Growing Michigan's Future

A Guide to Marketing Your Michigan Food and Agriculture Products

Michigan Department of AGRICULTURE & Rural Development

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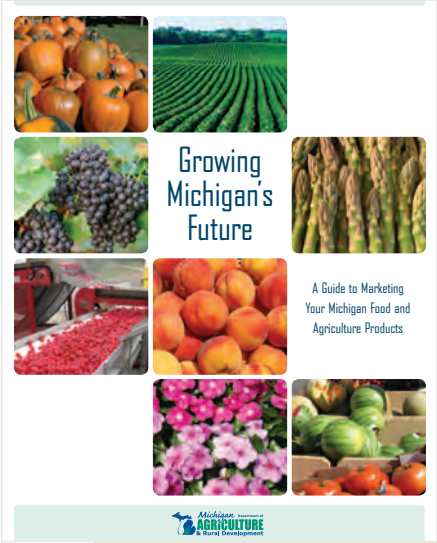
Introduction

In Michigan and across the nation, the landscape and culture of agriculture is changing. Customers are seeking not only diverse, farm-fresh foods but also a connection to the land on which it is grown. Small and medium-sized farms are on the rise; and growing food is not only happening in our rural areas, but in gardens, greenhouses and farms in our cities and suburbs. Michigan's food and agriculture production and processing markets, and their associated businesses, are ripe for expansion.

Increased consumer demand for locally grown and processed products, combined with a desire to know where our food comes from and an increased focus on health and nutrition, provide opportunities for new and existing producers to succeed in the food and agriculture industry in Michigan. And, with over 300 commodities produced on a commercial basis in our state, Michigan's production resources give our farmers and processors the upper hand in local foods production.

"Growing Michigan's Future – A Guide to Marketing Your Michigan Food and Agriculture Products" is a comprehensive resource for Michigan producers, processors, distributors, local food groups and others interested in expanding and strengthening Michigan's food and agriculture industry. It is meant to be a resource for all food-related businesses, regardless of size, production practices or the diversity of products. From information on how to select a market that best fits an individual farm operation, to food safety, pricing and market development, we hope you will find this guide useful to your business.



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Overview

Starting or expanding a food and agriculture-based business takes some planning and preparation, and may seem overwhelming at first. Fortunately, there are many resources available to help you get started, including a lot of people who have been where you are today.

Researching and reading about starting a business, attending industry workshops and training sessions, or becoming active in industry organizations are easy ways to develop relationships and share experiences with others in the business. You may also want to consider mentoring with a farm or business in your area. Many food and agriculture businesses in Michigan offer internship experiences or welcome volunteers to lend an extra pair of hands while getting some hands-on experience.

In addition to reading, networking and doing research, there are some important steps you need to take when starting or expanding your food and agriculture business in Michigan. This includes selecting a market, developing a timeline, and creating a business plan and budget. You also need to consider what values are important to you, what current assets and skill sets are available for your business, what the vision and goals for your business are, and what direction you need to take to reach your goals.

Many business planning resources offer step-by-step guides to walk you through the process, and are offered at the end of this chapter.

Selecting a Market That Fits You

The first step to marketing your products is to determine which market best suits you, your products and your business. Think about your personal preferences and strengths for conducting business.

If you decide to sell products directly to consumers, you are responsible for finding people to buy your product and negotiating the sale. You are responsible for the preparation, packaging, price setting, and possibly the delivery of your products. You must learn a whole new set of skills and be proficient at them for your business to succeed.

It also takes a specific set of skills to sell your products to a retailer, wholesaler or processor. While you do not deal directly with the end consumer, you have to meet your buyer's requirements for packaging, product quality and consistency, verification of food safety and production standards, storage, shipping and liability coverage.

Deciding on a marketing strategy that works for you depends on your personal preferences and business strengths, the amount and type of product you produce, the financial risk you are willing to accept and the amount of customer contact you are willing to handle. Depending on the market type you choose and the products you will sell, there are different licensing and regulatory requirements, and food preparation needs.

The Local Foods Advantage – Why Sell "Local"?

The, "Eat Fresh and Grow Jobs" study showed that Michigan's economy could improve by creating linkages between farmers and consumers throughout the state. The study, a collaborative effort of Michigan State University Center for Regional Food Systems, the Michigan Land Use Institute's Entrepreneurial Agriculture Project, and the W.E. Upjohn Institute for Employment Research based in Kalamazoo, showed that robust efforts to increase sales of fresh, local foods in Michigan could significantly boost employment and personal income across the state.

Researchers examined six different scenarios in which existing farmers double or triple the amount of fruits and vegetables they sell into fresh produce markets, such as wholesale grocery sales and farmers markets. Using an economic modeling tool customized to Michigan, the study determined the shift could increase net farm income in Michigan by $164 million, or nearly 16 percent. As farm families spend this new income, the study showed they could generate up to 1,889 new jobs across the state and $187 million in new personal income from those jobs.

Michigan has a big advantage in the local foods market. Its farms grow one of the widest selections of fruits and vegetables in the country and also grow three times more tree fruit than other states in the region and twice as many berries.

The spread of the local food movement represents changes in demand, and a growing consumer interest in eating locally for better nutrition and taste, production sustainability and farmland, and family farm preservation. Price is a factor; businesses are learning how to bring down their costs through greater volume, smarter distribution techniques, better use of technology, and collaboration with other local food suppliers. To read the results of the study, visit www.mlui.org/userfiles/filemanager/274/.

Market Options

There are many options for marketing your food and agriculture products. You can start with one approach and stick with it, or use a combination of approaches. It is more common to use a combination of approaches and gradually move to the one that works best for the goals and operation. As you commit to markets and marketing options, be aware of the time and effort it will take to meet those commitments. Don't spread yourself too thin or over-commit. You can always increase your production or hire help as your business grows and you gain experience in the marketplace.

Direct Marketing

Direct marketing is selling your products directly to consumers for their use. Products are not sold for resale. Direct marketing allows for a direct connection at the point of sale for the producer and consumer. Farmers markets, community supported agriculture farms (CSAs), agricultural tourism, pick-your-own or U-pick farms, on-farm stores or roadside stands, and online or catalog marketing are all forms of direct marketing.

As with any market, direct marketing brings both benefits and challenges. The benefits of direct marketing include the ability to set your own product price and get a better price by eliminating steps in the distribution system, or "cutting out the middleman." Direct marketing also allows you to directly connect with your customers at the point of sale, and to receive immediate feedback from those customers when you introduce new products, varieties or prices. Direct marketing can pose some challenges as excellent people skills and customer relations are extremely important to your bottom line, and direct marketing can be time consuming when you consider the time needed to harvest, wash, package, transport, set up and sell your products.

Intermediate Marketing

Intermediate marketing is selling your products to specific buyers for resale. Buyers may be restaurants that use your products to create menu items; grocery stores that sell to consumers, wholesalers and distributors who buy from you and then sell to others; processors who purchase your product and further process or package it; or institutions, like schools, hospitals or correctional facilities, that use your products in food service.

Many Michigan restaurants, grocery stores, hospitals and schools are responding to their customers' demands for locally grown and processed products to support our state's economy, assure freshness and make a direct connection between food products and the farmer or company that produced them. This means more opportunities than ever for Michigan producers to get their products into intermediate marketing chains.

Benefits of intermediate marketing include brand exposure at multiple locations and the potential to reach more customers. Some institutions like schools may also be able to offer a better marketing opportunity for "seconds" too. Consistent, reliable orders from buyers who can buy at a larger volume can also help you increase the efficiency of your operation.

At the other end of the spectrum, there can be a higher rate of turnover in owners and/or buyers with intermediate markets, so you may have to work a little harder to maintain relationships with the companies. The price received for your product through intermediate markets is usually lower than you would receive through direct marketing.

Benefits of intermediate marketing include brand exposure at multiple locations and the potential to reach more customers.

Include Food Safety in Your Business Plan

As an owner of a food-related business, it is imperative that, along with a business plan, you include a food safety plan in your business model.

New regulations under the Food Safety Modernization Act place specific requirements on most food businesses, from farm to end consumer, to ensure a safe and wholesome food supply and to minimize the risk of foodborne illness.

The concept of safe food being delivered daily to consumers seems simple enough, right? The truth is there are numerous variables and many players at each link in the chain that can affect the safety of food. New farming practices, bacterial contamination, food additives, preservatives, freshness concerns, poor food handling, and animal diseases have become a worldwide problem. In an ever-growing industry looking for innovative ways to be economically viable and productive, concern for food safety is at an all-time high.

To minimize risk of foodborne illness, the best defense is a proactive approach by having a food safety plan for your business. Planning can prevent serious health issues, as well as protect your reputation and business. By managing the food safety aspect of your business proactively you will have the proper steps in place when a problem occurs.

The Seasonal Nature of Michigan Agriculture

Food production depends on the growing cycle. The seasonal nature of Michigan agriculture can be a challenge for buyers who need a year-round supply of fresh products, although many products once available for only a short window of time during the traditional growing season are now available for longer periods of time due to improved processing, storage and season-extension techniques.

Michigan's on-farm food production generally begins with maple syrup in February and March and continues through late fall with apple and squash harvest. Food processing is heaviest during the harvest season. Your food production schedule will help you develop a timeline that aligns with your final product availability schedule. From ordering, planting, harvesting, processing and storing, or developing your livestock production schedule, your business will be calendar-based. Your schedule may involve multiple plantings scheduled at intervals so you can offer a steady supply of produce throughout the season. It may also involve establishing weekly deliveries or a timetable for developing a weekly routine of picking, washing, packing, processing and selling; or deciding on the species of livestock, the facilities and production aspects of bringing your products to market.

Creating a Business Plan and Budget

Marketing produce, meats or value-added farm products is a business; and, like any other start-up business, it takes an investment of both time and money to ensure success. As consumer demands change and agricultural entrepreneurs choose less conventional farming models and techniques, business planning has become even more important than ever.

Business planning is an important part of owning and managing a farm or food and agriculture-related business. Your land base, scale of production, managerial abilities and people skills all help determine where you fit in the marketplace. Business planning can help you evaluate production alternatives, identify new market opportunities and communicate your ideas to lenders, business partners and family members. Developing a business plan will also help you define your business, provide you with direction to make sound decisions, help you set goals and provide a means to measure your progress.

A business plan increases your chance of success. Your plan doesn't need to be extensive, but it must answer several questions to enable you to focus your efforts. Developing and writing your plan forces you to examine the resources you have available and the ones you need. You can also evaluate the capital investment and additional materials required for your business.

Having a sound business plan with cost and income projections will help you secure a loan, if you need to raise start-up funds. It also points you in the right direction for future growth opportunities.

A business plan is as important for an established business as it is for start-ups. A business plan should have a realistic view of your expectations and long-term objectives. The process of developing a plan forces you to clearly understand what you want to achieve and how and when you can do it. This process includes evaluating, discussing, researching and analyzing aspects of your proposed business and may ultimately determine the feasibility of your ideas.

With effort on your part, your business plan will reflect your personal, community, economic and environmental values and help you take that first step toward the creation of a successful and sustainable business.

Resources for Getting Started

Statewide Resources

Michigan State University Product Center for Agriculture and Natural Resources

Assistance in developing and commercializing high value, consumer-responsive products and businesses in the agriculture and natural resource sectors.

517-432-8750; Fax: 517-432-8756; product@msu.edu;
www.productcenter.msu.edu

Michigan Food and Farming Systems

517-432-0712; Fax: 517-353-7961;
miffs@msu.edu; www.miffs.org

Michigan Small Business and Technology Development Center

Assistance for aspiring and growing businesses, including a *Starting a Business in Michigan* guide, no-cost counseling, and low-cost training and market research. www.misbtdc.org

Michigan Economic Development Corporation

888-522-0103;
www.michiganadvantage.org

Michigan Department of Agriculture & Rural Development, Office of Agriculture Development

Market development assistance, including connections to resources and regulatory requirements.
517-241-2178; mda-info@michigan.gov

Huntington Bank Lending Program/Economic Gardening

www.huntington.com/mipartnership

Regional Resources

Get Farming! Program, Michigan Land Use Institute

Resources for new and aspiring farmers in Northwest Michigan, including The Business and Science of Farming classes that cover farm issues like business planning, legal concerns, soils, pests and more. 231-941-6584; www.localdifference.org/getfarming

Food System Economic Partnership (FSEP)

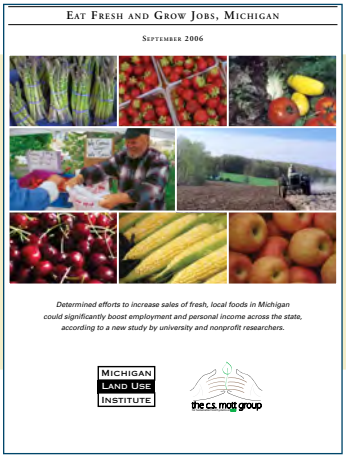
Market information and tools, business development support, educational opportunities, and access to a network of experts and resource providers. FSEP specifically serves Jackson, Lenawee, Monroe, Washtenaw and Wayne counties.
734-222-6859; www.fsepmichigan.org

Northern Lakes Economic Alliance

231-582-6482; www.huntington.com/mipartnership

Eat Fresh, Grow Jobs

Michigan State University Center for Regional Food Systems, Michigan Land Use Institute Entrepreneurial Agriculture Project, and W.E. Upjohn Institute for Employment Research (Cantrell, Conner, Erickcek and Hamm, 2006)
www.mlui.org/userfiles/filemanager/274/


Eat Fresh and Grow Jobs, Michigan

September 2006

Determined efforts to increase sales of fresh, local foods in Michigan could significantly boost employment and personal income across the state, according to a new study by university and nonprofit researchers.

Michigan Land Use Institute

the c.s. mott group

Michigan Commercial Laboratories Providing Food Testing Services

This list is provided by the Michigan Department of Agriculture & Rural Development, Food and Dairy Division. The department does not endorse any private testing laboratory in the state, and this list may not be complete and inclusive.

Alliance Analytical Laboratories, Inc.

HACCP consultant, microbiological, nutritional labeling, chemical. Coopersville, MI; 616-837-7670; Fax: 616-837-7701

Biosan Laboratories, Inc.

E. coli, Listeria, Salmonella, Staph, liquid water testing. Only industrial testing, not for individuals. Warren, MI; 586-755-8970; Fax 586-755-8978; www.biosan.com

Garrett Laboratories

Food microbiology, water, some testing for product tampering/ contamination, nutritional labeling. Niles, MI; 800-336-3201; 269-683-3200; Fax: 888-336-3201; www.garrettlabs.com

Great Lakes Scientific, Inc.

Food microbiology, water, pesticides, nutritional labeling. Stevensville, MI; 269-429-1000

S & J Laboratories

USDA certified, food microbiology, some pharmaceutical, proteins, salt, fat. Prefers not to test for individuals. Portage, MI; 269-324-7383; Fax: 269-324-7384

Summit Laboratory

Full service microbiology, food pathogens, environmental and food, mold assessment, surface water and drinking water. Grand Rapids, MI; 616-245-3818; 800-213-9589; www.summitlaboratory.com

University Laboratories, Inc.

Chemicals, pesticides, metals; no microbiological testing. Novi, MI; 248-489-8000; Fax: 248-471-9107

Out-of-State Commercial Laboratories Providing Food Testing Services

This list is provided by the Michigan Department of Agriculture & Rural Development, Food and Dairy Division. The department does not endorse any private testing laboratory in the state, and this list may not be complete and inclusive.

Alteca Consulting Laboratory

Not an analytical lab. Forensic Food Microscopy – uses analytical techniques to determine the cause of contamination (whether natural causes or if food has been tampered with). Provides legal defense against false claims of product injury. Manhattan, KS; 785-537-9773; Fax: 785-537-1800

Silliker, Inc.

Micro, allergen, chemical, extraneous materials, melamine. Chicago Heights, IL; 708-756-3210; www.silliker-estar.com

Other Resources

Agricultural Business Planning Templates and Resources

www.start2farm.gov/resources/agricultural-business-planning-templates-and-resources

USDA Farm Service Agency

Programs to help stabilize farm income, conserve land and water resources, provide credit to new or disadvantaged farmers and ranchers, and help farm operations recover from the effects of disaster. 517-324-5110; www.fsa.usda.gov

USDA Rural Development

Business and Industry Loan Guarantees for acquisition, start-up, and expansion of rural businesses that create employment.

Business Programs, East Lansing Office, 517-324-5157; www.rurdev.usda.gov/rbs/busp/b&i_gar.htm

Value Added Producer Grants, www.rurdev.usda.gov/bcp_vapg.html

Renewable Energy and Energy Efficiency Program, www.rurdev.usda.gov/energy.html

Other Federal Grant Programs

www.grants.gov

Small Business Administration (SBA)

Free business counseling through the Michigan Small Business and Technology Development Centers, SCORE, Women's Business Centers, and U.S. Export Assistance Centers; government contracting assistance; low-cost training; loan guaranty programs (SBA does not provide grants to individuals to start businesses). Michigan District Office, 313-226-6075; www.sba.gov

Model Business Plan for Season Extension with Hoophouses

Michigan State University Extension, Bulletin E-3112
http://web2.msue.msu.edu/bulletins/Bulletin/PDF/E3112.pdf

Michigan State University Student Organic Farm

Nine-month intensive training program in year-round organic farming. www.msuorganicfarm.com/trainingprogram.htm

Agricultural Marketing Resource Center (AgMRC)

Iowa State University, Ames, Iowa. Business advice, strategies and resources to farmers and ranchers, including how to use grants, branding, business communication skills, customer relations, and feasibility studies.
www.agmrc.org/business_development

Beginning Farmers: An Online Resource for Farmers, Researchers, and Policy Makers

Michigan State University, Department of Community, Agriculture, Recreation, and Resource Studies. www.beginningfarmers.org

Building a Sustainable Business, A Guide to Developing a Business Plan for Farms and Rural Businesses

Minnesota Institute for Sustainable Agriculture, St. Paul, MN; and the Sustainable Agriculture Network, Beltsville, MD.
agmarketing.extension.psu.edu/business/pdfs/build_sust_business.pdf

Budget Projection for Vegetable Production

Iowa State University Extension. Enterprise budgeting tool for vegetable growers to help estimate the costs and revenue associated with producing a product. www.extension.iastate.edu/Publications/pm2017.pdf

Enterprise Budgets

Center for Integrated Agricultural Systems, University of Wisconsin-Madison

Enterprise budgeting tools for dairy sheep, dairy goats, poultry, and specialty foods. www.cias.wisc.edu

Beginning Farming 101 Online Course

Cornell University, College of Agriculture and Life Sciences

Publicly available materials on a stand-alone website coupled with a virtual classroom for registered students only. www.nebeginningfarmers.org/online-courses/all-courses

"AgPlan" Free Business Planning

University of Minnesota. Designed specifically for farms and agricultural businesses, AgPlan provides guidance in writing business plans. www.agplan.umn.edu

National Sustainable Agriculture Information Service

Sustainable agriculture and organic farming news, events, and funding opportunities, plus in-depth publications on production practices, alternative crop and livestock enterprises, innovative marketing, organic certification, and highlights of local, regional, USDA, and other federal sustainable agriculture activities. www.attra.ncat.org

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Why Direct Marketing?

Direct marketing is selling your product directly to the consumer or end-user, rather than through a broker, distributor or wholesaler. Sometimes confusing the matter, direct marketing is also used to describe the sale of food directly to a restaurant, grocery store, caterer, processor, etc., who will then resell the food to customers. These types of sales are actually sales to intermediate buyers, which is covered in Chapter Three.

Direct marketing continues to grow in Michigan and across the U.S. Interest in food production and marketing activities is growing everywhere – in rural, urban and suburban areas. Growth areas include the number of businesses included in direct marketing, the total value of direct marketing sales, and direct market sales per business.

Several factors have led to a growing consumer interest in purchasing directly from farmers: the desire for fresh, high-quality products; the ability to personally interact directly with farmers who grew/raised the food; and interest in supporting local, small farms. Availability of product information such as growing method, instructions about use, recipes, and taste samples also draw customers to direct-marketing outlets.

