

# farm to plate

## NETWORK

### DEEP-DIVE SESSIONS

## 1. Success at All Scales: From Ultra-Local to Regional

Although the local food movement has grabbed a lot of headlines, Vermont farmers and food system businesses operate at different scales and sell products to all types of markets. In this *fishbowl* session, you'll hear brief stories about the business decisions a number of entrepreneurs and organizations have made regarding the scales of their operations and the kinds of markets they sell to. We'll explore questions such as: How is your business doing as a result of the decisions you have made? How important is it to have successful markets at all scales, from ultra-local to regional to national? Has the F2P initiative, and the promotion and definition of local, helped or hindered your own marketing? How? What are the potential risks and benefits of creating a regional food system for New England / Northeast?

**Facilitator:** Michael Rozyne, [Red Tomato](#)

#### Fishbowl Participants:

Eugenie Doyle, [Last Resort Farm](#), Monkton

Eric Rozendaal - [Rockville Market Garden](#), Starksboro

Paul Harlow, [Westminster Organics](#), Westminster

Laura Edwards-Orr, [Red Tomato](#), Plainville, MA

Peter Allison, [Farm to Institution New England](#)

John Cleary, [Organic Valley Cooperative](#)

Sean Buchanan, [Black River Meats](#), Springfield

Jed Davis, [Cabot Creamery Cooperative](#)

**This session should be of interest to members of the [Aggregation & Distribution Working Group](#), [Technical Assistance for Producers & Processors Working Group](#), and the [Financing Cross-Cutting Team](#).**

**John Cleary, Organic Valley / Small organic diversified farmer**—Organic Valley is 85% organic dairy, the rest is eggs, poultry, and meat. It grew from \$15K per year to \$90 million. The average farm size is 50 cows. Most of the organic milk in Vermont goes to Stonyfield. Organic Valley leases capacity in other plants.

**Peter Allison, Farm to Institution New England (FINE)**—Regional farm to institution collaborative. F2I in New England has about two billion dollars in institutional sales per year – that is an opportunity. Some schools track local food purchases but most institutions don't, or they track with different methods that inflate numbers. We are currently working with 4 partner organizations in supply chain.

**Eugenie Doyle, Last Resort Farm**—280 acre farm. Sold cows – now organic veggies, dairy and hay, and maple. We represent the ultra-local – sell everything within a 20 mile radius. Farm share, schools, Burlington markets. Working with Vermont Farm Viability Program – our son wants to do aquaponics trout.

**Sean Buchanan, Black River Meats**—10 employees, 2 facilities, 35 trucks, 4 tractor trailers per day.

**Eric Rozendaal, Rockville Market Farm/Eric's Eggs**—started in Intervale. Have been in it for many years but just went profitable. 4 components – Eric's eggs – 2,500 layers, butternut peeling, veggies, and Burlington farmers' market, plus Smorgasbord in NYC.

**Jed Davis, Cabot Cooperative Creamery**—multiple facilities – Take commodity milk and make 600 products. Strong regional player in the Northeast.

**Laura Edwards Orr, Red Tomato** – 16 year old food hub in MA. Primary focus – grocery stores. \$3.4 million in gross sales. Coop of farmers through main stream distribution.

**Paul Harlow, Westminster Organics/Harlow Farm** – up to 400 acres. First farmstand – 1985. Became a wholesale farmer. Went to Deep Root. Then wanted to go more local. \$1.5 million now. Projecting \$3 million soon. 50 employees.

## Questions and Discussion:

**Currently there is an increasing demand for local food – that has changed a lot in the past 10 years. Now we have the issue of defining what local is. For some, the hardest challenge has been production and there is a lot of demand. But some markets are getting a lot more competitive and there is a need to grow the demand. What is your experience?**

**Eugenie**—As a diversified produce farm, we have a lot more competition now than we used to. We thought the local market would expand and grow but it has not. There are more farms selling locally to customers. We have not got everyone around to buy local – most still shop at grocery stores. Are the direct markets saturated? Some farmers do not want to go to farmers' markets anymore. We need a good balance of supply and demand at farmers' markets.

**Paul**—As a larger grower, we don't want to be in competition with small growers. We now even sell to Florida. We sell outside Vermont and in Vermont, but do cannot sell all of our produce in state.

**Sean**—We need consistent quality meat production in Vermont at different market scales. Paul pulls himself out of direct market place to make room for new growers. Cabot does the same, Eric does the same by selling in Brooklyn.

There is lots of competition at farmers' market. [Black River Produce](#) also hears that growers have product that they can't move, so we have a glut in some areas.

