building or renting space for a certified kitchen, conducting inspections, and obtaining the necessary licensing, it appeared to be too difficult to make a profit at the scale at which GL operates.

Impact of results

GROWN Locally experienced several organizational changes. Due to factors (primarily weather-related) beyond GL’s control, GL lost revenue and consequently its paid staff. This transition forced GL members to reevaluate the group’s goals and direction. It was determined that members were not interested in selling to large distributors, rather they want to produce a high-quality product that customers value,

The project benefitted GL from an educational standpoint. All of the farmers gained knowledge about safe food production and handling. The project increased the quality and uniformity of GL’s products. Producers were encouraged to communicate with

one another, which helped them and GL as a whole. Detailed and concise farm safety plans were written. All these things contribute to a smoother auditing process, whether it is done internally or by a third party.

Education and outreach

Events

- Booth at Food & Farm Expos (Calmar, March 2012 and March 2013)
- Food Safety Handling Workshops (Ridgeway, April 2012 and Clermont, April 2013)
- Crop Irrigation Workshop (Ridgeway, August 2012)

Publications

- Practical Farmers of Iowa: practicalfarmers.org/assets/files/expanding%20local%20Food%20Systems.pdf

Popular Press Coverage

- Farm to School: <http://www.iowafreshfood.com/site/news/198.html>
- Food Safety Workshop with ISU: <http://midwestarizona.org/creating-a-food-safety-planworkshop/8>
- Workshop in Milan: <http://www.agrinews.com/direct/marketers/discuss/what/makes/their/approach/work/story-4295.html>
- Luther/Sodexo Local Food Goals: <http://www.decorahnewspapers.com/main.asp?SectionID=2&SubSectionID=13&ArticleID=27496>
- Luther/Sodexo Local Food Goals: <http://www.iowafoodandfitness.org/news/256.html>
- Local Food Hub Guide/News Conference with Kathleen Merrigan: <http://blogs.usda.gov/2012/04/25/introducing-the-regional-food-hub-guide-an-innovativetool-for-growing-local-food-systems/>
- Fifth Season Cooperative: <http://viroquafood.coop/viroqua-food-coopblog/bid/94520/Fifth-Season-Co-op-Receives-Support-and-Cooperation-from-Local-Coops>

Leveraged funds

Each producer who successfully achieved GAP certification received a subsidy toward audit costs through an Iowa Department of Agriculture and Land Stewardship grant.

***For more information,
contact***

*Marissa Nordschow,
GROWN Locally, 3345
Hwy 52, Decorah, Iowa
52101; (563) 735-5814,
e-mail [snordschow@
mabeltel.coop](mailto:snordschow@mabeltel.coop)*