Businesses who sell their products directly to consumers can get a better price for their products than on the conventional commodity market. This is especially true for small to mid-sized farmers who do not produce large quantities of any one commodity. Small production quantities can actually be an asset when selling directly to local buyers, because the product is unique, and therefore special, to the consumer.

There are also many personal or non-monetary benefits to direct marketing, including building relationships with your customers and the satisfaction you feel when you directly supply fresh, wholesome food to people who appreciate its value and who let you know how much they appreciate your efforts. You also have the satisfaction of being a small business owner and often get to work closely with family members during the day-to-day operations, from planting, harvesting and processing to marketing your products.

Successful direct marketers produce a high-quality product and emphasize the freshness and quality of the food to their customers. When pricing their products, they set a price that allows them to make a profit. Direct marketing helps link a community's social and economic development and fosters connections and relationships between producers and consumers.

For many of your current or potential customers, how and where you sell your products may be as important as the products themselves. In a world where most consumers are several

generations removed from the farm, the ability to make a personal connection with the farmer who grows a product is a very important part of the shopping experience. Many direct markets also provide an educational, entertainment or social component, making shopping at a direct marketing venue even more appealing.

There are several methods of direct marketing to choose from. The remainder of this chapter describes these direct marketing methods and the advantages and challenges of each type of market.

Farmers Markets

Farmers markets are one of the oldest forms of direct marketing by small farmers. In the last decade they have become a favorite marketing method for many farmers throughout the U.S., and a weekly ritual for many shoppers. Many small food processors also find farmers markets a valuable marketing channel.

A farmers market is a place where a number of growers assemble on a particular day and timeframe to sell farm products directly to consumers. The sites are often parking lots, streets closed during the market, parks, etc., or they can be inside a building. Most farmers markets in Michigan are seasonal, open spring through fall for the traditional growing season. A growing number of farmers markets are operating year-round. Farmers sell their products from "stands" that may consist of the back of a farm truck or a simple tabletop, to elaborate and attractive tents or covered displays. Some farmers markets have live entertainment or offer cooking classes or demonstrations.

Farmers markets are a good place for producers who want to try direct marketing. Farmers generally receive retail prices or higher for their products. Start-up costs for becoming involved in a farmers market can be very inexpensive — just a stall fee in some instances. Because of the low start-up investment, farmers markets can provide a low-risk setting for new farmers or an opportunity to try marketing new products.

Many farmers participate in more than one market to increase their sales. Market location, characteristics, rules and regulations, and insurance requirements

are all things you need to consider when selecting which farmers market to sell your products.

Maintaining good working relations with the market manager and other vendors at the market is extremely important. They are your selling partners. A customer who has a great experience with all the vendors at the market is more likely to return and shop at multiple vendor booths. Customers also prefer to shop at markets that offer a wide variety of shopping options, so the other vendors are not necessarily your competition, but a draw for customers.

Location is extremely important to the success of any farmers market. In general, the most successful farmers markets are highly visible from streets and walkways; allow vendors access to telephones, electrical outlets, water and bathrooms; have adequate, nearby parking or good public transportation options for customers; have other businesses nearby that sell products similar to what might be sold at a farmers market; are clean and easy to keep clear of litter and other debris; and are close enough to your farm to make it easy for you to get to the market on a regular basis.

Benefits and Challenges of Farmers Markets

At farmers markets, you can set your own price, connect directly with your customers, learn customer preferences, build a reputation for your business and products, sell varying kinds and amounts of products, and introduce new products to gauge customer response. You also sell what is available for harvest that week, so there are no pre-market promises to fulfill. Newer farmer/vendors can learn from veteran vendors as they market their products side-by-side, and it is relatively easy to make changes in how and what you market, based on your experiences at the farmers market.

Farmers markets also provide the opportunity to build a customer base. Some farms advertise other outlets for buying their products (other farm direct marketing methods, or retail stores, for instance).

Gross returns from sales at farmers markets generally are much higher than from sales to wholesalers and distributors. Small farmers can avoid the high costs associated with shipping agricultural produce, by driving their own vehicles to transport their produce to the markets. Beyond the financial benefits of farmers markets, they provide an opportunity for producers to integrate themselves into the community, develop relationships with their customers, and increase their customer base.

Communities also benefit from farmers markets. Dollars spent on food are recycled several times within the community and thereby help boost the local economy.

One challenge of selling at a farmers market is there is no guarantee you will sell all of the products you bring to the market, so you may need a plan for what to do with your perishable products (food bank donations should be considered). You don't want to get into the habit of selling your produce cheaper at the end of a market or you could undermine other sellers, establish a pattern of customers who wait to shop until the end of a market to get a discount, and devalue your products over the long run. Once you have been at a market a few times, you will get a better idea of how much product to bring with you each time.

The Michigan Farmers Market Association (MIFMA) is a member association available to farmers, market managers, vendors and general supporters of farmers markets in our state.

You also need to be at the market at the required times regardless of the weather or other commitments. Some market rules state that farmers will be banned from future markets if they miss a market or leave early. Customer loyalty may be to the market, not to you as an individual vendor. You can minimize this by differentiating your products from the other vendors' farms and products. You can also work hard to get to know your customers and their likes and dislikes, or greet them by name.

Finding and Joining a Farmers Market

The Michigan Farmers Market Association (MIFMA) is a member association available to farmers, market managers, vendors and general supporters of farmers markets in our state. MIFMA maintains a list of farmers markets in Michigan to help farmers and consumers locate markets that may suit their needs, and offers a variety of resources to producers, market managers and others who are involved in farmers markets, including training, group liability insurance, networking, funding, and marketing resources.

Several other regional, state and national resources and market listings are available to help you promote your farm and the markets where you sell your products. These are listed in the resources area at the end of this section.

State Regulations on Food Safety and Labeling at Farmers Markets

The Michigan Department of Agriculture & Rural Development (MDARD) is the regulatory agency responsible for inspections and licensing at farmers markets. Local health departments also inspect and license certain businesses at farmers markets, when the businesses include a food service component (e.g., a vendor selling ready-to-eat food items). The primary reason for licensing and inspecting any food establishment is to ensure safe handling of food products from the farm gate to the dinner plate.

Farmers markets are inspected using the Michigan Food Law and Michigan Modified Food Code. MDARD has developed a "Temporary Food Establishment Operations Checklist" and a "General Inspection Guide for Farmers Markets" to help businesses that sell at farmers markets understand the regulatory requirements. A guide to sampling food products at farmers markets has also been developed, along with reference materials for farmers, market managers, and consumers. The documents and related links help promote uniformity of inspection; provide guidance and compliance assistance to developing farmers markets; and outline food safety and operational standards for market managers and vendors. Copies of these documents are available at www.michigan.gov/farmersmarkets.

There are product-specific requirements for sampling, packaging, labeling, and handling foods at farmers markets. For more information about licensing requirements for various types of products sold at farmers markets, see the chart in Chapter Five.

Regulatory Exemptions for Farmers Markets

There are several exemptions from licensing at farmers markets based on law and policy. A food establishment may be exempt from licensing, but is not exempt from aspects of food safety or consumer protection. For instance, farmers who sell whole, raw, uncut produce at a farmers market do not need a license to do so. Farmers or food processors licensed at their production facility do not need a license to sell their own processed products at a farmers market, but must meet regulatory requirements of the Michigan Food Law.

Specific examples of exempted establishments that may be present at farmers markets include:

1. Retailers of whole, raw, uncut produce: Sites may be temporary or permanent in duration. This may include open-air roadside sites, tents, open-air markets, market stalls, or operations located within a building.

2. Licensed agricultural producers and food processors, retailing products of their own production: Must be licensed at the base facility; products must be made exclusively from producer's own product (e.g., meat, poultry, and cider).
3. Licensing is not required for egg producers that process eggs for sale directly to consumers. Licensing is also not required for producers that sell eggs of their own production to egg processing establishments.
4. Processors/producers of prepackaged, non-potentially hazardous and/or shelf-stable foods selling products of their own production: Must be licensed at the base facility and products must be transported, handled, and sold by an employee of the firm. This includes all establishments licensed under the Michigan Food Law.
5. Producers of prepackaged, non-potentially hazardous foods operating under the Cottage Food Exemption. For Cottage Food requirements, visit www.michigan.gov/cottagefood.
6. Retailers of honey and maple syrup: Product must be of seller's own production and must be licensed at base facility. Exemptions exist under the Michigan Food Law that provides hobbyists of honey and maple syrup exclusion from licensure in certain conditions. For more details, visit www.michigan.gov/mdardmarketingguide
7. Temporary food establishments with only single service, non-potentially hazardous food or beverage: Single service portions of prepackaged or dispensed food or drink, such as soft drinks, cider, coffee, donuts, popcorn, or ice cream novelties. All food must be from a licensed facility. No on-site preparation is allowed.
8. Sale of incidental prepackaged, non-potentially hazardous food: While farmers markets are by nature temporary, a vendor at a farmers market may sell an incidental amount of non-potentially hazardous food (five percent of sales or less). Consideration, however, must be given to the source of the product and storage once removed from the venue. A license would be required for storage of the food product.

Michigan's Cottage Food Law

The Michigan Cottage Food Law was signed into law on July 12, 2010, to foster the development of entrepreneurial food businesses. This allows small businesses to sell certain types of foods that have been manufactured and stored in an unlicensed home kitchen of a single family residence, as long as they are labeled as such. Prior to passage of this law, processing food in a home kitchen for sale to the public was not allowed.

Cottage foods are non-potentially hazardous foods that don't require time/temperature control for food safety, such as cakes, baked goods, jams/jellies in glass jars that can be stored at room temperature, popcorn, etc. Even with the passage of the Cottage Food Law, you cannot produce potentially hazardous foods in your home without a license (e.g., meat/meat products, canned fruit/vegetables, salsa or apple butter, canned pickled products, cut melons, tomatoes, or leafy greens, etc.).

The Cottage Food Law includes a limit to the amount of money you can make selling cottage foods. The limit was increased, effective October 1, 2012, from $15,000 per year in gross sales to $20,000 per year. The limit will increase again December 31, 2017, to $25,000 per year.

The law may eliminate the need for licensure for a few smaller existing processors who wish to move their production operations to their home kitchens and sell in limited volumes directly to consumers. For more information, visit www.michigan.gov/cottagefood.

Nutrition and Food Recovery Programs

Many farmers markets in Michigan participate in national and state programs that provide free fruits and vegetables to low-income families. The Farmers Market Nutrition Program (FMNP) is a U.S. Department of Agriculture Food and Nutrition Service (USDA FNS) program that provides seniors and WIC clients with fresh, unprepared, locally grown fruits and vegetables with the goal of expanding consumption and improving nutrition while increasing sales at farmers markets. In Michigan, the program is administered by the Michigan Department of Community Health (MDCH) and is called Project FRESH. Eligible seniors and WIC clients receive coupons they can spend with any vendor and/or farmers market that has a contract with MDCH to accept the coupons for fresh, Michigan-grown produce.

The Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, is the nation's largest nutrition assistance program. The program is managed at the federal level

by the USDA FNS and requires food vendors to be licensed with FNS before accepting SNAP benefits for approved food items. In Michigan, the program is managed by the Department of Human Services and is referred to as the Food Assistance Program.

SNAP benefits can be used to purchase any approved food or food product for human use, or seeds and plants for use in a home garden to produce food for personal use. Clients receive their benefits via an electronic benefits transfer (EBT) system that works like a debit card to transfer their benefits to the food retailer. In Michigan, the EBT card has a picture of the Mackinac Bridge and is called the Bridge Card.

Farmers Market Resources

General Farmers Market Resources

Michigan Farmers Market Association

Resources for producers, market managers and others who are involved in farmers markets, including training, group liability insurance, networking, funding, and marketing resources.
517-432-3381; www.mifma.org

MSU Center for Regional Food Systems

517-432-1612; Fax: 517-353-3834; mhamm@msu.edu; rspirog@msu.edu; www.foodsystems.msu.edu

Farmers Market Coalition

www.farmersmarketcoalition.org

USDA Agricultural Marketing Service (AMS)

Information about starting markets, resource publications and the Farmers Market Promotion Program, a grant program for expanding and promoting local farmers markets, roadside stands, and similar agricultural ventures.
www.ams.usda.gov/farmersmarkets

Farmers Markets: Marketing and Business Guide

agmarketing.extension.psu.edu/ComFarmMkt/PDFs/OvrViewFarmmarket.pdf

Understanding Farmers Market Rules

Farmers Legal Action Group, Inc., Article for farmers to understand their responsibilities and rights as vendors at farmers markets.
www.flaginc.org/topics/pubs/arts/FarmersMarket.pdf

Michigan Department of Agriculture & Rural Development

www.michigan.gov/farmersmarkets;
www.michigan.gov/cottagefood

The New Farmers Market: Farm Fresh Ideas for Producers, Managers & Communities

www.sare.org/publications/newfarmer.htm

Michigan Food Law and Michigan Modified Food Code

Temporary Food Establishment Operations checklist, guidebook and other regulations. www.michigan.gov/foodsafety

Nutrition and Food Assistance Programs

Accepting Bridge Cards at Michigan Farmers Markets

Michigan Farmers Markets Food Assistance Partnership. Resource binder for farmers market managers on accepting SNAP benefits at markets. www.mifma.org

Farmers Market Nutrition Program (FMNP)/Project FRESH and Supplemental Nutrition Assistance Program (SNAP)/Food Assistance Program

U.S. Department of Agriculture Food and Nutrition Service, www.fns.usda.gov/fns;
Michigan Department of Human Services and Michigan Department of Community Health, www.michigan.gov/mdardmarketingguide

Community Supported Agriculture

Community Supported Agriculture (CSA) is a marketing system where farmers sell shares or subscriptions for their crops. Customers usually buy a share and pay in advance for their share of the harvest, then receive weekly batches of produce (their 'share') during the growing season. Under this unique relationship, a community of individuals pledges support to a farm operation so that the farmland becomes, either legally or spiritually, the community's farm, with the growers and consumers providing mutual support and sharing the risks and benefits of food production.

Next to farmers markets, CSA farms are one of the fastest growing marketing systems today because of the benefits derived by both farmers and members. CSA can be integrated with farmers market sales and other techniques. It has been an excellent strategy for many small farms, providing crucial cash flow at the beginning of the growing season.

Some CSA farms in Michigan are going to year-round or nearly year-round production and offer both summer and winter shares. Michigan CSA farms are also partnering with neighboring farmers who share their production preferences and farming philosophies to offer products from both farms that complement each other (e.g., a produce farmer may work with a beef or dairy farmer to offer beef or cheese shares at the produce CSA.)

Benefits and Challenges of CSAs

Having cash in advance of the growing season and a regular customer following provides financial security for farmers, and allows for the production of a wide variety of products. A CSA structure benefits the farmer by reducing the need for loans because the members put up capital for the seasonal operating expenses (though not initial CSA start-up costs).

Just as the farmer's input costs are basically the same, regardless of the size of the harvest, the member fees are the same, regardless of the size of the share each week. In good years, the members share in the bounty; in poor years, their shares are smaller.

CSA can be labor- and time-intensive, and you need a sound plan of action for the entire growing season, expertise in using equipment, and the ability to manage workers. On some farms, customer work days are part of the agreement. These work days not only help with getting the job done, but also give the customers a sense of ownership and pride in a job well done.

Considerations for Starting and Operating a CSA

There are several things you need to consider as you start your CSA, including: how many members to recruit; the size and price of shares you will offer; harvesting and post-harvest handling; product packaging; delivery schedules and locations; and the mix of products you will grow and sell. You may also find it beneficial to survey your customers every year to determine their satisfaction and product desires. The survey results will help you plan for the next growing season and keep your customers happy.

Operating a CSA requires expertise in growing or raising crops and excellent crop management skills to provide attractive and diverse weekly food baskets. Good customer service, planning and good recordkeeping are also required.

Planning and Recordkeeping

Managing a successful CSA can be a balancing act. Extensive knowledge of vegetables, varieties and their rates of maturity will help as you develop a system of timing and succession planting to ensure a consistent harvest throughout the season. You must be able to plan an entire season's production before the first seed is planted. Projections of how much of each variety to plant will depend on your customer base. Successful planning will lead to a successful harvest, which will give you an opportunity to expand your program in the future.

Keeping detailed production and financial records is a must with CSA. A CSA is a business. Although customers are willing to pay in advance to be a part of a CSA, they also want to be assured of a fair share and value for their money. You are also looking for a profit for your time and effort invested. Before setting a share price, you need to estimate all costs for the growing year. Don't forget to include your salary and profit margin!

If your financial estimates are wrong, you may find it hard to recover your costs; if your production estimates are wrong, you may shortchange your customers and risk losing their business. Careful recordkeeping during the start-up years is extremely valuable to help make the necessary adjustments to estimates in future years.

Resources for budget projections are included at the end of this section to assist you in determining your cost of production. Consulting with other successful CSA managers about their initial estimates may also help you develop your projections.

CSA Resources

Community Supported Agriculture in Michigan

This website includes pages for many of the CSA growers in Northwest Lower Michigan, a map of CSA farms in Michigan, resources and links for CSA and related topics, information on *The Community Farm*, a newsletter for local food and CSA interests, training resources for CSA, and more. www.csafarms.org

Community Supported Agriculture

www.nal.usda.gov/afsic/pubs/csa/csa.shtml

Agricultural Tourism (Agri-tourism)

Farm businesses no longer just produce food and fiber for the market. They sell the country experience and culinary heritage of their communities. As Americans lose family ties with agriculture, many are interested in maintaining some sort of contact with farming, especially for their children. Agri-tourism offers our state a terrific opportunity for revitalizing the link between city residents, farmers, fresh produce, domestic animals, and the land we share. Bringing non-farmers to farming areas for recreation, reconnection, and to develop an understanding of the origin of their food and culinary culture are all part of the lure of agri-tourism.

Agri-tourism offers our state a terrific opportunity for revitalizing the link between city residents, farmers, fresh produce, domestic animals, and the land we share.

Agri-tourism combines agricultural or rural settings and products within a tourism, educational or entertainment experience. It includes a broad spectrum of agricultural experiences including fruit and vegetable stands, U-pick operations, Christmas tree farms, wineries, petting farms, orchard and garden tours, farm-based bed and breakfast accommodations, corn mazes, harvest festivals, rent-a-tree programs, farmers markets, school tours, on-farm weddings, on-farm bakeries, hunting preserves, riding stables and more.

Agri-tourism is not new to Michigan. Some Michigan farm families have been in the agri-tourism business for generations, but their direct marketing businesses have been called farm markets, roadside stands or U-pick operations. These traditional agri-tourism operations are still a vital part of our state's agricultural industry today. The number, size and uniqueness of agri-tourism businesses have grown in Michigan, in response to consumer demand for an on-farm experience and local products and the farmers need to diversify their farm operations for economic success.

A typical agri-tourism operation in Michigan is sometimes hard to define. Agri-tourism can work in both urbanized areas and very rural areas. How an operation is developed or grows is based on many factors, including the desires of the family farmers, the unique local flavor of the area, the demands of the customers/visitors, local land use and zoning ordinances, and the ability or space to grow to accommodate all of these things. Some are year-round operations, and some are only open during the harvest season for the crops they are selling.

Culinary tourism is a growing trend in tourism, as consumers spend an increased amount of time and money engaging in authentic and unique food and beverage experiences when they travel. An increase in media coverage for food information (Food Network, etc.) and the Internet have helped consumers pursue this area of interest. Partnerships with chefs at local restaurants, charter fishing operators, wild game purveyors, hotels, bed and breakfasts, and Convention and Visitors Bureaus can provide exciting marketing opportunities for agricultural producers. For more information, contact the Michigan Grape and Wine Industry Council at 517-241-3415 or www.michiganwines.com.

Benefits and Challenges of Agri-tourism

Farmers have many reasons for expanding into agri-tourism enterprises. They are facing increasing pressure to sell their land for development. Farms and farmland contribute much more than jobs and dollars – they provide open space for recreation, food for Michigan residents and environmental benefits, and they represent a rural way of life that is an integral part of our state's heritage. Value-added marketing opportunities such as agri-tourism provide much-needed revenue sources and protect our land resources by helping farm families keep farming.