**Jed**—Have not heard enough about differentiation. We don't have all micro-artisan cheese makers just making cheddar. They are being creative instead. Some can sell locally, some are working in NY, others partner with restaurants and retail food coops, and others want to sell coast-to-coast.

**Eugenie**—Finding your niche is very important. I worry that the small, new farmers who haven't found a unique product will quit their day job. They may have a hard time making a living.

**Paul**—It's hard to make a living off 10 acres, especially when you have kids. It may have taken me 20 years to make \$\$ in wholesale business. It was a catalyst when I bought the second farm and scaled up production.

**Eric**—The challenge is that the ceiling has been met in New England. Justin Rich has put \$\$ into storage so he can sell later in the ceiling, when can get a better price. Seeing a lot of new growers that don't know the ropes. If they wait and have experience, seem to be better prepared to have a successful business.

**John**—Dairy has moved to larger scale. Their success is having the right amount of milk at the right time. So we can use the region to meet this regional need. Get all local milk during spring flush and fill in milk from other regions during the slower season. NE organic milk is too precious to turn into powder milk, have other higher uses. Bring in powder from other regions.

## **Q—What's hard and not working?**

**John**- farmers in Ohio don't think it fair if Vermont producers get paid more. Where do you place things for optimum growth of the organization can be in conflict with individual regions and producers sometimes. Fluid milk is bottled locally/regionally. Hard product travels (cheddar, etc.).

**Jed** - Cabot is less than 10% organic. For conventional, it's the national pricing system. Part of it is getting the supply and demand right - we try to find the highest and best price for milk. Either we have too much cheese or not enough cheese. Farms are getting larger but fewer. In Canada there is a quota system.

**Abbie Nelson (NOFA Vermont)**—Coops to aggregate supply - does dairy get along better? Why not more coops in veggies?

**Eugenie** - The Dairy industry shares info, this has been part of the culture. Veg and Berry - not as easy to share info. Coops have been around - they also have more regional infrastructure.

More producer coops needed - but do they work for veggie farmers? Meat farmers?

Food Hubs are sexy - Coops are not right now. Why nonprofits and not for profits?? If members make more, it makes sense. It does not always make sense for veggies. There are other ways to collaborate though, like sharing info. Farmers need to be profitable.

There is a barrier to capital - volume plays a role.

Vermont does not have that many veggie farms. You can diversify but it is hard to diversify in a coop. But some farmers like that - others want to do direct marketing and be more diverse.

Also with coops, decision making is hard.

Institutional markets: there are challenges. Produce and protein have lower numbers than dairy. We are making some progress with root crops, etc. - scaling up and into F2I supply chain.

New England Farmers Union - farmers are realizing markets are reaching saturation. Bigger institutions will not buy from to ultra-local farmers - they want regional scale to meet their needs.

The regional message / regional food is gaining acceptance.

**Laura**—Produce coops in New Jersey - Commodity growers, commodity product. Not a lot of direct relationship. King Supermarket - North Jersey Chain. 30 farmers build customized pallets to send to main stream distributors. It all gets there within 24 hours. Could not happen without that coop in S. Jersey.

## **Q—So the farmers in the coop sell to a distributor - why do they just not sell directly to the markets?**

Red Tomato is a nonprofit. Coop manager is old school - reluctant to take on risky time-intensive venture. The non-profit absorbs the risk and does the education.

## **Q—Is that sustainable or just for the life of the grant?**

We surpassed market margin – retailer is partnering. Some retailers are not taking as much of a profit.

Some producers just want to produce. They not want to market.

We are lucky with Black River. Many smaller regional distributors fail.

**Julie**—Organic Valley sets price. Could Cabot set price?

**Jed**—No. On conventional side it is different.

**John**—Organics does supply management. Organic market has been growing – so we only add farmers when it is growing. When the market contracts, then we limit supply. We still have to compete with our products in a national market place.

Vermont is supportive – there is less supermarket competition. National market level changes a lot. You don't have the leverage to say we are passing along the higher price.

You lose some relationships with buyers when you go from regional to national.

**Paul**—problem with Whole Foods – They are a fortune 500 company. They regularly change their buyers so it is hard to develop relationships with them. They want new suppliers but they don't buy all of the food from our farm when we had a lot of excess.

**Eric**—Coops exist to meet member's needs. They can be triple bottom line – shared values.

## **Q: Infrastructure investments or not? How do you make decisions about infrastructure investment? Is Capital the bottleneck?**

**Sean**—you need to ask if it is needed. Can farmers do this on their own? If a service does not meet producers needs they sometime want to invest in infrastructure.

