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.

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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