Opening up farms to visitors is increasingly becoming a way for Michigan farmers to create a dependable source of revenue to ride out the uncertainties of crop prices, weather and disease, and the seasonal cycle of farm income. In many multi-generational farm families, traditional farming is not enough to support extended family. Agri-tourism provides on-farm employment for family members, increases and diversifies the market, and provides a healthy food choice to consumers.

Cross-promoting your agri-tourism business with other agri-tourism opportunities in the area brings more visitors to the area. Don't think of your neighbors as competitors – they have a product that is unique to their farm operation, just like your product is unique to your business. For an example of a successful agri-tourism cross-promotion effort, learn about Michigan's Casco and Ganges townships in Allegan County, and their Lakeshore Harvest Country brand identification efforts at www.lakeshoreharvestcountry.com

From a tourism standpoint, agri-tourism helps diversify the mix of products and services available to visitors and uniquely positions rural communities as tourism markets. Agri-tourism stabilizes rural economies by creating jobs and increasing community income; providing a broader market base for local businesses; and attracting businesses and small industries. People who visit farm markets or wineries are also spending money at local restaurants, gas stations, shopping districts, hotels, etc. The more opportunities available in one area, the more people will come to visit. One farm

People who visit farm markets or wineries are also spending money at local restaurants, gas stations, shopping districts, hotels, etc.

market may bring many people in, but when there are several farm markets, a winery, an antique shop, a restaurant that features local foods, and a gift shop or book store all in one area, people will flock in.

Agri-tourism is not without challenges. You must be prepared to have people coming to your farm on a regular basis. Since working farms come with some inherent safety hazards, you must take precautions to assure the safety of your visitors. This means you must meet local and state zoning requirements, which can cover areas like signage, parking, lighting, restroom facilities, fire prevention equipment, etc. Be sure you are adequately insured for bringing visitors on to your farm. You will also need to physically prepare your farm for visitors. A safe, clean, well-kept farm is inviting and will make the best impression on new customers and enhance their experience. The location of your farm may determine customer traffic rates, so a good marketing plan is key to bringing customers to your farm. And, of course, customer word-of-mouth is the best promotion your farm business can have, so operating an agri-tourism operation also requires good people skills and a high level of customer contact.

Choosing the Right Agri-tourism Enterprise and Getting Started

Agri-tourism involves a huge responsibility on your part because you will be hosting people from many walks of life. Whatever the reason you choose to start an agri-tourism venture (to boost farm income, connect with customers, provide a community service, etc.), you should do everything possible to provide a positive experience for your visitors. Again, it is best to start small and expand as you feel you can.

One way to determine what may be involved or to find out what will work in your particular area is to talk with other farmers who have developed a successful agri-tourism business. Consider the assets you already have on your farm, including the farmyard layout, existing structures, on-farm markets, etc. What aspects of agri-tourism would best complement these existing assets? If you live in an area of notable historical significance, you may be able to tie elements of that history to your operation. If you are close to urban areas, hosting specific festivals or events may be a draw. Hayrides, pumpkin patches, sleigh rides, barn dances or corn mazes may all be viable options for your farm.

The Michigan Ag Council has developed a CD/resource guide for opening a farm to visitors. "Showcasing Michigan Agriculture, A Complete Guide to Conducting a Farm Tour" can help you get a great start to your agri-tourism operation. Visit www.miagcouncil.org for more information. Additional agri-tourism resources are listed at the end of this section.

Marketing Your Agri-tourism Business

To be successful, you are going to need to attract people to your business. Getting your name out to the public and attaching a good reputation and image are effective marketing tools. Working with local media can provide exposure to your business that reaches a wide audience. Good stories attract the attention of local radio, television and newspaper reporters and can be an excellent way to let the public know about your business.

Developing printed brochures, flyers and a website are relatively inexpensive and can reach a wide audience. Make sure to include clear directions for getting to your farm and the dates and hours of operation. A logo, business cards and postcards are also good ideas. Include a guest book on the farm so people can leave their mailing and e-mail addresses, and then develop a newsletter or regular e-mail to promote activities on the farm.

There are several organizations that produce member directories, along with providing information, support and services to their members. Others offer free online listings. Consider joining a statewide or regional organization and getting listed on as many free electronic listings as possible. A list of member organizations and free listings is included under Agri-tourism Resources below.

Agri-tourism Resources

Michigan Resources

Michigan Agri-tourism Association (MATA)

P.O. Box 128, Sparta, MI 49345; Toll-free 866-964-3628; info@michiganfarmfun.com; www.michiganfarmfun.com

Michigan Ag Council Showcasing Michigan Agriculture

Michigan Ag Council. CD/guide for opening farm to visitors. www.miagcouncil.org

Agricultural Tourism Advisory Commission Report and Model Zoning Ordinance

Michigan Department of Agriculture & Rural Development www.michigan.gov/documents/mdard/MDA_agtourfinal_185761_7_390314_7.pdf

Generally Accepted Agricultural and Management Practices for Farm Markets

Michigan Right to Farm Act, Michigan Department of Agriculture & Rural Development. www.michigan.gov/gaamps

Statewide and Regional Marketing Resources and Listings

Michigan MarketMaker

MSU Product Center for Agriculture and Natural Resources. Interactive mapping system that locates businesses and markets of agricultural products in Michigan, providing an important link between producers and consumers. mimarket@msu.edu; http://mi.marketmaker.uiuc.edu

Travel Michigan/Pure Michigan

Free listing of Michigan businesses. Click on "Add My Property". www.travelmichigannews.org/mtr

Local Harvest

Listing of farmers markets, family farms, CSA, and other sources of sustainably produced foods. www.localharvest.org

Taste the Local Difference

Michigan Land Use Institute. Guide to local farms in Northwest Lower Michigan. 231-941-6584; Fax: 231-929-0937; tld@mlui.org; www.localdifference.org

Real Time Farms

Local food guide that includes farm, market and restaurant listings. www.realtimefarms.com

West Michigan FRESH

Directory of western Michigan family farms and businesses that sell locally grown products. www.foodshed.net/wm%20fresh%202011.pdf

Fresh. Local. Ready. Guide to West Michigan Specialty Crops

West Michigan Tourist Association. www.wmta.org/agri-tourism-579/

Farm Product Directory for Washtenaw County in Southeastern Michigan

Food System Economic Partnership; 734-222-6859

West Michigan FarmLink

Connects small and mid-size producers to schools, restaurants, hospitals and other institutional buyers. www.wmfarmlink.com

Additional Agri-tourism Resources

Top Marketing Ideas for Agri-tourism Operations, Adding Value and Personalizing Your Services

University of California Small Farm Center.
www.sfp.ucdavis.edu/agritourism/

The Handbook of Regulations for Direct Farm Marketing "The Green Book"

Washington State Department of Agriculture, Small Farm and Direct Marketing Program.
www.smallfarms.wsu.edu/WSU-pdfs/056-Greenbook-web.pdf

On-farm Stores, Pick Your Own Operations & Roadside Stands

On-farm stores, Pick Your Own operations, and roadside stands are all direct marketing methods located on the farm. Some roadside stands can be located on leased or owned property away from the farm, usually along a busier road that may offer a higher traffic volume for sales. These differ from other direct marketing options because customers travel to you to make their selection and purchase. These businesses can be individually owned, family-run, or a cooperative effort among farms.

Michigan's Safe Food Assessment Program

Michigan's Safe Food Risk Assessment is a small farm, scale-appropriate, voluntary program designed to educate fresh fruit and vegetable producers about food safety and to recognize those who implement safe food management practices. The free assessment is geared toward smaller growers who are not currently required to have a certified food safety audit.

Producers who successfully complete the assessment and on-site farm review will receive a certificate of completion that can be shared with their consumers and buyers.

Contact your local Conservation District or the Michigan Department of Agriculture & Rural Development (517-335-6529) to learn if the program is offered in your area.

On-farm Stores

On-farm stores, also called farm markets, traditionally sell the products grown and raised on the farm and are located in a permanent structure on a farmer's property. On-farm stores differ from roadside stands in that on-farm stores may operate year-round, offer a wider variety of products than a roadside stand, and are subject to more regulation than a roadside stand.

Many on-farm stores sell value-added products like honey, maple syrup, baked goods, ice cream, wines and preserves. Clothing and crafts made from wool and other animal products may also be sold. On-farm store operators often leverage location with tourism routes and offer both recreation and educational experiences.

The "farm experience" has become an important reason for people to pick produce at a farm.

Benefits and Challenges of On-farm Stores

Advantages of on-farm stores include a convenient location near production, so no travel is needed, and customers get a closer look at where their food was produced, making that important connection. On the other hand, you or your employees must be present when the market is open, and you may need to invest in shelving and coolers to display your products at their best.

When starting an on-farm store, business details like attractive displays and a good layout of products are important. On-farm stores are usually in buildings separate from your home, but some are attached to it. Depending on the market location, local ordinances and market objectives, part of the farm may need to be rezoned commercial, which may impact your tax base. Check with your local zoning and planning commission to get approval before starting any building project to make sure you comply with regulations.

You need to establish market hours that are convenient for your customers' schedules. These hours may vary according to your schedule. Your daily routine may need to be altered based on store needs for staffing. For detailed information on establishing an on-farm store, see the Resources list at the end of this section.

Pick Your Own Operations

Pick Your Own farms, also called U-pick farms, grow crops specifically to be harvested by customers. In this manner, the task of picking the crop, one of the higher costs of growing fruits and vegetables, is passed on to customers. U-pick farms have traditionally appealed to families who do home canning. As fewer families now can, freeze, or otherwise preserve large quantities of food, the "farm experience" has become a more important reason for people to pick produce at a farm. There continues to be an interest by families in picking produce for fresh use and, in some instances, having their children experience where their food comes from. As with many direct marketing techniques, U-pick operations can be blended with other marketing techniques such as roadside markets, farmers markets, etc., and good customer skills are a must.

Benefits and Challenges of Pick Your Own Operations

With Pick Your Own operations, customers get the freshest produce possible at a price generally lower than retail outlets. Large quantities can be picked at a reasonable price for freezing or home canning. The farmer benefits by having customers provide most of the labor to harvest, although many U-pick farms also offer pre-picked quantities at a higher price for customers who prefer the fresh produce and pleasure of coming to the farm, but don't want to do their own picking.

If you are a grower with established berry beds, you will need an efficient system for marking rows and areas that have been recently picked. Since you are letting unskilled workers into your fields or orchards, you must direct customers to picking areas, provide picking tips to prevent plant or tree damage, and oftentimes, since people tend to pick the easiest to reach fruit first, you may have to re-harvest some picking areas.

If you sell your products by weight, you will need a trade-legal scale. Some Pick Your Own farms use boxes or containers as the sale measure. This requires telling your customers what constitutes a full container and what extra charges are for overloaded containers.

As is the case whenever you bring people onto your farm, you will need to manage your liability risk carefully. Check with your insurance carrier for the best coverage for your farm operation.

A roadside stand is a booth, open-sided structure or table set-up along a roadside on or near the farmer's property during the growing season where a grower sells directly to consumers.

Pick Your Own operations can be time consuming at the peak of harvest. Many operations are open seven days a week to keep the produce from maturing too quickly and spoiling. However, you still have the flexibility to determine your own hours. You will need to assess the time you need to invest to be successful and have satisfied customers.

At Pick Your Own farms, you or your employees must be available during picking hours to handle pay lines, customer questions, complaints, parking and other issues. You will also need to adjust your field operations to picking times, so that weeding, irrigation and other farm chores are not done when customers are on the farm. This often means working late or starting early on days your picking operation is open.

Providing a pleasant experience for your customers and a quality product at a price they perceive as a good value will help you establish and maintain a successful U-pick operation.

Roadside Stands

Roadside stands are a traditional market that is enjoying a renewal. A roadside stand is a booth, open-sided structure or table set-up along a roadside on or near the farmer's property during the growing season where a grower sells directly to consumers. The stand displays farm products for sale. Most often, the products are fruits and vegetables, but may include jams, jellies or baked goods.

Often a stand is located on a farm or orchard. Produce sold in a roadside stand may be grown exclusively on the farm or may be purchased from outside sources. A roadside stand may be open only during harvest periods or throughout the year, depending on produce and other supply sources.

Benefits and Challenges of Roadside Stands

A roadside stand often represents a supplemental source of income, additional employment for family members, and a way to market surplus produce. Besides measurable financial benefits, producers establish relationships through direct exchange with customers. These relationships provide critical feedback to farmers when making planting decisions, developing customer education, and developing marketing strategies.

Roadside stands allow direct market sales without off-farm transportation costs, although some stands are located off the farm to get closer to traffic volume or population centers.

A roadside stand should be attractive to draw passing customers, and should offer enough produce for sale to give passers-by a reason to stop. If you do not live on a well-traveled road, choosing a site may be challenging. Cooperating with another landowner or business may help you establish a stand in a prime location.

Roadside stands can range from tailgate sales along streets to artistically enhanced portable stands with extensive displays and product selections. Some roadside stands are staffed; others rely on the honor system and place a canister at the stand for customers to leave payment.

Check with your insurance agent about liability issues related to your stand set-up. Local or county ordinances may also apply. You may also want to talk to others who have successful roadside stands already in place to learn from their experiences.

Wineries in Michigan

Michigan's Wine Industry

Michigan's wine industry is a sub-set of value-added agriculture and agri-tourism with a focus on wine. The industry has undergone significant transformation over the past 30 years, with changes in the variety of grapes grown and used for wine, the styles of wine produced, the quality of wine available and the facilities open to the public. In 1980, Michigan had just 10 licensed wineries and fewer than 900 acres of wine grapes. Today, Michigan has more than 100 commercial wineries producing more than 1.5 million gallons of wine annually. The vast majority of wine produced is from Michigan-grown grapes, which is helping to build Michigan's reputation as an emerging wine region. Vineyard acreage has doubled in the past decade to 2,650 acres in 2011, placing Michigan in the top ten wine grape producing states in the U.S.

Wineries are popular tourist destinations, attracting more than 1 million visitors annually. The strength of Michigan's wine producing regions as tourist destinations further supports the potential for growth in the industry. The wine industry contributes $300 million annually to Michigan's economy and an opportunity to maintain a farming business with a satisfactory return on investment.

The Michigan Grape and Wine Industry Council, housed in the Michigan Department of Agriculture & Rural Development's Office of Agriculture Development, serves the wine industry through its research, promotion and education efforts. "Wine Industry Resources for Michigan, Start-Up Guide" was developed by the council for those interested in starting a winery. The guide can be downloaded at www.michiganwines.com/resources.php and is listed in Michigan Winery Resources at the end of this section.

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Wine trails have also been established to help promote the wineries in the various regions of the state through websites, coordinated special events and other activities. More information is available in the Michigan Winery Resources section.

Michigan Winery Resources

Michigan Grape and Wine Industry Council

517-241-3415; Fax: 517-335-1103; www.michiganwines.com

Wine Industry Resources for Michigan, Start-Up Guide

Michigan Grape & Wine Industry Council,
www.michiganwines.com/resources.php

Michigan Wine Trails

Lake Michigan Shore Wine Trail, www.miwinetrail.com
Southeast Michigan Pioneer Wine Trail, www.pioneerwinetrail.com
Wineries of Old Mission Peninsula, www.wineriesofoldmission.com
Leelanau Peninsula Vintners Association, www.lpwines.com

Online Marketing

Opportunities Online

The Internet provides a convenient method to connect your farm business with customers. Most households have access to the Internet. This is a potentially large market for specialty farm products.

You may advertise your farm and sell products on the Internet by developing your own website or by participating in web-based farm directories (NOTE: eggs and cottage food products MAY NOT BE SOLD via the Internet, although your egg or cottage food business can be listed on the Internet). Farm homepages are an effective means for informing customers of products, when they are available, and how to obtain them. Related blogs report on-farm, family or business activities. A farm may offer details on its CSA or identify which farmers markets it sells at. These types of Web pages allow customers to see the farm and the people who work there. This enhances the personal aspect of direct marketing that many people find appealing. The latest information on product availability, farm news, product orders and other information may also be distributed to customers through an e-mail list.

For some businesses, catalog sales, either as stand-alone publications or in conjunction with online sales, are also a viable sales option. Value-added or even fresh food products may be shipped to customers throughout the country. Some businesses in Michigan use printed catalogs or the Internet to take pre-orders for products, and then deliver them via their farmers market booth each week.

Online Marketing Resources

E-Commerce Strategy Plan for Farm Markets

University of Delaware, College of Agriculture and Natural Resources, Department of Food & Resource Economics; and Innovative Exchange, Inc. www.webixi.com/webixi2012/pdfs/ECSP_Farm_Markets_Final_ls.pdf

Online Marketing Tip Sheets

Community Involved in Sustaining Agriculture (CISA). Tip sheets for creating a farm website, online store, blog and eNewsletter. www.buylocalfood.org

Michigan MarketMaker

MSU Product Center for Agriculture and Natural Resources. Interactive mapping system that locates businesses and markets of agricultural products in Michigan, providing an important link between producers and consumers. mimarket@msu.edu; http://mi.marketmaker.uiuc.edu

Travel Michigan/Pure Michigan

Free listing of Michigan businesses. Click on "Add My Property" www.travelmichigannews.org/mtr

Local Harvest

Listing of farmers markets, family farms, CSA, and other sources of sustainably produced foods. www.localharvest.org

Taste the Local Difference

Michigan Land Use Institute. Guide to local farms in Northwest Lower Michigan. 231-941-6584; Fax: 231-929-0937; tld@mlui.org; www.localdifference.org

Real Time Farms

Local food guide that includes farm, market and restaurant listings. www.realtimefarms.com

West Michigan FRESH

Directory of western Michigan family farms and businesses that sell locally grown products. www.foodshed.net/wm%20fresh%202011.pdf

Fresh. Local. Ready. Guide to West Michigan Specialty Crops

West Michigan Tourist Association. www.wmta.org/agri-tourism-579/

Farm Product Directory for Washtenaw County in Southeastern Michigan

Food System Economic Partnership; 734-222-6859

West Michigan FarmLink

www.wmfarmlink.com

Michigan's Safe Food Risk Assessment Program

Michigan Department of Agriculture & Rural Development; 517-335-6529; www.michigan.gov/mdard/0,4610,7-125-50772-275514--,00.html

Urban Gardening/Urban Agriculture

Urban Gardens and Commercial Agriculture

Urban agriculture is the practice of cultivating, processing and/or distributing food in, or around, a village, town or city. Urban agriculture can also involve animal husbandry, beekeeping, aquaculture, forestry, and horticulture.

The struggling economy and the growth of the organic and local food movements have led to an increase in the number of vegetable gardens being planted in urban settings at homes, schools, churches and community gardens. The nutritional, emotional and environmental benefits of gardening have been well-documented. However, in some cases, past uses of the site may have contaminated the soil, requiring use of simple precautions to prevent exposure to harmful substances.

Many urban gardens are finding markets for their products at farmers markets and roadside stands. Some products from urban gardens are also being used in schools and restaurants located in the community. Youth farm stands, school gardens, 4-H and Master Gardener programs have also connected with some urban gardening groups to engage even more people, young and old, in urban communities.

Urban farming is generally practiced for income-earning or food-producing activities though in some communities the main impetus may be recreation, relaxation, rehabilitation or community building. Urban agriculture contributes to food security and food safety in two ways: first, it increases the amount of food available to people living in cities; and, second, it allows fresh vegetables and fruits and meat products to be made available to urban consumers. Because urban agriculture promotes energy-saving local food production, urban agriculture is generally seen as sustainable.

Soil and water contamination concerns are also being addressed in urban communities as community gardens continue to grow and prosper. Lead, arsenic and cadmium are the main contaminants of concern because of their widespread occurrence in urban environments. Other contaminants may be a concern if the site or nearby properties have a history of industrial or commercial use.

Youth farm stands, school gardens, 4-H and Master Gardener programs have connected with urban gardening groups to engage even more people, young and old, in urban communities.