Many farmers have storage infrastructure in S. Jersey so we did not need to build storage infrastructure.

**Dan Pullman**—Capital that is focused on return – equity. In an industry with low margins, we look at where there is higher margin – consumer product side, value-added.

**Andy Wood, Vermont Ag Credit Corporation**—We make loans, They still need to 5 C's of credit apply. But does not need to see capital as a major barrier in Vermont. The Vermont Economic Development Authority was created under state statute. We have seen growth.

**Janice St. Onge, Flex Capital Fund**—is a debt instrument. There are so many different ways that businesses find capital. Philanthropic organizations are investing. It can be really confusing to businesses. Less about the availability – more about finding the right match. TA is also needed with capital.

**John Hamilton**—I agree. Capital providers support company in its growth plan. Need to do a better job breaking down silos. People come to us confused. We need to depict the system better. Now in New Hampshire the Ag financiers meet regularly. It is a big help.

**Greg Cox**—There are a lot of small producers and farmers markets – but we are only at 5% buying local. Rutland regional has very few larger producers but a lot of small producers that sell at a successful winter market with 62 vendors – even in winter. We are slowly expanding consumption. We are building the market. Small farmers are sharing infrastructure so we can get into larger markets like institutions.

### **Q: That is a lot of growers. How successful are those farms?**

We are getting 2,500 local people through market. Vendor sales are going up. Half are Ag producers – 30 or so.

**Robin Scheu**—There are a lot more financial resources out there. Addison County Economic Development Corporation provides gap financing. We are also hosting the upcoming Financing the Working Landscape Conference.

You can work with farmers to help lower price and absorb that but market price is market price.

### **Q: How about wholesale and scale?**

**Nicole**—In Rhode Island there is a growth of markets, more farmers' markets – it's an access issue because growers are growing for highest end markets. We do have some SNAP at farmers markets. Growers are not interested in wholesale because they are selling direct with a growing market. Access is tricky because we need some scaling up and lower prices. Wholesale markets – creative aggregation and food hubs – pull from small farms to help create efficiencies. RI is very focused on ultra-local. Is wholesale worthwhile?

Need to get something to make it attractive to wholesale. Where do future wholesale growers come from?

How can you eke out an identity with wholesale? Can the wholesale market care if there is a regional label? If there cache in a carrot? Hard to answer. We need to build supply chains based on quality with accountability.

### **Marketing and Branding:**

**Jed**—in the 1990s Cabot tested a marketing campaign. We tested a neighborly scheme – Boston thinks Vermont is local. That is not true in all places.

**Jolinda**—We need to use the Vermont brand to gain market access. Working Lands – where to best invest this money? One size does not fit all. We need to be diverse. We need to get the word out. Vermont brand – how do we leverage that?

**Shirley Richardson**—Vermont Chevron is taking 5 day old kids from dairy – raising them to market weight as a Vermont value-added product. There is a lack of awareness of goat meat. We need to look outside Vermont – but there has been good receptivity in Vt but market is small and not very ethnically diverse.

Supply can't push demand – it has to be demand driven.

People count the localness – how much they are buying – local matters. Face of the farm – ID the product and the story. What about a regional brand??

There has been the Taste of Place market research. It showed that from a family farm had more cache. Vermont did not hold cache in NYC. The farther away the less influence Vermont brand held.

**Willie** - What about at the village level. We live in a village and have 44 acres, but the most of the food grown in our town goes outside of town. It's a huge challenge to bring access - We tried to make food available to our community. There are so many different layers; there are barriers. One of them is we have generated a paradigm that it could be too local. It's from your neighbor - why should you have to pay? Grazers - wanted food to go to neighbors. But it costs more. People can't figure out how to make it work for their budget.

### ***Takeaway Messages:***

- 🍏 **Are we seeing market saturation for many diversified farmers, for example, at farmers' markets?**
- 🍏 **Regional markets are increasingly important for all types of producers and processors.**
- 🍏 **Vermont pricing bubble - one tote of apples for 3 different prices based on whether you go to a co-op, Boston, or Shaws.**
- 🍏 **We're not doing enough to aggregate small producers to meet wholesale markets. Our small, medium, and large do not align with small, medium, and large elsewhere.**
- 🍏 **What are the successful examples of scaling up? Hardwick Beef, Farmers To You, Deeproot Coop. Should we develop case studies of these examples?**
- 🍏 **Understand the need/opportunity for co-ops by type of food producer.**
- 🍏 **More opportunities for sharing information about how the market works.**