There are ways to reduce environmental health risks when gardening in urban areas. Urban gardening groups are taking precautions to minimize risk through some proactive steps. Some will help cover the costs of soil testing. Ingestion of soil and dust is the main route of exposure to soil contaminants. Recommendations for reducing the risk of exposure include washing and peeling root crops, and washing and removing the outer leaves or bottoms of leafy green crops. Reduce children's exposure by covering bare soil with mulch or sod. Increasing the organic matter content and pH of the garden soil can also limit the amount of contamination taken up by the crops. Raised beds filled with clean soil can help eliminate disturbing soils that may be contaminated.

In addition to providing healthy, fresh food choices for urban populations, urban gardens provide a place for communities to gather together. They allow for a reconnection with our agricultural roots, and are an excellent training ground for Michigan's future farmers and gardeners.

Urban Agriculture Resources

ATTRA Community and Urban Ag Resources

www.attra.ncat.org/attra-pub/local_food/urban_ag.html

Detroit Agriculture Network

www.detroitagriculture.net

Greening of Detroit

313-237-8733; Fax: 313-237-8737;
info@greeningofdetroit.com; www.greeningofdetroit.com

Growing Hope (Ypsilanti)

734-786-8401; Fax: 734-484-4481;
www.growinghope.net

Blandford Nature Center (Grand Rapids)

616-735-6240; Fax: 616-735-6255;
info@blandfordnaturecenter.org;
www.blandfordnaturecenter.org

The Garden Project (Lansing)

517-853-7809; gardenproject@greaterlansingfoodbank.org;
www.greaterlansingfoodbank.org/component/content/article/9/40-the-garden-project.html

Fair Food Matters (Kalamazoo)

269-492-1270; Fax: 269-492-1270;
www.fairfoodmatters.org/projects.php

Chapter Three: Intermediate Marketing – Producer to Buyer to Consumer

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Selling to Intermediate Buyers

Intermediate marketing is where a producer sells products to a specific buyer for resale. It includes selling products to wholesalers, brokers, distributors and processors who then sell them to retail outlets.

As demand for locally grown produce continues to increase, more farmers are using intermediate marketing channels to sell their products to supermarkets, distributors, restaurants, processors and institutions (including hospitals, schools, colleges/universities and correctional facilities). Selling into wholesale markets presents a new set of opportunities and challenges compared to direct marketing or selling on the open market at a fairly fixed price. Carefully consider what best suits you and your business as you enter the wholesale arena.

Opportunities for producer/consumer interaction in the intermediate market can vary, and depend largely on your intermediate buyer, if applicable. Sales through a distributor or processor may be anonymous. The buyer may be specifically seeking local food, but may not take the time to find out who you are if your products are sold through a distributor or processor. However, if you sell food directly to a restaurant, grocery store, school or other institution, you might have an opportunity to get involved in promotions and see your farm listed next to menu items or near case displays.

Many food and agriculture businesses use a mix of intermediate and direct marketing methods when selling their products. There are three key considerations you need to make to be a successful intermediate marketer: compliance with food safety regulations; post-harvest handling, storage and distribution; and packaging and labeling.

Many food and agriculture businesses use a mix of intermediate and direct marketing methods when selling their products.

Food Safety Regulations

Marketing food to the public requires an understanding of the regulations and rules involved to produce and distribute a safe product. Food safety regulations and licensing requirements for all types of markets are covered in more detail in Chapter Five. The main thing you need to know about selling your products to intermediate buyers is farmers are an "approved source" for fresh, uncut, raw fruits and vegetables they grow themselves. There are also ways for producers to sell meats, poultry, eggs, and dairy products to restaurants/food service businesses and retail grocery stores. In order to sell processed products, you must meet specific licensing and inspection regulations. The regulations are designed to prevent unsafe products from entering the food system but are not prohibitive to the point where you can't take advantage of the opportunity to process foods. Some food licensing and inspection requirements are set by regulatory agencies. Many buyers require

producers to meet food safety standards above and beyond state and federal regulatory requirements (e.g., Good Agricultural Practices/Good Handling Practices audits.) These are usually driven by the end buyers. If you intend to sell your products to intermediate buyers, work closely with your buyers to make sure you meet their food safety requirements.

Post-Harvest Handling, Storage and Distribution

Proper handling of fruits and vegetables from the time they are harvested to the time they are used is extremely important, both to keep the product safe to eat, and to prevent spoilage and waste. There can be a considerable amount of time between when you harvest and when your product is used by the buyer. It is essential to cool fruits and vegetables from their field temperature to the proper storage temperature as quickly as possible after harvest and maintain proper temperature throughout the entire chain of transport from field to storage, storage to truck, and truck to buyer. Hydro-cooling, icing, and forced air cooling are quick methods of removing field heat. If your production is large enough, an investment in a cooling facility or refrigerated truck may be a sound business decision.

If you use extended season storage facilities on your farm, you need to closely monitor your post-harvest handling and storage conditions. Good post-harvest handling and storage practices increase shelf life and maintain the quality of fruits and vegetables.

Meat, eggs, and dairy products require different handling and storage methods. Refrigeration at or below 41°F is required at all times for perishable meats and dairy products, and at or below 45°F for the transportation of dairy products, to ensure safe storage and delivery. If labeled as frozen, meat products must be kept frozen at all times. Eggs have specific temperature requirements during washing, processing, packing, and storage NOTE: egg producers with less than 3,000 hens in the laying flock do not have specific refrigeration requirements under the law; however, it is recommended they follow the same requirements for refrigeration as larger egg producers to assure they deliver a safe, wholesome product to market. Additional information on post-harvest handling, storage, and distribution is available in the Resources list at the end of this section. A summary of applicable state rules and regulations for all products is included in Chapter Five.

Packaging and Labeling

Standards for packaging and sizing are fairly consistent throughout the food industry, so packaging, package size, and grading is important when selling your farm products to an intermediate market. Most distributors don't want to repackage products and expect your shipment to arrive in standard package sizes. You will need to make sure you understand what your buyer's product packaging and labeling needs are so expectations are met. This will help create a strong relationship as you strive to fill the needs of your buyer.

Meat sold to the public must be processed at a federally licensed facility. The meat must be inspected, packaged, and appropriately labeled. Milk and dairy products must be produced and processed in licensed facilities inspected and approved by the state. Dairy processing facilities are also subject to federal inspections. Packaging and labeling standards apply to milk and dairy products. Eggs are subject to grading, sizing, and labeling requirements, with the exception of laying flocks with less than 3,000 hens. Other products like honey and maple syrup have their own standards and regulations regarding packaging and labeling. Additional information on packaging and labeling is available in the Resources list at the end of this section. A summary of applicable state rules and regulations for all products is included in Chapter Five.

Key Steps for Selling to Intermediate Markets

There are several key steps you should take that will help successfully sell to intermediate markets. They include scheduling meetings and creating a relationship with the buyer before the growing season starts; developing a written buy/sell agreement; and maintaining communication with the buyer throughout the year.

When you meet with the buyer, there are some things you can do to make sure you are prepared for the meeting. Provide product samples if possible, and bring samples of your packaging, labels, farm information, and in-store or restaurant point-of-sale marketing materials, if applicable. Have your price goals established before you approach the buyer. Provide descriptions of the products you currently produce, and ask the buyer what other products may be of interest. Prepare an availability sheet for your products that the buyer can keep as a reference, and follow up with a written agreement.

A written agreement should cover:

- Quantity of product per week
- Price
- Size and packaging requirements
- Quality standards
- Ordering and delivery schedule
- Licensing, insurance or certification requirements
- Payment method and schedule

A written agreement between a buyer and a seller helps clarify the responsibilities and expectations of both parties. Be sure to cover all the agreement details in your contract and ask specific questions relating to promotions and pricing.

You may also want to agree upon and include items like details of specific product promotions, mark-up/margin for products, and whether the product will be purchased for the entire season. Whatever you and the buyer agree upon should be included in the written agreement.

After securing a sale and agreement with a buyer, it is a good business practice to maintain contact throughout the year. Determine the buyer's preferred method and timing for communication and touch base as you begin to plan and develop your next planning cycle. By developing a good working relationship with a buyer, you will be able to ask for feedback about the quality of your products, determine how best to meet the future needs of the buyer, and maintain the buyer as a customer.

Most buyers dislike the surprise of orders that can't be filled or delivered on time. Disruptions in deliveries or product availability and failure to meet commitments may result in losing the buyer as a customer. Buyers typically like two weeks' notice when a purchased product is going to be harvested and delivered. Keeping your buyers informed on the current status of your products allows them to anticipate delivery times. This can also give them time to seek alternative sources for similar products in the event of unanticipated production changes.

Resources for Intermediate Marketing

Wholesale Success: A Farmer's Guide to Selling, Post Harvest Handling, and Packing Produce

www.familyfarmed.org

Postharvest Technology Research and Information Center

University of California-Davis
postharvest.ucdavis.edu/producefacts

Quality and Packaging Standards

U.S. Department of Agriculture, Agricultural Marketing Service
www.ams.usda.gov/AMSv1.0/standards

Restaurants and Grocery Stores

Restaurant Basics

Chefs have always known that fresh, local foods taste better, last longer and allow for menus with a regional flare that customers are clamoring for. Culinary tourism is a growing trend as "foodies" seek experiences that tempt the taste buds. Sourcing locally on a year-round basis in Michigan presents some challenges because of the seasonality of foods grown in our state; however, the bounty of the growing season can be enhanced and extended with processing, preserving, and improved storage and growing methods.

Building Relationships with Chefs

When selling to chefs, it may be even more important to invest time in building strong relationships, in part because you stand to gain or lose a higher volume of sales than with an individual customer at the farmers market. It can also take more time to establish relationships with chefs, so you may need to make multiple contacts before the chef starts to take an interest. Once a chef is interested, schedule a meeting well before the start of the season to determine his or her needs. Ask a few questions about the chef's favorite menu items, what sells best or if there are any hard-to-find or highly perishable products not available from the current supplier.

Chefs are extremely busy during meal times and will not welcome interruptions. If you call on a chef specializing in the lunch business at 11:30 a.m., you will lose the sale. The best time to call or drop by is mid-morning, generally before 10 a.m., or in the afternoon, around 2:00 or 3:00 p.m., after the lunchtime rush is over and before the dinner hour starts.

Restaurant trends have a significant impact on the food industry and touch the entire chain of production through consumption. One of the most important trends affecting producers is the increased use of locally grown food sources rather than accessing sources halfway across the country or around the world. Fruits and vegetables are among those products expected to experience the highest increase in per capita expenditure through 2020, which bodes well for Michigan farmers, especially since most consumers prefer locally grown foods as they become increasingly concerned about nutrition, safety, variety and convenience.

The growing focus on local sourcing has shown itself to be more than just a passing fancy. If restaurants buy from local sources, and promote it, there will be competitive and cost saving advantages.

The benefits of selling to restaurants include the ability to experiment with unique varieties and new products and increased brand exposure when your farm name is listed on menus or in restaurant promotions. Consumers benefit from the freshness of the product and the creativity of the chefs who incorporate the locally grown products.

The obstacles chefs face when purchasing locally grown food are related to distribution and delivery – getting the right product in the right quantity to the right place at the right time. Restaurants generally do not have much storage space and want the freshest produce available, so you may need to make several smaller deliveries to meet the needs of your restaurant buyer. Good communication with the restaurant manager and/or chef is also key to your successful partnership with a restaurant.

Grocery Stores – Local, Independent and Chain Stores

From the local corner grocery store to larger chain stores, the produce aisles are filled with local fruits and vegetables and pictures of the farmers who grew them. The driving force behind the increase in local foods at grocery stores is their customers' desires to support their local communities and local economy. Customers are requesting more local food and grocers are looking to enhance shopper loyalty.

The benefits of selling to grocery stores include the ability to sell large quantities of product and increased brand exposure. Consumers also have access to your product seven days a week. To successfully sell at grocery stores, you may need to develop competitive pricing. You may also need to include nutritional labeling on your products or add extra labeling to include a Universal Purchasing Code (UPC) or Price Look Up (PLU) label.

Selling to Grocery Stores and Restaurants

Chefs and grocery buyers usually work with distributors to purchase foods, for the convenience of accessing food products delivered in standardized quantities and sizes; however, thanks to the excellent quality and flavor of foods that come directly from the farm, more chefs and grocery department buyers are now seeking products from local farmers. This creates an opportunity for you to become a supplier for restaurants and grocery stores.

There are a few things you can do to assure a good working relationship with chefs and grocery department buyers:

- Establish good, professional communication with your buyer.
- Make sure the product you deliver is clean, good quality and consistent.
- Understand and meet the packaging and size requirements of your buyer.
- Understand your buyer's schedule. Chefs and grocery department buyers often plan menus and sales weeks in advance and they need to be able to rely on you to deliver your product as planned.
- Develop an accounting system that meets your needs and makes it easy for the buyer to understand and make payment. Determine payment intervals when the business relationship is established, and provide an invoice to be signed by the person who accepts the delivery.

Restaurant and Grocery Store Resources

Michigan Restaurant Association

517-482-5244 or 800-968-9668; Fax: 517-482-7663; www.michiganrestaurant.org

Michigan Grocers Association

517-372-6800 or 800-947-6237; Fax: 517-372-3002; www.michigangrocers.org

Associated Food and Petroleum Dealers

800-666-6233 or 248-671-9600; Fax: 866-601-9610; info@AFPDonline.org; www.afpdonline.org/index.php

Selling to Restaurants

National Center for Appropriate Technology, ATTRA. Successful strategies and points to remember when working with chefs. attra.ncat.org/attra-pub/summaries/summary.php?pub=266

Tools for selling to restaurants, retailers and institutions:

Keys to a successful relationship
Pricing and Invoicing

Community Involved in Sustaining Agriculture. Access the website through www.michigan.gov/mdardmarketingguide

Processors, Distributors/Wholesalers

Opportunities in Michigan

Processors and wholesale food distributors are a key component of the food system in the U.S. Restaurants, caterers, convention centers, school and university food services, and other types of food service all rely on processors and distributors to supply the food and food-related products they need to serve their customers. Many times, institutional buyers can purchase all the food products they need from one or two distributors.

Opportunities for food and agriculture businesses to sell their food products to local or regional food services are limited by time, staffing, and money constraints for producers and food services, alike. Distributors meet the needs of food services for specific quantities of specific products at a specific time. Distributors can also meet the needs of producers by coordinating marketing, ordering, billing and delivery, allowing the producer to concentrate on production.

Benefits of selling to processors or distributors include the ability to sell large quantities of product to one location and the opportunity for the farmer to focus on production rather than marketing. Farmers need to make fewer contacts to sell their products, and the processor or distributor has the ability to buy from local farmers in season and source products elsewhere when local products are unavailable, which helps smooth out the challenge of seasonality of production in Michigan. Selling to distributors does limit farmer to consumer connections and individual brand identification. Prices received are usually competitive and, therefore, lower when selling to distributors or processors.

There are three basic types of wholesalers:

- Manufacturers' sales branches and offices (MSBO) — Merchant wholesale operations maintained by grocery manufacturers to market their own products.
- Merchant wholesalers, excluding MSBO — Also referred to as third-party wholesalers, these firms are primarily engaged in buying groceries and related products from manufacturers, or processors, and reselling to retailers, institutions, and other businesses. Sales by merchant wholesalers account for the bulk of grocery wholesale sales.
- Brokers and agents — Wholesale operators who buy or sell for a commission as representatives of others and typically do not own or physically handle the products.

Food brokers negotiate sales for producers and manufacturers of food and food products. Food brokers provide a service to both food producers and buyers by selling to chain wholesalers, independent wholesalers and retail stores. Producers and manufacturers often find it less expensive to sell through food brokers rather than directly because it saves the cost of paying a sales staff to market their products. Since brokers represent a large number of producers, the wholesalers and retailers also save time, energy, and money by dealing with one broker rather than with many manufacturers' representatives.

Merchant grocery wholesalers are classified by the Census of Wholesale Trade by the types of products distributed:

- General-line distributors — Also referred to as broadline or full-line distributors, these are companies handling a broad line of groceries, health and beauty aids, and household products.
- Specialty distributors — Operations primarily engaged in the wholesale distribution of items such as frozen foods, baked goods, dairy products, meat and meat products, or fresh fruits and vegetables. Specialty wholesalers account for nearly half of grocery wholesale sales.
- Miscellaneous distributors — Companies primarily engaged in the wholesale distribution of a narrow range of dry groceries such as canned foods, coffee, bread or soft drinks.

Food Processing in Michigan

Michigan has been home to many national and regional food processors for over a century. Companies such as Kellogg's, Welch's, Birds Eye and Gerber are nationally recognized brands with significant production facilities in the state. Many of these companies are actively seeking Michigan sources for ingredients they need for their products. You can inquire about the need for your products with these companies by calling the purchasing departments of individual companies. Attending conferences and trade shows such as those offered by the Product Center for Agriculture and Natural Resources at Michigan State University, the Great Lakes Expo and the Food Marketing Conference (Western Michigan University) may allow you to make valuable contacts with food processing companies that might provide new business in the medium to long term. MDARD's Office of Agriculture Development also hosts Michigan companies at several domestic and international trade shows each year. AgD staff may also help identify companies undergoing expansion in Michigan, with new supply needs. For more information, contact MDARD's Office of Agriculture Development at 517-241-2178.

Key Considerations When Selling to Wholesale Distributors

Distributors typically have requirements for businesses from whom they purchase products. These requirements include:

- Product liability insurance.
- "Hold harmless" agreement – Farmers may be asked to sign an agreement accepting responsibility for any injury that may result from people eating their product.
- Good Agricultural Practices/Good Handling Practices (GAP/GHP) certification – Not all distributors require GAP or GHP certification. This requirement is generally driven by the end retailer. However, even if GAP or GHP certification is not required, it is a good idea to develop an on-farm food safety plan. See Good Agricultural Practices (GAP)/Good Handling Practices (GHP) in Chapter Five.
- "Non-compete" agreement – If a farmer chooses to sell to both distributors and their potential retail customers, a distributor may ask the farmer to sign an agreement stating they will charge their retail outlets the same base price as the distributor does.
- Product analysis and nutrition labeling – These may be required for processed products.
- Consistent packaging and sizing.
- On-farm storage – Farmers may be asked to hold their products until the distributor has a need for them.
- Transportation – Farmers may need to arrange for shipping their product to a distributor's warehouse. This may involve hiring a truck, purchasing a truck, or coordinating delivery with a distributor-owned truck.
- Quality product.

Resources for Processor and Distributors/Wholesaler

Michigan Food Processors Association

Listing of member food processors and other industry resources. 231-271-5752; Fax: 231-271-5753; info@michfpa.org; www.MichFPA.org

Cherry Capital Foods

Distribution business to get local farm products into area restaurants, schools and other businesses. Cherry Capital Foods also operates a retail store, open to the public, that features all local and Michigan produce, meats and food products, and also accepts orders via phone or fax for pick-up at the store or for UPS shipment. www.cherrycapitalfoods.net

Sysco

Sysco markets and distributes food products to restaurants, health care and educational facilities, lodging establishments and other customers who prepare meals away from home. Sysco Grand Rapids www.syscogr.com

Gordon Food Service, Inc. (GFS)

Headquartered in Grand Rapids, Michigan, GFS distributes products to food service customers in the U.S. and Canada, and operates GFS Marketplace retail stores, open to the public, in eight states. www.gfs.com

Michigan Fruit and Vegetable Processor's Guide to Environmental Regulations

Michigan Department of Environmental Quality, Environmental Assistance Program, Office of Pollution Prevention and Compliance Assistance. Reference guide to regulations for food processing facilities, suppliers and consultants. www.michigan.gov/deq/0,4561,7-135-3307_36106-170580--,00.html

Institutional Food Service

As with other markets, the trend toward using local foods in food service programs at Michigan schools and colleges, health care facilities, nursing homes, correctional facilities and other public institutions is gaining momentum. Nutrition, taste, freshness, making a connection with local farmers and supporting the local economy are just some of the reasons local foods are in high demand with institutional food service buyers. Selling to institutional food service can be an excellent way to develop a new market for your products.

Benefits of selling to institutional food service include the ability to contract for the entire growing season and being able to sell large quantities of product to one site. Institutional food service also provides a local food/farm connection for large, diverse audiences. To sell in this market, you may need to develop standard operating procedures for food safety. You may also discover that food budgets vary greatly between different types of institutions.

Finding and Approaching Institutional Buyers

Approaching an institution with a marketing plan for your product can be complicated. You need to find out who directs the food service and plan your approach accordingly. Institutional food service is typically either self-operated or contracted out to a food service management company, which then may supply the staff that runs the entire food service operation.

Some institutions serve 1,500 meals a week, while others serve 15,000 to 30,000. Some food service management companies have committed to source local food when they can. Some actively seek out farmers to supply them. Entry to institutional markets may be easier if you first identify and then approach food service directors and/or management companies that are open to sourcing local food. Before you approach institutional buyers, you should match the amount you can supply to the size of the institution. Institutions often make purchases at wholesale, so you will need to establish wholesale prices for your products. See the wholesale pricing information in Chapter Four.

Some institutional food services may have complex layers of management. Be aware that the buyer of your products is not the same as the end consumer. Depending on the type of institution, the end consumer might have some influence over the food service choices. Schools, for example, may be sourcing local food because of student or parent interest. Schools may be more interested in having a direct relationship with farmers than other types of institutions. Hosting field days or "meet the farmer" events are good ways to ensure continued support from the end consumers who may be the driving force behind the interest in sourcing local foods.

Selling to Institutional Buyers

Successful sellers to institutional food service markets have an understanding of their markets' expectations, supply requirements, standardization of product packaging and delivery, liability issues, and the ordering and billing methods used or preferred.

When selling to institutions, it is very important to be able to consistently supply products. This can be a challenge for fresh, locally grown products that are seasonal in nature. Seasonal sales are acceptable to some food service buyers, as long as farmers are able to manage their plantings to supply a consistent product throughout the growing season. Careful storage of crops and other season extension practices and techniques, including processing and preserving produce during the growing season, can help producers provide a consistent supply to institutions. More information on season extension practices and techniques can be found in Chapter Four. Many institutional buyers are also interested in purchasing locally grown processed products, like frozen fruits and vegetables, meats and dairy products. Food processors may find a ready market for their products at institutions.

Labor costs are an issue for most food service operations. It is important to provide products that are easy to prepare and serve. Frequent communication with institutional customers to find out their needs for size, uniformity and preferred packaging is important to your marketing success.

Institutions generally require delivery, and when necessary, refrigerated delivery. Delivering a clean product is very important. Providing a consistent size of vegetable is usually preferred, so check vegetable size preference with the customer. Special orders may differ from standard sizes used by the produce industry. Meat, poultry, dairy and eggs all have varying requirements for packaging and delivery. Check packaging preference with your buyer.

Institutional buyers prefer ordering and billing procedures that are as simple and streamlined as possible. There are different ways to develop a process that works for both the buyers and suppliers. Some ordering and billing suggestions include:

- Use two paper receipt books – one to record deliveries to a central packing location and another one to record customer orders.
- Take orders by phone, e-mail or fax, and deliver an invoice with the order.
- Determine payment procedures. Most institutions use a net 30 day billing cycle and pay with a purchasing credit card.
- Maintain ongoing communication with the buyers.

Food Safety Considerations when Selling to Schools and Other Institutions

Under the Michigan Modified Food Code, fresh fruits and vegetables are not considered potentially hazardous as long as they are whole, uncut, and unadulterated. This means that institutions may buy fresh Michigan produce directly from farmers without additional licensing requirements. However, some distributors, retailers, and schools may have their own food safety requirements in place, so check with your buyers to make sure you meet all food safety requirements from their standpoint.

Since buying directly from farmers may be new to many schools, it is a great idea to be proactive in sharing your farming practices and food safety protocols with school food buyers. Invite the buyers to your farm to see your operation first-hand. Share your food safety plan and work with your buyers to develop supplier agreements or contract specifications to assure mutual understanding of the standards you agree to meet. Invite the school buyers to inspect your delivery vehicle and orders upon delivery, and wash the produce before delivery. Provide information about proper storage and handling of your products to maintain the best possible freshness. Good record keeping is particularly important in case of a trace back of a product due to illness or injury. Make your records available to your school buyer upon request. And, finally, always remember to practice basic food safety guidelines throughout the process of harvesting, transporting, and delivery. Keep foods at proper temperatures, work on clean, sanitized surfaces, maintain good personal hygiene, and prevent cross-contamination of foods.

Liability Insurance

Agri-businesses or farmer groups who want to market to institutions typically need product liability insurance. Some farm insurance policies include coverage for products sold from the farm but this is not adequate for sales to food service. The amount of insurance you need depends on the products you are selling and whether you are selling your products to a public or private institution. Fresh, uncut raw fruits and vegetables are considered low risk and insurance for those products may be less than for higher risk products like meats. Check to see if your insurance agent is willing to work with you on a policy that will meet your needs. It may be worthwhile to shop around to find an agent with experience in farm direct marketing. Liability insurance is covered in more detail in Chapter Five.

Fresh, uncut raw fruits and vegetables are considered low risk and insurance for those products may be less than for higher risk products like meats.

Selling to Schools

"Farm to School" applies to a variety of initiatives in Michigan, including efforts to offer local foods in school cafeterias, school garden programs, fundraisers that take advantage of local products, farmer visits to school classrooms and cafeterias, and field trips to nearby farms.

Through the school meals programs during the school year and summer programs, schools, colleges, and universities represent a largely untapped opportunity to strengthen the market for farmers and increase access to locally grown, high-quality foods for young people. Such direct purchases are increasing through an expanding number of Farm to School projects throughout Michigan and the country.

Farm to School programs allow local farmers to market their products to schools and increase the sustainability of their business. These programs connect school districts or individual schools with local farms to provide healthy, local foods in school cafeterias, improve student nutrition, and provide health and nutrition education opportunities while supporting local small farmers. Preliminary evidence suggests children will significantly increase their consumption of fruits and vegetables when they are prepared and served in a tasty and attractive manner.

The Michigan Farm to School website, www.mifarmtoschool.msu.edu, is a portal for information and a venue for sharing ideas, tools, and resources to support these and other efforts to link schools with local farmers in Michigan. The Michigan Farm to School Program, part of the Center for Regional Food Systems at Michigan State University, also offers workshops and training opportunities for farmers, school food service directors, and others interested in establishing farmer/school marketing relationships.

School Fundraisers

Another opportunity for farmers to partner with schools is with school fundraisers. Fundraisers using local food and agricultural products can be a healthier alternative to typical school fundraisers focusing on sales of candy or cookie dough. These fundraisers, also known as "farmraisers," teach kids about local agriculture and support local producers and the local economy. With cooperation from parents, teachers and local producers, farmraisers can be a viable method for schools to raise funds and engage the community. Farmraisers can be as simple or complex as you'd like, by offering anything from a package of local products from which to choose, to bushels of apples, or pumpkins for Halloween.

Michigan Correctional Facilities

The Buy Michigan First Program directs state government purchasers to purchase from Michigan companies whenever possible. This includes the state's correctional facilities, the biggest buyer of food in state government. An upgraded bidding system allows purchasers to rank the volume of Michigan grown and processed products along with price and service, instead of automatically accepting the lowest bid.

Spot buys are frequent purchases by correctional facility food service directors (usually for produce and fresh items) for up to $25,000 per buy. Food service directors must get bids by phone or in writing from at least three vendors, but spot buys allow food service directors at individual correctional facilities to buy directly from Michigan agri-business owners.

"Farmraisers" can be as simple or complex as you'd like, by offering anything from a package of local products from which to choose, to bushels of apples, or pumpkins for Halloween.

Selling to the Federal Government

The Commodity Procurement Branch of the USDA Fruit and Vegetable Programs buys fresh and processed fruits and vegetables for domestic assistance programs. In addition to supplying people with nutritious food items, these services remove surplus production from the marketplace. This surplus removal service assists U.S. farmers when they face poor market conditions due to excess supply.

USDA often specifies foods low in fat, sugar and sodium. Also, it is USDA policy to purchase only products grown and processed in the U.S. In almost all cases, competitive bids are received by the Commodity Procurement Branch, and contracts are awarded to the low bidders. For more information please visit the How to Sell to USDA website at: www.ams.usda.gov/fv/howtosell.htm

All schools in Michigan must join one of three cooperatives in order to receive USDA foods (formerly call USDA commodity foods). All USDA foods are distributed through commercial distributors.

These three cooperatives each issue a Request for Proposal (RFP) for a distributor of USDA foods. Usually, this RFP includes distribution of the schools' commercial foods too. Distributors interested in distributing USDA foods must complete the RFP. The contracts awarded are quite often for one year plus renewals.

Institutional Food Service Resources

Marketing Michigan Products, A Step-By-Step Guide

Michigan Farm to School, Center for Regional Food Systems, Michigan State University. www.mifarmtoschool.msu.edu/index.php?q=marketing-guide

Michigan Farm to School

Michigan State University, Center for Regional Food Systems. 517-432-0310; www.mifarmtoschool.msu.edu

National Farm to School

Connects schools (K-12) and local farms with the objectives of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities, and supporting local and regional farmers. www.farmtoschool.org/index.php

Farm to Hospital

Occidental College, Urban and Environmental Policy Institute, Center for Food and Justice. 323-259-2991; Fax: 323-259-2734; www.foodsecurity.org/F2H_Brochure.pdf

Health Care Without Harm/Ecology Center

www.ecocenter.org/healthy-food
www.noharm.org/all_regions/issues/food

National Farm to College Program

Community Food Security Coalition. Provides detailed information about Farm to College programs including recommended policies and support, barriers, benefits, and recommended strategies. 717-240-1361; www.farmtocollege.org

Food Hub Network

Actively manages the aggregation, distribution, and marketing of source-identified food products from local and regional producers, strengthening their ability to satisfy wholesale, retail, and institutional demand. Center for Regional Food Systems; 517-432-0310; www.foodsystems.msu.edu

Bring local food to local institutions: A resource guide for farm to school and farm-to-institution programs.

National Center for Appropriate Technology (ATTRA). Provides farmers, school administrators, and institutional food-service planners with contact information and descriptions of existing programs that have made connections between local farmers and local school lunchrooms, college dining halls, or cafeterias in other institutions.
www.attra.ncat.org/attra-pub/summaries/summary.php?pub=261

How to Sell to USDA

U.S. Department of Agriculture Commodity Procurement, Fruit & Vegetable Programs, Agriculture Marketing Service. 202-720-4517; www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5062681

Small Farms/School Meals Initiative, Town Hall Meetings A Step-By-Step Guide on How to Bring Small Farms and Local Schools Together

U.S. Department of Agriculture, Food and Nutrition Service, www.fns.usda.gov/cnd/lunch/downloadable/small.pdf

Fresh from the Farm, Using Local Foods in the Afterschool and Summer Nutrition Programs

Food Research and Action Center, www.frac.org

Collaborative Marketing

Working together to accomplish marketing goals is often referred to as collaborative marketing. This may include farmers and consumers or non-profit groups working together to benefit the farmer. By working together, groups can provide a market for small farmers who can then afford to stay on the land.

For many food and agriculture businesses, cooperation and collective action in marketing can be keys to survival and success in our rapidly changing food system. Acting on your own, it may be difficult to maintain the steady flow of high-quality product that is required to establish a consistent

presence in the market place, and you may not be able to take advantage of size economies in processing, transportation and advertising. Also, it's difficult for one person to run a farming operation and devote the time required to develop the specialized skills and personal contacts needed for successful marketing. Finally, if you sell your products in a market where there are only a few large buyers, you may not have the market power needed to bargain for a fair price if you act independently.

Benefits of collaborative marketing include the ability to accomplish goals collectively that could not be accomplished alone, and the ability to pool products and work together on delivery to gain access to larger markets. In collaborative marketing, farmers are also able to focus on growing instead of marketing. You should also be aware that group decisions may override individual ones, and you may need periodic group meetings to determine direction. Efforts may also be disrupted by staff or budget changes, so flexibility is key.

Collaborative Marketing Resources

Center for Regional Food Systems

517-432-1612; www.foodsystems.msu.edu

Collaborative Marketing – A Roadmap and Resource Guide for Farmers

University of Minnesota Extension, www.extension.umn.edu/distribution/businessmanagement/DF7539.html

Food System Economic Partnership

Business Development Program, 734-222-6859;
Fax: 734-222-3990; www.fsepmichigan.org/index.php/our-work/business-development/

MSU Product Center for Agriculture and Natural Resources

Michigan State University, 517-432-8750; Fax: 517-432-8756; product@msu.edu; www.productcenter.msu.edu

Agricultural Marketing Resource Center

www.agmrc.org

U.S. Department of Agriculture's Agricultural Marketing Services

www.ams.usda.gov

Chapter Four: Market Development

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Overview

When planning to sell your products, you need to know and understand a variety of issues, such as basic market development and pricing strategies. Previous chapters covered the initial steps for developing your business, from market selection to handling and distribution. This chapter focuses on developing successful marketing strategies and developing an identity for your products so buyers seek them out. Promoting your business raises awareness in the marketplace. Developing a recognizable product or brand is important to the vitality of your business.

Developing a Marketing Plan

A marketing plan is a written document that details the necessary actions to achieve one or more marketing objectives. It can be for a product or service, a brand, or a product line. Most marketing plans cover between one and five years, and your marketing plan may be part of your overall business plan or a stand-alone plan. A solid marketing strategy is the foundation of a well-written marketing plan. While a marketing plan contains a list of actions, a marketing plan without a sound strategic foundation is of little use.

The most important benefit of a marketing plan is the planning process itself. Developing a marketing plan, as with developing a business plan, helps you look at where you are now and where you want your business to go and how you see yourself getting there. It also helps you set and achieve your personal and business goals.

When developing your marketing plan, your objectives and marketing activities should be clear, quantifiable, focused and realistic, and you should have buy-in from those who will have to implement it. The result should become a working document which will guide the marketing activities throughout the organization over the period of the plan. For a marketing plan to work, every change or exception to it throughout the year must be questioned, and the lessons learned from successes and failures should be incorporated in the next year's planning.

Marketing Plan Resources

MSU Product Center for Agriculture and Natural Resources

Assistance in developing and commercializing high-value, consumer-responsive products and businesses in the agriculture and natural resource sectors.
517-432-8752; Fax: 517-432-8756; mimarket@msu.edu; www.productcenter.msu.edu

If you direct market and have face-to-face contact with your customers, your face and name are your brand.

Michigan Department of Agriculture & Rural Development, Office of Agriculture Development

Market development assistance, including connections to resources and regulatory requirements. 517-241-2178; Fax: 517-335-1103; mda-info@michigan.gov

Michigan Economic Development Corporation

888-522-0103; www.michiganadvantage.org

Michigan Small Business and Technology Development Center

Assistance for aspiring and growing businesses, including a *Starting a Business in Michigan* guide, no-cost counseling, and low-cost training and market research. www.misbtdc.org

Get Farming! Program, Michigan Land Use Institute

Resources for new and aspiring farmers. 231-941-6584; www.localdifference.org/getfarming

Agricultural Marketing Resource Center (AgMRC)

Iowa State University, Ames, Iowa. This site offers business advice, strategies and resources to farmers and ranchers, including how to use grants, branding, business communication skills, customer relations, feasibility studies and more. www.agmrc.org/business_development

The Learning Store

University of Wisconsin-Extension. www.learningstore.uwex.edu/Direct-Marketing-C12.aspx

Marketing Strategies: Branding, Labeling, and Third-Party Certification

While part of marketing is connecting your name to your product to help customers recognize a brand, the key step is making sure your customers always experience quality product when they buy that brand. If you direct market and have face-to-face contact with your customers, your face and name are your brand. People recognize you and know the products you are selling. Simple things like wearing a hat or t-shirt with your farm logo, or the same type of clothing that becomes your trademark look can help with customer recognition.

If your marketing path takes you two or three steps away from face-to-face contact with your customer, then it becomes important to find other ways to help your customers recognize your products. Developing a brand identity is one way to gain recognition. It can be as simple as applying preprinted stick-on labels with your company name and logo. It could involve developing your own website or brochures with photos of you and your farm, information about your farming practices, and your mission statement.

Labels can also help you present a larger image of your products to customers. Your brand might be just you or your farm, but you can add to your image by using labels that make a statement about your farming practices.

Labels that indicate you are following sustainable farming practices or farming practices that are environmentally sound are typically called "eco-labels." Some eco-labels are regulated by the USDA. There are a variety of eco-labels available for farmers, but some labels have little criteria and can be confusing for some customers. If you choose to use eco-labels that are not widely recognized, research exactly what they mean so you can explain them to your customers.

Be aware that the use of multiple labels can actually be a turn-off for customers who can become confused and annoyed trying to sort everything your product stands for.

Labels Based on Production Practices or Third-Party Certification

USDA Organic: The National Organic Program (NOP) develops labeling standards for organic agricultural products. Farmers who want to use the word "organic" in marketing materials are required by law to be certified. The NOP accredits certifying agents who inspect production and handling operations to certify that farmers meet USDA standards. www.ams.usda.gov and search on "National Organic Program."

Naturally raised: This label is used by livestock producers to indicate to customers that certain production practices have been followed (in most cases that no growth-promoting hormones or antibiotics have been used) and that meat products have no artificial ingredients or added color and have been minimally processed. USDA has developed regulation standards for this label.

Free-range: This label tells customers that poultry products or eggs come from birds not raised in cages and that have been given space to roam. There is also a cage-free label for eggs. USDA does not have requirements for eggs; however, neither label requires third-party certification. The USDA does not define or certify free-range or free-roaming claims for any meat or poultry products.

Grass-fed: This label identifies meat products coming from animals fed on grasses and forages, never grains. The grass-fed label is under USDA regulation with standards having been defined for meat.

Certified Humane Raised and Handled: This consumer certification and labeling program is for eggs, dairy, meat, or poultry products. Food products carrying the label are certified to have come from facilities that meet certain quality standards for farm animal treatment. www.certifiedhumane.org

Animal Welfare Approved: This Animal Welfare Institute program and food label is a non-profit endorsement for farms meeting certain standards for humane treatment of farm animals. www.animalwelfareapproved.org

Food Alliance Midwest: This label means a business is certified by Food Alliance Midwest, a non-profit program and regional affiliate of Food Alliance. These programs operate a comprehensive third-party certification program for sustainably produced food. In addition to offering certification of farming practices, marketing opportunities are offered to enrolled farmers through partnering with other organizations working to connect potential buyers with sources of local food. Food Alliance-certified farmers become preferred sources for those buyers. www.localfoods.umn.edu/foodalliance

For more information on standards for labels based on production practices, visit www.ams.usda.gov/AMSv1.0 and enter the label name in the search box.

Developing a brand identity is one way to gain recognition. It can be as simple as applying preprinted stick-on labels with your company name and logo.

Other Labels Regulated by USDA

USDA Inspected and Meat Grade Label: USDA inspection stamps assure consumers a meat product is accurately labeled. Meat stamped with a USDA label has been evaluated for class, grade, or other quality characteristics. See Resources at the end of this section for more information on meat labeling.

Michigan Agriculture Environmental Assurance Program

Differentiating your product from other products can help you get top dollar for your product. The market for food grown using environmentally sound farming practices continues to increase. The Michigan Agriculture Environmental Assurance Program (MAEAP) is a voluntary certification program available to Michigan farms of all sizes and all commodities that voluntarily prevent or minimize agricultural pollution risks. Once the certification process is complete, farms receive a yard sign and placards that can be used at direct market locations declaring the farm uses environmentally sound practices.

Michigan Safe Food Risk Assessment is another voluntary certification program for small farms. The program was designed to educate fresh fruit and vegetable producers about food safety and recognize those who implement safe food management practices. The free assessment is geared toward smaller growers who are not currently required to have a certified food safety audit. Producers who successfully complete the assessment and on-site farm review will receive a certificate of completion that can be shared with their consumers and buyers.

Resources for Labeling and Third-Party Certification

U.S. Food and Drug Administration

General Food Labeling Requirements; www.fda.gov/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments/FoodLabelingNutrition/FoodLabelingGuide/ucm064866.htm

MSU Product Center for Agriculture and Natural Resources

The MSU Product Center has developed "Made in Michigan" stickers available for its clients to identify their products as Michigan-made. 517-432-8752; Fax: 517-432-8756; mimarket@msu.edu; www.productcenter.msu.edu

Michigan Agriculture Environmental Assurance Program

Michigan Department of Agriculture & Rural Development, Environmental Stewardship Division. 517-373-9797; www.maeap.org

Guidebook for Organic Certification

Midwest Organic and Sustainable Education Service (MOSES). www.mosesorganic.org/certificationguide.html

Eco-label Value Assessment: Consumer and Food Business Perceptions of Local Foods Research Report

Iowa State University, Leopold Center for Sustainable Agriculture.
agmarketing.extension.psu.edu/Retail/PDFs/EcoLabelsValueAsses.pdf

An Independent Guide to Eco-Labels

www.ecolabelindex.com/

Product Promotion

Promoting your products involves making your business name recognizable to the public. In direct marketing, you have an advantage of talking directly to your customers. This creates special relationships with those who buy your products. With intermediate marketing, you need to develop an awareness of your business and the products you have available. You start by deciding on a business name – and often product names – and perhaps develop a logo and informational materials.

Promotional tools can include advertising, sales promotion, public relations, websites, and online specials, just to name a few. For more information on how to promote your business, see the resources listed at the end of this section.

Michigan Product Promotions

There are many opportunities in Michigan to promote your products through trade shows, special events, paid and free cooperative advertising, and more. Some of these opportunities are offered by the Michigan Department of Agriculture & Rural Development, Travel Michigan and other state agencies; others are coordinated by private trade organizations and organizations affiliated with Michigan State University and other Michigan universities. There are also private efforts by organizations created to tap into the loyalty Michigan residents feel toward buying Michigan products and to promote Michigan businesses. Michigan retailers and restaurateurs also host Michigan product promotions and special events. To connect with some of these resources, and learn about opportunities for your business, contact MDARD's Office of Agriculture Development at 517-241-2178 or www.michigan.gov/mdard.

Internet and Catalog Marketing

The Internet is a powerful tool for reaching out to a large, diverse audience and a useful tool for local marketing. A website allows you to convey a lot of information about your business, your production practices and your values without overwhelming potential customers.

While there is a cost in both time and money to set up an Internet-based system, it is available at any time of day or night. You can let your customers know about hours, location and special events; give updates on the status of your crops; or, if you have animals on the farm, announce new births.

Listing your business with online directories can help local customers find you. Many of these directories are used by media when they write about seasonal events and activities, like fall hayrides or pumpkin patches.

Developing your own website can be a great publicity and sales tool as an increasing number of people turn to the Internet to find information and do their shopping. Interactive websites, where you have a place for customers to post comments or photos of their visits to your farm, or host contests for your customers to participate in, are also gaining in popularity.

The Internet is one possible approach for managing the ordering and billing for retail or institutional sales (be sure to back up electronic records just in case).

International Marketing

Michigan's agricultural exports generate nearly $2.8 billion annually and support nearly 24,000 jobs. The top agricultural exports are soybeans and products, corn and feeds, wheat and products, dairy products, fruit (fresh and processed), and livestock and products (beef, pork, hides). Michigan's top trading partners include Canada, Mexico, Japan, South Korea, and China, but the state's products can be found around the world. The state is also ranked second nationally for exports of dry edible beans, and fifth and tenth, respectively, for fruits and vegetables.

MDARD's International Market Development Program provides services and implements activities that help Michigan food and agricultural firms initiate or expand their international markets. Programs and services offered by MDARD are open to all Michigan producers, processors and packagers of all sizes and experience levels. MDARD's International Market Development Program partners with Food Export-Midwest to bring even more services and international marketing options to Michigan businesses.

Michigan's agricultural exports generate nearly $2.8 billion annually and support nearly 24,000 jobs.

Food Export-Midwest is a non-profit organization comprised of Midwestern state agricultural promotion agencies. Food Export-Midwest utilizes federal, state and industry resources to help companies export their products around the world and increase international product sales. MDARD works with Food Export-Midwest to plan, promote and manage projects throughout the year. Services include exporter education; market entry through trade shows, buyers' missions and an online product catalog; market promotion through a cost-share branded program and in-market promotions. MDARD also provides assistance to individuals and businesses in evaluating foreign market entry methods, understanding and obtaining regulatory requirements, finding qualified buyers, understanding logistics, and much more.

International Marketing Resources

Food Export Association of the Midwest

312-334-9200; Fax: 312-334-9230; info@foodexport.org; www.foodexport.org

Michigan Department of Agriculture & Rural Development, International Marketing Program

517-241-3628; Fax: 517-335-1103; www.michigan.gov/agexport

Growing/Adapting Production Practices to Supply Your Market

Market development includes creating or expanding the markets for your existing or future products as well as increasing the value of these food products. You may also need to adapt your production practices to meet consumer demand. Season extension techniques, including high tunnels, greenhouses, row covers, and storage facilities; and value-added processing are both options for meeting market demand.

Season Extension Techniques

The length of the growing season is a marketing challenge for Michigan farmers. Many buyers would like to have a year-round supply of products. Seasonality of products can also be a challenge for farmers' personal finances. Careful planning and budgeting is required to make seasonal income last until the next growing season.

To help alleviate the seasonality of growing produce in Michigan, season extension techniques can be applied to farming operations. Farmers can use a number of season extension techniques, alone or in combination.

High Tunnels – Plants are directly planted into the ground within a greenhouse-like structure. These structures, also known as hoop houses, are not used for year-round production, but can extend the season beyond the normal growing season in Michigan.

Greenhouses – Plants are typically grown in containers, trays or shelving units. Year-round production is possible with a heat source. The cost of heating needs to be weighed with the profits gained by year-round production.

Row Covers – "Floating" row covers are made of a lightweight fabric that sits directly on the plants. "Low tunnels" are covers of plastic sheeting or fabric that are held off the plants by hoop-shaped frames.

Storage facilities – Winter storage of vegetables such as root crops, cabbage, onions, garlic and squash has allowed some farmers to supply food services, grocery stores and individual customers throughout the winter. Storage can be built on-farm, or off-farm storage may be rented. For more information on post-harvest handling and storage, see Chapter Five.

Season Extension Resources

Farmer Tips on Hoop House Use

Michigan State University, C.S. Mott Group for Sustainable Food Systems at Michigan State University, and Michigan Food and Farming Systems. www.mottgroup.msu.edu/uploads/files/59/HoopHouseBulletin.pdf

Extending Seasons and Profitability through a Growing Environment

Center for Innovative Food Technology. www.ciftinnovation.org/local-food-systemsurban

Greenhouse & Hydroponic Vegetable Production Resources on the Internet

www.agrisk.UMN.edu/cache/arl01481.htm

Value-added Food Processing

In the narrow sense, "value-added" refers only to processing a raw product into something of higher value. In the broad sense, "value-added" is a term used to identify farm products that are worth more than the commodity market price because of an added feature. This could include products raised according to special standards, or the experience added to products at agri-tourism enterprises. "Value-added" could also be something as simple as developing a brand for a product.

Many food and agriculture businesses that market locally are interested in value-added products as a way to earn a greater portion of the consumer's food dollar. Processing raw commodities into ready-to-eat foods can also broaden your market.

In general, value-added processing requires an inspected and approved kitchen facility. Categories of allowed and restricted types of processing should be reviewed prior to starting. For more information about food license and labeling requirements, see Chapter Five. NOTE: Michigan's Cottage Food Law exempts from licensing and inspection those who produce and sell non-potentially hazardous food items directly to end users. Visit www.michigan.gov/cottagefood for more information.

If you do not have a licensed kitchen facility of your own, you can access facilities for approved processing in several ways. Some commercial kitchens are available for renting (e.g, licensed kitchens in churches, municipal buildings, etc.). Michigan is also home to several incubator kitchens that allow processors to use kitchen facilities and provide on-site storage. These incubator kitchens also provide training and marketing assistance. It is important to note that, even though you use a licensed kitchen operated by someone else to process your products, you are still required to have your own food establishment license.

You can also hire a co-packer to produce your product. With this option, you supply the raw materials and perhaps the recipe for your product. You hire an existing food processing business to process your product and do the packaging and labeling for you.

You may choose to invest in facilities and equipment to do your own processing. With this option you will need to consult early with local and state regulators about licenses, permits and requirements for the facilities. Used equipment is generally acceptable to regulators if properly cleaned and maintained, and is usually less expensive than new equipment.

Resources for Value-added Food Processing

MSU Product Center for Agriculture and Natural Resources

Assistance in developing and commercializing high-value, consumer-responsive products and businesses in the agriculture and natural resources sectors. 517-432-8752; Fax: 517-432-8756; mimarket@msu.edu; www.productcenter.msu.edu

An Entrepreneur's Guide to Starting a New Agricultural Enterprise: Managing Risk

University of Delaware, Cooperative Extension. www.mredc.umd.edu/Documents/Agritourism/EntrepreneursGuide.pdf

Checklist for Starting a Value-added Agriculture Enterprise

North Carolina State University, College of Agriculture and Life Sciences.
www.ncmarketready.org/pdfs-ppt/toolkit/checklist.pdf

Resources for Commercial and Incubator Kitchens

Center City Kitchen

1249 Woodmere Avenue, Suite B, Traverse City, MI 49686; 231-392-3661; www.centercitykitchen.com

Chelsea Kitchen Incubator

305 S. Main Street, Suite 100, Chelsea MI 48118; www.chelseacommunitykitchen.org

The Culinary Studio @ Applegate Shopping Center

29673 Northwestern Highway, Southfield, MI 48034; 248-353-2500; www.myculinarystudio.com

DeWitt Township Community Center

16010 Brook Road, Lansing MI 48906; Rod Taylor, Manager; 517-668-0270; rtaylor@dewitttwp.org

Eastern Market Community Kitchen

2934 Russell Street, Detroit MI 48207; Randall Fogelman, Vice President of Business Development; 313-833-9300; www.detroiteasternmarket.com

Facility Kitchens

501 Ottawa, Lowell, MI 49331; Janet Tlapek, Owner; 616-421-4540; www.facilitykitchens.com

Fair Food Matters Can-Do Kitchen

511 Harrison Street, Kalamazoo, MI 49007; Lucy Bland, Program Manager; 269-492-0261; www.fairfoodmatters.org/candokitchen.php

Food Works at HATC

Huron Area Technical Center; 1160 S. Van Dyke, Bad Axe MI 48413; 989-269-6431; www.huroncounty.com/kitchen

IncuBAKE, LLC

1967 N. Aurelius Road, Holt, MI 48842; Marcy Bishop Kates, Owner; 517-974-8944; www.incu-bake.com

KitchenSinc

40 Monroe Center NW, Grand Rapids, MI 49503; 616-822-8693; www.kitchensincgr.com

Niles Entrepreneurial & Culinary Incubator

219 N. 4th Street, Niles, Michigan 49120; 574-361-6248; www.uncoverniles.com/

Southwest Michigan Food Innovation Center

503 Military Avenue, Springfield, MI 49037; Kris Vogel, Market Manager; 269-965-2354; www.swmifoodcenter.com

The Starting Block

1535 Industrial Park Drive, Hart, MI 49420; Ron Steiner, Director; 231-873-1432; www.startingblock.biz

Uptown Kitchen

423 Norwood Ave SE, Grand Rapids, MI 49506; 616-776-2655; www.uptownkitchengr.com

Pricing Products for Various Markets

Deciding on the price to set for products is a frustrating job for many businesses. Pricing is a balancing act – you need to get a price high enough to give you a profit and make you feel rewarded for your work, but you also need to meet the needs of your customers, who want to get full value for the price they pay.

When pricing your products for market, you need to develop a pricing program for each product. This will allow you to incorporate all expenses, such as materials, transportation, packaging and marketing costs, yet obtain a fair return on your labor. Setting prices is typically the hardest thing farmers do when they market products.

When you direct market, you take responsibility for obtaining pricing information, deciding on a pricing strategy, and setting the prices for your products. When you sell directly to the consumer, you are also doing the marketing work. It takes time and effort to market a product, prepare it for sale, package it, promote it, and get it into the hands of your customers. You need to charge enough to pay yourself for all that effort. You may encounter customers who complain about the price. Don't be too quick to lower your price in response to complaints. Recognize the value in your own product and charge a price that reflects that value, but realize not everyone will agree with your pricing decision.

When you market your products to an intermediate buyer, instead of the end-consumer, you need pricing information to help negotiate the terms of sale. In some cases, you may be offered a "take it or leave it" price for a raw product. Knowing the wholesale prices for your product on the open market can help you decide if you should take the offered price.

If you have a product of exceptional quality or a specialty product that costs more to produce, you will need to do your own research on pricing for similar products. Be ready to explain why you deserve a premium price for the product. Provide the buyer with information about your production methods or special product features to help them capture a
good price from the end consumer.

Sometimes you need more than a high-quality food product to get the price you want. Well-designed packaging, a label that supports a brand identity, or third-party certification can add value to a product in your customer's eyes. These all have an added cost in time and money, so you need to make sure you earn enough money to cover the costs.

Pricing Strategies

You must decide on a pricing strategy or strategies that work for you. Pricing is based on market demand and the supply available. The greater the demand with a limited supply, the higher the price. In some cases, where large quantities are available, products may still command a high price, depending on demand. Combining pricing strategies can help you find a variety of ways to market your products. Variety in marketing keeps you from being dependent on just one buyer and lets you market different grades of product in different ways. Your pricing may also depend on the buyer. Supplying a consistent, quality product may offset price dips occurring in other markets.

Price Based on Costs – "Cost Plus"

"Cost plus" should be the basis of your pricing program. If you lose money on what you grow, other pricing strategies will not matter. With cost plus, you use financial records to determine the cost of production, packaging, marketing and delivery, then decide on the profit you need to make and add that amount to the other costs to arrive at a price.

Enterprise budgeting is important for this pricing strategy because it helps you track your costs of production. In addition to costs of growing, be sure to include the time, labor and other expenses you put into processing, packaging, labeling, advertising and selling your product. Some enterprises involve holding a product in storage, which requires accounting for the cost of holding that inventory. Delayed payments are another hidden cost. If you sell to an intermediate buyer such as a distributor or restaurant, you may wait at least 14 days and perhaps up to 60 days between product delivery and payment. Refer to Resources for Enterprise Budgets in Chapter One for more information.

Price Based on Perceived Value

This pricing approach allows you to take into account the intangible things valued by many consumers – humane handling of livestock, for instance, or the knowledge that you are a good environmental steward. Customers may attach more value to your products and reward you. In turn, you can charge more than the average price of similar products. Pricing information can be difficult to find, though, since so much of a product's value depends on the customer's tastes and preferences. You may need to persuade customers your farming practices merit the higher price. Achieving a value-based premium price may require investing time in marketing activities and educating customers.

Price Based on Retail Price

Consumers pay retail prices for food at the grocery store, yet setting retail prices can be difficult. The Economic Research Service of the U.S. Department of Agriculture reports average retail prices for crops and livestock. Prices change monthly depending on the season and which products are in short or abundant supply. Retail grocery prices in your area can differ greatly from the national average. If your area is far from shipping terminals, for example, transportation costs will probably be reflected in higher retail food prices. While USDA numbers can help you monitor retail prices and their seasonal fluctuations, checking grocery store prices in your area will provide the most helpful information. Look at prices on products similar to yours. If you have a specialty product, compare prices in stores that carry similar products to see what you might charge. Remember, grocery store retail prices reflect a percentage mark-up from what the producer was paid. Some grocery stores routinely offer certain products at a loss to bring customers into the store. This is a sales strategy that most farmers can't match.

Price Based on Commodity or Wholesale Market Prices

The commodity market price rewards the effort that goes into producing a raw product and getting it to a point of sale. For products such as raw fruits and vegetables, the commodity market price pays the farmer for production as well as first steps in processing and packaging. For example, a farmer might wash vegetables, cut off tops of root vegetables, and pack them into crates prior to selling them to a distributor at the commodity price. Basing your price on the commodity market could be appropriate if you are selling a raw product right from your farm without any special branding, labeling or marketing efforts.

Wholesale price can mean different things depending on the buyer. It may include some processing, packaging, shipping and handling costs. Most online resources show wholesale prices on the east and west coasts and perhaps the Chicago terminal price. Shipping costs result in higher wholesale prices in areas far from terminals. Prices paid locally by distributors or other intermediate buyers can provide useful information if you plan to sell to this type of buyer or to other local markets. Determining wholesale prices may take extra work on your part to contact distributors or grocery store buyers in your area to ask about the prices they are paying for their products.

Price Based on Relationship with Buyer

One of the important elements of selling local food products is the opportunity to build relationships with your customers and buyers. The strength of this relationship can have a great effect on pricing. For example, if you share cost of production information, your buyer may offer suggestions on how to best price your product. Sometimes a buyer will tell a farmer their price is too low. When both you and your buyer mutually decide on a fair price, it supports and strengthens the whole local food system.

Understanding the price setting structure for different markets will help you set prices for your products that are fair, yet still provide a profit for your efforts.

Resources for Pricing

Conventional Wholesale Prices from Terminal Markets

U.S. Department of Agriculture, Agricultural Marketing Service
www.ams.usda.gov

Benton Harbor Fruit Market

Locally Grown Produce Price Report
www.bhfm.com/price-report

Today's Market Prices

www.todaymarket.com

Organic Wholesale Market Prices (market produce)

Rodale Institute. www.newfarm.org/opx

Crop Budgets for Direct Marketers

University of Wisconsin-Extension
www.uwex.edu/ces/agmarkets/publications/documents/A3811-9.pdf

Michigan's Safe Food Risk Assessment Program

Michigan Department of Agriculture & Rural Development

517-335-6529; www.michigan.gov/mdard/0,4610,7-125-50772-275514--,00.html

Food Safety, Licensing, and Labeling Regulations

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Overview

When planning to raise farm products or process foods for sale, you need to know and understand a variety of issues and meet state, local and federal requirements for licensing, labeling and safe handling of food products. State requirements that affect food marketers may include inspection of processing facilities, plan review, review of labels on packaged products, inspection of scales, and collection of food samples to be analyzed for contaminants or to determine if ingredient labels are correct. MDARD's food and dairy inspectors may also visit food businesses in response to consumer complaints.

Food safety must be considered throughout the process, from the farm to post-harvest handling, processing, packaging and distribution. Rules and regulations, including licensing and labeling standards, are designed to help you present safe food products for public consumption. They can also impact your decision on what products you choose to market, based on the planning and preparation required to start your business.

Licensing and Regulation Requirements

Food marketers must be familiar with, and comply with, local, state and federal food laws. In general, the more foods are processed, the more they are regulated. Raw, unprocessed foods, single ingredient foods, shelf-stable foods, and products sold in small volumes or directly to the end consumer face specific regulations. Foods that are processed, have multiple ingredients, are sold in large volumes, or sold at a location off the farm, to a retailer for sale to consumers, may have more regulatory requirements. The information below gives a general outline of regulations. For specific regulations by product or market, see the chart at the end of this chapter. For regulatory issues specific to your business, it is always recommended to work directly with an inspector. For compliance assistance with state food regulatory requirements, contact MDARD's Food and Dairy Division, at 800-292-3939. You will be connected with an inspector that covers your area of the state.

State and Local Regulations

MDARD is the lead state agency responsible for regulating food production, processing, and sales in Michigan, including licensing, labeling, storage, recordkeeping, weights and measures, food advertising and trade practices, inspection, and food safety. Local health departments also have regulatory responsibilities at food service facilities. Counties, townships, cities, and other local units of government may also have regulations that apply to food businesses, including zoning and building code requirements. It is important to know, understand, and comply with all applicable federal, state, and local food regulatory requirements before you market your products. It is far better to work together with regulatory agencies early to avoid problems, rather than trying to fix things that were not properly done or permitted.

Local governments divide their responsibilities among departments, and the department names can vary among local units of government. Rural townships may have their own planning and zoning guidelines. It is best to check with your county, city, and/or township officials before proceeding on any farm/food business development or expansion. To connect with the proper local official(s), check your county, city, and/or township's websites or the local government listings in your telephone directory.

Michigan Township Association has a listing of township governments and contact information at www.michigantownships.org. You can locate your county's website via the Michigan Association of Counties website at www.micounties.org. You can also access an alphabetical listing of Michigan cities, villages and townships and their website links at www.michigan.gov/mdardmarketingguide.

General Licensing and Food Safety Guidelines

Fresh, Uncut Raw Fruits and Vegetables

Farmers are considered an "approved source" for raw and uncut fruits and vegetables they raise themselves. This exemption gives farmers the ability to sell their produce to consumers without a license. Food safety starts in the field and continues through the process of harvesting, washing, packaging, storing, transporting and marketing fruits and vegetables. Even though no license is required, farmers are still required to take reasonable care to avoid contamination of their produce with disease organisms. A food safety plan will help assure that your produce is safe and wholesome and will help you meet regulatory and buyer requirements expected as the Food Safety Modernization Act of 2011 is implemented.

Eggs

Farmers with fewer than 3,000 hens can sell eggs produced by their own flock directly to consumers or a first receiver without license. Farmers are required to be licensed if they have more than 3,000 hens, or if they are selling their eggs to a grocery store, food processing facility, restaurant, or food service facility. Eggs are a perishable product and must be handled properly to ensure food safety.

Processed or Prepared Foods

You must be licensed to sell processed or prepared foods. This requires an approved facility separate from a home kitchen (unless your product and marketing situation falls under the Cottage Food Law – see Chapter Two). For some products, like sauces or pickles, the person in charge of processing may be required to take training courses in safe canning procedures and pH testing.

Meat or Poultry

Generally, beef and other common meat animals must be slaughtered and processed under federal inspection. If you raise beef and have it processed at a licensed and federally-inspected facility, you can sell the processed product as long as you have an MDARD Food Establishment License. Poultry may or may not require federal inspection, depending upon the number of birds produced, but in any case the facility and method of processing is subject to inspection by USDA and/or MDARD.

MDARD does not license slaughter facilities, but does license businesses that further process meat products for retail sale. Producers of meat and poultry should consult with their area MDARD inspector for specific details on processing and sales requirements.

Dairy Products

Dairy products can be produced, processed and sold directly from the farm with appropriate licensing and in a facility that meets state and federal standards. Training and certification may be required for making cheese and butter. Consult with area MDARD dairy inspector for specific details on processing and sales requirements.

Processed Food Regulations

Starting a food processing business will require state and possibly federal licensing, depending on the products involved. If you plan to sell your products directly to consumers, you will need a retail food establishment license. If you plan to sell through wholesale distribution, you will need a food processing license.

With the exception of foods covered under Michigan's Cottage Food Law (see Chapter 2), you must use an approved, commercial grade facility for processing. Using your personal home kitchen is not allowed. If you plan to start the business in your home, you will need to construct a separate kitchen dedicated to your food business. There are specific requirements for licensed kitchens, including washable floors, walls and ceilings; and lighting and ventilation requirements. Equipment, from stoves, sinks and mixers to pans, bowls and utensils must be easily cleaned and in good repair. You will need a three-compartment sink or NSF-approved dishwasher and a separate hand sink.

MDARD offers a plan review service for food establishments to help businesses meet regulatory requirements. In some cases, a plan review is mandatory. For more information, including a plan review reference manual, visit www.michigan.gov/mdardmarketingguide.

Some starting operators rent licensed kitchen space in an area restaurant, school, church or kitchen incubator to save on the need to invest in a separate kitchen facility of their own.

For more information about NSF, visit www.nsf.org/regulatory. For specific regulatory requirements for commercially processing food in Michigan, contact MDARD's Food and Dairy Division at 800-292-3939.

Pet Treats and Animal Feed

You must be licensed to make and sell your own pet treats and pet food. Over the past few years there has been an increase in the number of people starting their own businesses producing pet treats in their kitchens. For information that will assist you in understanding and following the procedure for obtaining a commercial feed license and developing an acceptable pet treat label, visit MDARD's animal feed website at www.michigan.gov/mdard/0,4610,7-125-1569_16979_21266-153217--,00.html. For additional resources on how to start a pet food business visit The Business of Pet Food at www.petfood.aafco.org.

Processed Food Labeling

Accurate information on processed food labels helps consumers make informed choices about the foods they purchase. Packaged products have specific label requirements, including the name of the product; a list of ingredients in decreasing order of predominance by weight; a net weight or volume statement; the name and address/contact information of the manufacturer, packer or distributor; and, in some cases, nutrition information.

All packaged foods regulated under the Federal Food, Drug, and Cosmetic Act (FFD&C Act) that are labeled on or after January 1, 2006, must comply with FALCPA's (Food Allergen Labeling and Consumer Protection Act of 2004) food allergen labeling requirements. Under FALCPA, a major food allergen is an ingredient that is one of the following five foods, from one of the following three food groups, or is an ingredient that contains protein derived from one of the following: milk, egg, fish, crustacean shellfish, tree nuts, wheat, peanuts, soybeans.

MDARD does not require pre-approval for food labels; however, MDARD inspectors will check labels for compliance and accuracy during inspections. MDARD labeling specialists are available to review labels upon request before they are used on products. MDARD has also developed a "Food Labeling Guide," available at www.michigan.gov/mdardmarketinguide.

For specific labeling requirements or to request a label review, contact MDARD's Food and Dairy Division at 800-292-3939 or MDA-FoodDairyInfo@michigan.gov.

The Michigan Business One Stop

In addition to food retail or processing licenses, your business may have other permit and licensing requirements. The State of Michigan has implemented an online service, Michigan Business One Stop, for businesses to apply for permits, licenses and registrations. In the past, it was necessary for businesses to contact multiple state agencies to apply for and secure the necessary permits and licenses for conducting business. Michigan Business One Stop helps businesses determine what licenses and information they need, provides links to the necessary forms, and, in some cases, allows for online application and online payment. To access the Michigan Business One Stop portal, visit www.michigan.gov/business.

One Stop also provides live, toll-free customer service from 7 a.m. through 6 p.m., Monday through Friday, at 877-766-1779.

Weights and Measures

Weights and measures laws are in place to assure consumers get what they pay for. The same weights and measures laws apply to direct marketers of farm produce as to all other retailers. Scales must meet standards for commercial scales set by the National Institute of Standards and Technology. They must be "legal for trade," National Type Evaluation Program approved (if put into service after January 1, 1997), and be able to be calibrated. Scales do not need to be registered, but are subject to inspection by a state or local weights and measures inspector. By law, if a commodity is weighed at the time of sale, the scale's indicator must be visible to the consumer. Liquid commodities must be sold by liquid measure, and non-liquid commodities must be sold by weight.

For information and calibration services assistance, contact MDARD's Weights and Measures Program, E.C. Heffron Metrology Laboratory, at 517-655-8202 X 315, or www.michigan.gov/mdard.

Resources for Licensing and Regulation Requirements

State Regulations

Food and Dairy Division

Michigan Department of Agriculture & Rural Development
www.michigan.gov/mdard

How to Start an Ag Related Business

Michigan Department of Agriculture & Rural Development, 800-292-3939; www.michigan.gov/mdardmarketingguide

Weights and Measures Program

Michigan Department of Agriculture & Rural Development, E.C. Heffron Metrology Laboratory. 517-655-8202 X 315; www.michigan.gov/mdard

Federal Regulations

A Food Labeling Guide

U.S. Food and Drug Administration. www.fda.gov/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments/FoodLabelingNutrition/FoodLabelingGuide/default.htm

Standards, Product Certification, Education and Risk Management

NSF. www.nsf.org/regulatory

Local Regulations

Michigan Township Association

Listing of township governments and contact information. www.michigantownships.org

Michigan Association of Counties

Michigan county websites and information. www.micounties.org

Michigan Cities, Villages and Townships

Alphabetical listing of Michigan cities, villages and townships and their websites. www.michigan.gov/mdardmarketingguide

Food Safety

Food safety is extremely important for all food and agriculture businesses, regardless of size. Foodborne illness can cause serious health issues, some even fatal, and an outbreak linked to your business with affect your reputation, your financial security, and can even effect the entire industry. From farm to end consumer, there are numerous variables and many players at each link in the chain that can affect the safety of food. New farming practices, bacterial contamination, food additives, preservatives, freshness concerns, poor food handling, and animal diseases have become a worldwide problem. In an ever-growing industry looking for innovative ways to be economically viable and productive, concern for food safety is at an all-time high. To minimize risk of foodborne illness, the best defense is a proactive approach by having a food safety plan for your business. By managing your business proactively the question becomes not if but when an illness occurs you have the proper steps in place. Planning can prevent serious health issues, protect your reputation, and secure financial risk an outbreak can cause.

Food Safety Guidelines and Standards

Learning about safe food handling is good business for anyone who wants to market a food product. When you sell a product to the public, you need to follow safe handling practices. It is illegal to manufacture, prepare for sale, store or sell food unless the food is protected from dust, insects, and any other unclean, unhealthy, or unsanitary condition. To prevent contamination, equipment must be suitable for the type of product being sold.

Handling food safely protects your customers from illness and helps protect your business from liability. Some of the best practices for handling food are common sense, but some practices are not that obvious. If you are delivering food products to a buyer, the buyer may refuse shipment if you do not handle the products correctly.

Many food businesses incorporate Hazard Analysis and Critical Control Points (HACCP) guidelines, an internationally accepted protocol for ensuring food safety. It is helpful for food marketers to learn these guidelines. They are also helpful for anyone who is selling, processing, or preparing food for sale to the public. For more information on SOPs to help build a HACCP plan, visit: http://sop.nfsmi.org/HACCPBasedSOPs.php.

Planning for Food Safety

A food safety incident can erase all the hard work you have put into establishing a reputation for your business. If you own a food business, it is a matter of when, not it, your business will be affected by an environmental or food safety issue. It is very important to have the proper protocols in place and to follow these protocols to minimize the effect of a food safety issue on your business. It costs less to do it right the first time and assure food is safe than to respond to a food safety incident after the fact.

There is no one size fits all when it comes to a food safety plan. Due to the diversity of crops and products, growing or processing conditions, farming practices, size of operations, etc., it is very important to develop an integrated food safety plan that fits your specific business. Your plan needs to be comprehensive and well thought out, and needs to reflect the practices you use to produce your products.

Federal Food Safety Initiatives

Food Safety Inspection Service

The U.S. Department of Agriculture's Food Safety Inspection Service (FSIS) is responsible for the inspection of meat and poultry products offered for sale in the U.S. If you are processing meat and/or poultry, you will need to work with FSIS to build, construct, and operate your meat and poultry processing facility. For more information, visit www.fsis.usda.gov.

Food Safety Modernization Act

The U.S. Food and Drug Administration (FDA) Food Safety Modernization Act (FSMA) was signed into law in 2011. Since then, FDA has been developing rules for implementation of the food safety measures outlined under this new, comprehensive legislation. To assist companies in complying with new food safety measures, FDA has posted information and resources on its website at www.fda.gov.

GAP/GHP

There is an increasing focus in the marketplace on good agricultural practices to verify that farms are producing fruits and vegetables in the safest manner possible. Some restaurants, institutional buyers, retailers and processors have their own sets of food safety requirements that you must meet to sell your products to them. Third-party audits are increasingly being used by the retail and food services industry to verify their suppliers' conformation to specific agricultural practices. Good Agricultural Practices (GAP) include on-farm production and post-production processes, which help to produce safe and quality food products. Good Handling Practices (GHP) include those used in handling, packing and processing operations that minimize microbial contamination of fruits, vegetables and tree nuts.

GAP/GHP Audits

USDA's Agricultural Marketing Service, in partnership with state departments of agriculture, offers a voluntary, audit-based program to verify the implementation of a basic food safety program on the farm. This includes examining the farm practices and handling/packing procedures, focusing on packing facilities, storage facilities
and wholesale distributors. These audits are based on the U.S. Food and Drug Administration's Guidelines to Minimize Microbial Contamination for Fresh Fruits and Vegetables and are fee-based.

As part of the GAP/GHP audit process, every operation must compile a food safety manual that outlines the standard operating procedures and policies that are in practice for their operation. To view the full USDA Audit Verification Checklist, go to www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5051184.

For more information or to schedule an audit, contact MDARD's Pesticide & Plant Pest Management Division, Fruit and Vegetable Program, at 517-241-2978.

Food Safety Resources

Guidelines to Minimize Microbial Contamination for Fresh Fruits and Vegetables

U.S. Food and Drug Administration
www.fda.gov/downloads/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments/ProduceandPlanProducts/UCM169112.pdf

GAP/GHP Program Brochure

U.S. Department of Agriculture
agriculture.sc.gov/UserFiles/file/GAPGHP%20Brochure.pdf

2011 Good Agricultural Practices (GAP) Assistance Manual

Michigan State University Extension and Michigan Agricultural Cooperative Marketing Association Inc.
www.gaps.msue.msu.edu/USDA_GAP_2011.pdf

Agrifood Safety Work Group

Michigan State University Extension
www.gaps.msue.msu.edu/afsm.htm

Michigan Food Law

Michigan Department of Agriculture & Rural Development, Food and Dairy Division, 517-373-1060;
www.michigan.gov/mdardmarketingguide

Good Agricultural Practices Network for Education and Training National GAPs Educational Materials

Cornell University, Department of Food Science.
www.gaps.cornell.edu

Farm Food Safety

Penn State College of Agricultural Sciences, Cooperative Extension. www.extension.psu.edu/food-safety/farm

Key Points of Control and Management of Microbial Food Safety for Growers, Packers and Handlers of Fresh-Consumed Horticultural Products

University of California, Vegetable Research and Information Center.
www.ucfoodsafety.ucdavis.edu/files/26427.pdf

On-farm Food Safety: Guide to Good Agricultural Practices (GAP)

Iowa State University Extension.
www.extension.iastate.edu/Publications/PM1974a.pdf

On-farm Food Safety Project

A tool for small- to mid-scale fruit and vegetable farmers to help them create a personalized on-farm food safety plan.
www.onfarmfoodsafety.org

Food Liability and Farm Insurances

Most farms and farm businesses have a complex mixture of personal and business liabilities. Insurers across the nation are gaining expertise with agribusiness liability insurance needs, including the needs of alternative farm enterprises. Because farm insurance needs are complex and each business is different, you need to work directly with a knowledgeable insurance agent to identify the particular needs of your business and purchase the coverage you need to protect your business and personal assets. Once you have your insurance policy in place, be sure to regularly review your policy with your insurance agent and attorney.

Because farm insurance needs are complex and each business is different, you need to work directly with a knowledgeable insurance agent.

Liability questions are more challenging than those raised by simple physical property coverage. Insurance companies offer a wide range of coverage, including individual policies for physical loss of property, liability and workers' compensation, as well as other policies that cover specific needs. A package policy that combines all types of coverage in one policy may save you money. Some industry member organizations offer group rates to members. Check with the industry organizations of which you are a member (or consider joining) to get the best rates possible.

The main areas of insurance needed typically include liability for products sold (product liability), for visitors to the farm (premises liability), and for farm workers (workers' compensation and employers' liability insurance coverage); and coverage for the value of your crops or other products, property, buildings, vehicles, equipment and inventory (property insurance). Some markets may require additional liability insurance, especially direct markets like farmers markets.

Food Liability and Farm Insurance Resources

Risk, Liability and Insurance for Direct Marketers

University of Wisconsin Cooperative Extension. www.uwex.edu/ces/agmarkets/publications/documents/A3811-7.pdf

Online Publications and Crop Fact Sheets

USDA Risk Management Agency.
www.rma.usda.gov/pubs/rme/fctsht.html

RMA Online Agent Locator

USDA Risk Management Agency.
www.rma.usda.gov/tools/agents/companies/RMA

State Regulatory Requirements by Product and Market

The following chart provides a general outline of state regulatory requirements for marketing products in Michigan. Regulations for proper handling, storage, holding temperatures, hygiene, sanitation, labeling, and other food safety requirements must be followed in all cases. The chart separates requirements by product and by market. Remember, these are only the state regulatory requirements. There may be additional local ordinances and federal requirements for some types of markets and/or products. Please contact the MDARD's Food and Dairy Division for more information about regulatory requirements for marketing food in Michigan.

NOTE: Michigan's Cottage Food Law and Honey and Maple Syrup Hobbyist exemptions are not covered in this chart. Please see Chapter Two for more information about the Cottage Food Law exemptions, or visit www.michigan.gov/cottagefood.

Fruits or Vegetables – fresh, raw, unprocessed

Selling on farm	No license required
Selling at a farmers market	MDARD food establishment license is not required. Finished product must come from a producer's licensed retail food establishment or food processing plant.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Please check with your MDARD inspector to determine if a license is required for your specific operation.

In all cases, these requirements apply to farmers and/or processors.

Fruits or Vegetables – cut (basic processing – no freezing, canning or cooking)

Specific requirements	All cut vegetables must be held at 41° F or less at all times.
Selling on farm	MDARD food establishment license required. Cut product must be prepared in a commercial kitchen.
Selling at a farmers market	MDARD food establishment license required. Cut product must be prepared in a commercial kitchen.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from producer's licensed retail food establishment or food processing plant.

Fruits or Vegetables – Frozen

Selling on farm	MDARD retail food establishment license required. Must be processed in a commercial kitchen. Frozen products must remain frozen at all times.
Selling at a farmers market	Finished product must come from producer's licensed food establishment or food processing plant, and must remain frozen at all times.

Fruits or Vegetables – Pickled (acidified and canned)

Selling on farm	Food processing must be conducted in licensed facility. (Food processor license prerequisites include following FDA Acidified Foods Regulation 21CFR114, and completing an approved training course such as the Better Process Control School, www.fruitandvegetable.ucdavis.edu)
Selling at a farmers market	MDARD food establishment license is not required. Finished product must come from a producer's licensed retail food establishment or food processing plant.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from a licensed food processing plant.

In all cases, these requirements apply to farmers and/or processors.

5.14 Food Safety, Licensing, and Labeling Regulations

Canned Food Products (low acid) – Small Scale Processing

Selling on farm	Food processing must be conducted in licensed facility. (Food processor license prerequisites include following FDA Low Acid Foods Regulation 21CFR113, and completing an approved training course such as the Better Process Control School, www.fruitandvegetable.usdavis.edu)
Selling at a farmers market	MDARD food establishment license is not required. Finished products must come from a producer's licensed retail food establishment for food processing plant
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from a licensed food processing plant.

Herbal and Flavored Vinegars

Selling on farm	MDARD food establishment license required. Food processing must be conducted in licensed facility.
Selling at a farmers market	MDARD food establishment license is not required. Finished products must come from a producer's licensed retail food establishment for food processing plant.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from a licensed food processing plant.

In all cases, these requirements apply to farmers and/or processors.

Bakery Items

Selling on farm	MDARD food establishment license is required. Must be prepared in a commercial kitchen.
Selling at a farmers market	Finished product must come from a licensed food establishment or food processing plant.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from a licensed food establishment or food processing plant.

Dry Food Mixes and Blends

Selling on farm	MDARD food establishment license required. Must be processed in a commercial kitchen.
Selling at a farmers market	MDARD food establishment license is not required. Finished products must come from a producer's licensed retail food establishment for food processing plant.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from licensed food establishment or food processing plant.

Jams and Jellies

Selling on farm	Food establishment license required. Must be processed in a commercial kitchen.
Selling at a farmers market	MDARD food establishment license is not required. Finished products must come from a producer's licensed retail food establishment for food processing plant.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from licensed food establishment or food processing plant.

In all cases, these requirements apply to farmers and/or processors.

Maple Syrup

Selling on farm	Food processing plant license is required. Must be processed in a commercial facility. An additional retail license is not required. $15,0001 or less no license required, product can be wholesaled.
Selling at a farmers market	Food processing plant license is required. Must be processed in a commercial facility. An additional retail license is not required. $15,0001 or less no license required, product can be wholesaled.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Food processing plant license is required. $15,0001 or less no license required, product can be wholesaled.

Apple Cider

Selling on farm	MDARD processing license required. Cider establishments must have at least one active employee currently certified by passing an approved food manager certification examination or having completed a current approved safe cider production course. If you are not treating cider for pathogen reduction, it must include the following warning statement on the label: "WARNING: THIS PRODUCT HAS NOT BEEN PASTEURIZED AND THEREFORE, MAY CONTAIN HARMFUL BACTERIA THAT CAN CAUSE SERIOUS ILLNESS IN CHILDREN, THE ELDERLY, AND PERSONS WITH WEAKENED IMMUNE SYSTEMS".
Selling at a farmers market	MDARD processing license required. Cider establishments must have at least one active employee currently certified by passing an approved food manager certification examination or having completed a current approved safe cider production course. If you are not treating cider for pathogen reduction, it must include the following warning statement on the label: "WARNING: THIS PRODUCT HAS NOT BEEN PASTEURIZED AND THEREFORE, MAY CONTAIN HARMFUL BACTERIA THAT CAN CAUSE SERIOUS ILLNESS IN CHILDREN, THE ELDERLY, AND PERSONS WITH WEAKENED IMMUNE SYSTEMS".
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Finished product must come from a licensed food processing plant. Must comply with FDA 21CFR120, Juice HACCP requirements and achieve a 5-log reduction of the pathogen of concern.

In all cases, these requirements apply to farmers and/or processors.

Honey

Selling on farm	Food processing plant license is required. Must be processed in a commercial facility. An additional retail license is not required. $15,0001 or less no license required, product can be wholesaled.
Selling at a farmers market	Food processing plant license is required. Must be processed in a commercial facility. An additional retail license is not required. $15,0001 or less no license required, product can be wholesaled.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Food processing plant license is required. $15,0001 or less no license required, product can be wholesaled.

Wine, Beer, Hard Cider, Mead, Vodka, and Other Distilled Spirits

Selling from winery/tasting room/brewery	Regulations for manufacturing, labeling and selling alcoholic beverages are complex. Please contact MDARD's Food and Dairy Division, 517-373-1060; and Michigan Liquor Control Commission, Licensing Division, at 517-322-1408, for regulations specific to your operation. Federal licensing by the Taxation and Trade Bureau may also be required.
Selling at a farmers market	See above.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	See above.

In all cases, these requirements apply to farmers and/or processors.

Meat Products from Livestock (cattle, swine, sheep, goats, ratites), Privately Owned, Captive Game Animals/Exotics (pheasants, deer, bison, elk), Rabbits, Poultry (farm-raised chickens, ducks, geese, guinea hens, squab, turkeys)

Meat and poultry products need to meet the requirements of both state and federal laws. The chart below provides general information. For information specific to your operation, please contact your regional MDARD inspector at 800-292-3939. You may be referred to USDA FSIS for additional information.

Selling processed meat products on farm	MDARD food establishment license required. Livestock must be slaughtered and processed at a USDA-inspected facility. Product storage must be clean and located in a clean, neat area (house or shed allowed). Product storage must be used exclusively to store meat sold to customers. Frozen meat must be maintained frozen. Unfrozen meat products must be maintained at an internal temperature of 41° F or below. Product must be properly labeled.
Selling live animals and consumer arranges for processing	Regulations for selling live animals and meat products vary by species, product, size of production and market type. For regulations specific to your operation, please contact the USDA FSIS Office of Field Operations District Office in Chicago, IL, at 630-620-7474 or visit www.fsis.usda.gov/Contact_Us/Office_Locations_&_Phone_Numbers/index.asp Michigan also has official animal identification requirements and movement restrictions and requirements for most types of livestock and privately owned cervidae/exotics because of the state's bovine Tuberculosis status. For more information, contact MDARD's Animal Industry Division, Bovine TB Project Coordinator at 517-373-1077 or visit www.michigan.gov/emergingdiseases.
Selling at a farmers market	MDARD food establishment license required. Livestock must be slaughtered and processed at a USDA-inspected facility. Product storage must be clean and located in a clean, neat area (house or shed allowed). Product storage must be used exclusively to store meat sold to customers. Frozen meat must be maintained frozen. Unfrozen meat products must be maintained at an internal temperature of 41° F or below. Product must be properly labeled. For door-to-door sales, a MDARD mobile food establishment license is required and truck must return to the commissary/warehouse every 24 hours.
Distributing from farm to processor, grocery store, restaurant, school, or other institution	MDARD food establishment license required. Livestock must be slaughtered and processed at a USDA-inspected facility. Product storage must be clean and located in a clean, neat area (house or shed allowed). Product storage must be used exclusively to store meat sold to customers. Frozen meat must be maintained frozen. Unfrozen meat products must be maintained at an internal temperature of 41° F or below. Product must be properly labeled.

In all cases, these requirements apply to farmers and/or processors.

Aquaculture

Selling on farm	MDARD food establishment or food processing plant license required. If raising and selling catfish, catfish must be inspected by USDA. Fish must be properly labeled.
Fee fishing	Fish eviscerated and filleted as a service to fee-fishing customers is not licensed by MDARD.
Selling at a farmers market	Food processing plant license is required. Must be processed in a commercial facility. An additional retail license is not required. Frozen fish must be maintained frozen. Unfrozen fish products must be maintained and delivered at an internal temperature of 41° F or below using any effective method (freezer, dry ice, cooler, etc.).
Distributing from farm to processor, grocery store, restaurant, school, or other institution	License required depends on license type at farm. Frozen fish must be maintained frozen. Unfrozen fish products must be maintained and delivered at an internal temperature of 41° F or below using any effective method (freezer, dry ice, cooler, etc.).

Eggs, Shell

Selling on farm	No license required. Eggs must be sold directly to consumer.
Selling at a farmers market	No license required if: a) is directly responsible for producing eggs from fewer than 3,000 hens; b) only sells directly to consumer; and, c) only sells eggs in containers labeled, "PACKAGED IN A FACILITY THAT HAS NOT BEEN INSPECTED BY THE DEPARTMENT". Over 3,000 hens, license required and must follow USDA standards for shell eggs. Eggs can't be sold through the Internet, or by mail order or consignments, regardless of flock size. Shell egg processing guidelines available at www.michigan.gov/mdardmarketingguide.
Selling to first receiver (e.g., egg washing, grading, sorting facility)	No license required if 3,000 hens or less, if requirements a – c above are met. License required for over 3,000 hens.
Distributing from farm to grocery store, restaurant, school, or other institution	MDARD food processing plant license required, regardless of flock size. Follow shell egg processing guidelines found at www.michigan.gov/mdardmarketingguide

In all cases, these requirements apply to farmers and/or processors.

Dairy – Fluid Milk, Cream, Butter

Selling on farm (Farmstead Dairy Plant)	Dairy farm license required for persons or businesses to operate a dairy farm. Dairy plant license required to process all dairy products. License required for persons to be in charge of, or supervise in the making of, butter that will be sold. Dairy products must be maintained at an internal temperature of 45° F or below.
Selling door-to-door or at a farmers market	Dairy plant license required. Must be processed in a commercial facility. An additional retail license is not required. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).
Distributing from farm to processor, grocery store, restaurant, school, or other institution	No additional license required when dairy product comes from producer's licensed dairy plant. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).

Dairy – Yogurt, Kefir, Ice Cream, Flavored Milk, Sour Cream

Selling on farm (Farmstead Dairy Plant)	Dairy farm license required for persons or businesses to operate a dairy farm. Dairy plant license required to process all dairy products. Dairy products must be maintained at an internal temperature of 45° F or below.
Selling door-to-door or at a farmers market	Dairy plant license required. Must be processed in a commercial facility. An additional retail license is not required. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).
Distributing from farm to processor, grocery store, restaurant, school, or other institution	No additional license required when dairy product comes from producer's licensed dairy plant. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).

In all cases, these requirements apply to farmers and/or processors.

Dairy – Raw Milk Cheese

Selling on farm (Farmstead Dairy Plant)	Dairy farm license required for persons or businesses to operate a dairy farm. Dairy plant license required to process all dairy products. License required for persons to be in charge of, or supervise in the making of, cheese that will be sold. Dairy products must be maintained at an internal temperature of 45° F or below.
Selling door-to-door or at a farmers market	Dairy plant license required. Must be processed in a commercial facility. An additional retail license is not required. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).
Distributing from farm to processor, grocery store, restaurant, school, or other institution	No additional license required when dairy product comes from producer's licensed dairy plant. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).

Dairy – Pasteurized Milk Cheese

Selling on farm (Farmstead Dairy Plant)	Dairy farm license required for persons or businesses to operate a dairy farm. Dairy plant license required to process all dairy products. License required for persons to be in charge of, or supervise in the making of, cheese that will be sold. Dairy products must be maintained at an internal temperature of 45° F or below (some hard cheese does not require refrigeration – check with your inspector).
Selling door-to-door or at a farmers market	Dairy plant license required. Must be processed in a commercial facility. An additional retail license is not required. Dairy products must be maintained at an internal temperature of 45° F or below using any effective method (freezer, dry ice, cooler, etc.).
Distributing from farm to processor, grocery store, restaurant, school, or other institution	Dairy farm license required for persons or businesses to operate a dairy farm. Dairy plant license required to process all dairy products. Dairy products must be maintained at an internal temperature of 45° F or below.

In all cases, these requirements apply to farmers and/or processors.

Licensing Requirements for Nursery Stock, Christmas Trees, and Floriculture Products

According to state law, any person, firm, partnership, association or corporation engaged in the business of growing, selling or re-shipping nursery stock or herbaceous perennials must be licensed in the state of Michigan. Growers must have their stock inspected by the Michigan Department of Agriculture & Rural Development and the stock must be found to be free from serious pests before it may be sold or moved from one location to another. Those who only sell annual flower or vegetable plants are not required to obtain a license to sell within the state. There are several different licenses, depending on what you grow, how much you grow and how the stock is sold. In addition to a license fee, there may also be an inspection fee. The fee is based on acres inspected for grower inspections and an hourly fee for dealer inspections.

Growers must arrange for an inspection of their nursery stock or herbaceous perennials by contacting the MDARD Nursery Program Specialist at 517-241-2977. Dealers do not need to arrange for an inspection; however, the stock they buy and sell must have been inspected and certified free of pests and diseases.

If you plan to sell stock out of state, there may be federal licensing and inspection requirements and restrictions, as well as requirements from the states where sales will occur. Growers and dealers that intend to ship to other states should familiarize themselves with the requirements of the receiving state.

There are also requirements and restrictions for international sales. All shipments of nursery stock, bulbs, corms and florist plants must be inspected prior to shipment to foreign countries. Companies who wish to sell plant materials internationally must apply for inspection and certification through the U.S. Department of Agriculture, Animal and Plant Health Inspection Service. For more information about federal requirements and restrictions, visit www.aphis.usda.gov/import_export/index.shtml.

Nursery sales licenses are all handled by Michigan Business One Stop at www.michigan.gov/business. All licenses expire on October 31 and must be renewed on a yearly basis. For more information about the nursery inspection program and the various licensing requirements, visit www.michigan.gov/mdard and click on licensing.

Christmas Tree Inspection and Certification

There is no license required to grow and sell Christmas trees within Michigan. There are some federal regulations for selling interstate. There are also some voluntary industry certification programs like the Michigan Snowfresh Christmas Tree Program. Trees sold as potted trees or as balled and burlapped trees are considered nursery stock and must undergo an inspection regardless of their intended destination.

For more information about interstate Christmas tree sales, contact MDARD's Nursery Program Specialist at 517-241-2977. For more information about marketing opportunities and the Michigan Snowfresh Christmas Tree Program, contact the Michigan Christmas Tree Association at 800-589-8733 or visit www.mcta.org.

Gypsy Moth and Pine Shoot Beetle Quarantines

Cut Christmas trees are considered regulated commodities under the federal Gypsy Moth Quarantine and/or the Pine Shoot Beetle Quarantine. Christmas trees shipped outside the regulated area must be inspected and accompanied by proper certification. If cut Christmas trees are intended for use within the regulated area, it is not necessary to have them inspected for gyspy moth and pine shoot beetle. The entire state of Michigan lies within the area regulated under the two federal quarantines. Growers and shippers should consult USDA-generated maps and county lists to determine if their market destinations are in a regulated area. In addition to the two federal quarantines, states may have their own quarantines for other pests that may apply to Christmas trees imported from Michigan, especially to trees going to West Coast states. Growers must arrange for inspection and certification of their trees by contacting MDARD's Nursery Program Specialist at 517-241-2977.

Appendices, Additional Resources

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General Michigan Industry Resources

Federal Resources

U.S. Department of Agriculture

Agricultural Marketing Service (AMS)
www.ams.usda.gov

Animal and Plant Health Inspection Service
www.aphis.usda.gov

Farm Services Agency (FSA)
Michigan Office
517-324-5110
www.fsa.usda.gov

Food and Nutrition Service (FNS)
www.fns.usda.gov/fns

Food Safety and Inspection Service (FSIS)
Office of Field Operations
District Office, Wisconsin
608-240-4080
www.fsis.usda.gov

Office of Program Evaluation,
Enforcement and Review (OPEER)
Regional Compliance & Investigations
Division Offices
Midwest Region - Illinois
630-620-9822

Office of International Affairs (OIA)
Northern Import Field Office - Detroit
248-968-0722

National Agriculture Statistics Service
Michigan Office
517-324-5300
www.nass.usda.gov

Risk Management Agency
www.rma.usda.gov

Rural Development (RD)
Michigan Office
517-324-5157
www.rurdev.usda.gov

U.S. Food and Drug Administration

www.fda.gov

Small Business Administration

Michigan District Office
313-226-6075
www.sba.gov

State of Michigan Resources

Michigan Department of Agriculture &
Rural Development
800-292-3939
www.michigan.gov/mdard

Michigan Department of Natural Resources
517-373-2329
www.michigan.gov/dnr

Michigan Economic Development Corporation
888-522-0103
www.michiganadvantage.org

Travel Michigan
517-335-4590

Pure Michigan Travel
888-784-7328
www.michigan.org
www.travelmichigannews.org

Michigan Department of Licensing and
Regulatory Affairs
517-373-1820
www.michigan.gov/lara

Michigan Business One Stop
877-766-1779
www.michigan.gov/business

Michigan Food Policy Council
517-335-4184
www.michigan.gov/mfpc

Michigan Department of Enviromental Quality
800-662-9278
www.michigan.gov/deq

Michigan State University Resources

MSU College of Agriculture & Natural Resources
517-355-0232
www.canr.msu.edu

MSU AgBio Research
517-355-0123
www.agbioresearch.msu.edu

MSU Extension
517-355-2308 or 888-678-3464
msue.anr.msu.edu

MSU Institute for Food Laws and Regulation
www.iflr.msu.edu

MSU Product Center for Agriculture and Natural Resources
517-432-8750
www.productcenter.msu.edu

MSU Center for Regional Food Systems
517-432-1612
www.foodsystems.msu.edu

Other Industry Resources

Associated Food and Petroleum Dealers
800-666-6233 or 248-671-9600;
Fax: 866-601-9610; info@AFPDonline.org;
www.afpdonline.org/index.php

Food Bank Council of Michigan
517-485-1202
www.fbcmich.org

Food System Economic Partnership
734-222-6859
www.fsepmichigan.org

Greenstone Farm Credit Services
517-318-2290
www.greenstonefcs.com

Huntington Bank Lending Program/ Economic Gardening
www.huntington.com/mipartnership

Michigan Ag Council
www.miagcouncil.org

Michigan Agri-business Association
517-336-0223
www.miagbiz.org

Michigan Association of Counties
800-258-1152 or 517-372-5374
www.micounties.org

Michigan Association of Fairs & Exhibitions
517-278-5367
www.michiganfairs.org

Michigan Business and Professional Association
586-393-8800
www.michbusiness.org

Michigan Farm Bureau
517-323-7000
www.michiganfarmbureau.com

Michigan Agricultural Cooperative Marketing Association, Inc.
517-323-7000
www.michiganfarmbureau.com

Michigan Agri-tourism Association
866-964-3628
www.michiganfarmfun.com

Michigan Farmers Market Association
517-432-3381
www.mifma.org

Michigan Festivals & Events Association
989-845-2080
www.michiganfun.us

Michigan FFA
517-353-9221
www.michiganffa.com

Michigan Food & Farming Systems
517-432-0712
www.miffs.org

Michigan Food Processors Association
231-271-5752
www.michfpa.org

Michigan Grocers Association
517-372-6800 or 800-947-6237;
Fax: 517-372-3002
www.michigangrocers.org

Michigan Horticulture Society
269-424-3990
www.mihortsociety.org and www.glexpo.com

Michigan Land Use Institute
231-941-6584
www.mlui.org

Michigan MarketMaker
http://mi.marketmaker.uiuc.edu

Michigan Organic Food and Farming Alliance
248-262-6826
www.moffa.org

Michigan Restaurant Association
517-482-5244 or 800-968-9668
www.michiganrestaurant.org

Michigan Small Business and Technology Development Center
616-331-7485
www.misbtdc.org

Michigan Township Association
517-321-6467
www.michigantownships.org

Michigan Vegetable Council
734-848-8899
www.michiganvegetablecouncil.org

Northern Lakes Economic Alliance
231-582-6482
www.northernlakes.net

Putting Michigan Produce On Your Menu – How to Buy and Use Michigan Produce In Your Institution
www.mifarmtoschool.msu.edu/assets/files/Michigan_Produce_Booklet_May%202010%20low%20res.pdf

Michigan Commodity Organizations

Allied Poultry Industry of Michigan
616-676-5593
www.aeb.org

Michigan Apple Committee
517-669-8353
www.michiganapples.com

Michigan Asparagus Advisory Board
517-669-4250 or 231-873-2740
www.asparagus.org

Michigan Association of Timbermen
906-293-3236
www.timbermen.org

Michigan Bean Commission
989-224-1361
www.michiganbean.org

Michigan Beekeepers Association
810-621-4371
www.michiganbees.org

Michigan Beef Industry Commission
517-347-0911
www.mibeef.org

Michigan Blueberry Growers Association
269-434-6791
www.blueberries.com

Michigan Carrot Industry Commission
517-669-8377

Michigan Cattlemen's Association
517-347-8117
www.micattlemen.org

Michigan Celery Promotion Committee
616-669-1250
www.michigancelery.com

Michigan Cherry Committee
Cherry Marketing Institute
517-669-4264
www.choosecherries.com

Michigan Christmas Tree Association
517-545-9971
www.mcta.org

Michigan Corn Growers Association
Michigan Corn Marketing Program
517-668-2676
www.micorn.org

Michigan Floral Association
517-575-0110
www.michiganfloral.org

Michigan Floriculture Growers Council
517-420-7142
www.mifgc.org

Michigan Grape & Wine Industry Council
517-373-9789
www.michiganwines.com

Michigan Horse Council
231-821-2487
www.michiganhorsecouncil.com

Michigan Maple Syrup Association
www.mi-maplesyrup.com

Michigan Milk Producers Association
248-474-6672 ext. 210
www.mimilk.com

Michigan Nut Growers Association
www.michigannutgrowers.org

Michigan Onion Committee
517-669-4250 or 231-873-2740

Michigan Peach Sponsors
www.michiganpeach.org

Michigan Plum Advisory Board
517-669-4250 or 231-873-2740

Michigan Pork Producers Association
517-699-2145
www.mipork.org

Michigan Potato Industry Commission
517-669-8377
www.mipotato.com

Michigan Sheep Breeders Association
269-343-5137
www.misheep.org

Michigan Sod Growers Association
800-879-6652
www.michigansod.org

Michigan Soybean Committee
989-652-3294
www.michigansoybean.org

Michigan Sugar
989-686-0161
www.michigansugar.com

Michigan Turfgrass Foundation
517-392-5003
www.michiganturfgrass.org

Michigan Veal Committee
517-347-0911
www.miveal.org

United Dairy Industry of Michigan
517-349-8923
www.udim.org

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