

Food Hub Development Grant Proposal to the Wallace Center

A. Statement of Purpose

The *Big River Farms Scale-Up* project proposes to address barriers to financial viability by improving the technology and business processes of the food hub; building a strong brand identity in our competitive market; and partnering with two leaders in the local values-based supply chain to scale up our wholesale sales this season. These activities will result in increased access to markets for the diverse group of small-scale, organic farmers we support. We are requesting \$61,830 from the Wallace Center's Food Hub Development Grant program to fund this project.

Big River Farms food hub is operated by a nonprofit, Minnesota Food Association (MFA), which provides training, land and resources to farmers from socially-disadvantaged backgrounds. The mission of MFA is *to build a more sustainable food system based on social, economic and environmental justice*. Operating the Big River Farms food hub is a key part of how we achieve this mission, as it enables us to provide opportunities for beginning and socially-disadvantaged farmers to build their own independent farm businesses and to work cooperatively with farmers of all skill levels and backgrounds.

Investing in the internal infrastructure needed to support the food hub is long overdue. As the Wallace Center pointed out in its RFA, funding for this type of investment is largely still behind the curve of what is happening on the ground in building local food systems. With a recent change in leadership at MFA, extensive assessments have been conducted to determine where such investments are most needed to build the solid foundation Big River Farms needs to thrive. The systems and technology currently in place do not support the potential growth of the food hub indicated by demand in our community.

B. Approach and Business Model

Big River Farms food hub is very unique, as it not only improves access to markets for small-scale sustainable farmers as a result of cooperative marketing, aggregation and distribution; it also provides extensive training, land, equipment and resources to these farmers as a result of the nonprofit programming of Minnesota Food Association. The farmers growing for the food hub are Certified Organic, and all come from socially-disadvantaged backgrounds, with immigrants and refugees making up a large percentage of the population served.

Big River Farms sells Certified Organic vegetables to direct and retail markets, with a 200-member CSA as the largest component of those sales, which total about \$150,000 per year for all markets. We aggregate and distribute produce grown by an average of 10 individual farms, which are all members of our training program. The training program is modeled after national best practices for farm incubator projects, which help new farmers get started by giving them access to affordable land, infrastructure and resources. The addition of aggregation, distribution, and shared marketing services that Big River Farms offers as a food hub are rare among land-based incubator programs in the country, but a guaranteed market in the first years of independent production is crucial to the success of the farmers we serve. Our mission of focusing on socially-disadvantaged farmers means that the farmers selling to our food hub are facing

additional barriers beyond those facing all new farmers, such as limited English skills, lack of access to resources, and institutionalized discrimination.

Due to the educational nature of the services we provide to farmers, Big River Farms is operated by a nonprofit, Minnesota Food Association, which has been involved in grassroots efforts to change the local food system for over 30 years. Offering a land-based training program and cooperative marketing to farmers emerged as priorities in the last decade, as new initiatives developed in the Twin Cities to build a stronger, more sustainable local food system. The Twin Cities is unique in the relatively large number of food co-ops in the metro area, as well as in the number of organic farmers selling to the area. A unique food chain developed alongside the thriving co-op movement, with one of the largest co-ops in the country, the Wedge, operating a wholesale warehouse for distribution of produce and other organics to all of the Twin Cities co-ops, and now other customers as well. This wholesale distributor, Co-op Partners Warehouse (CPW), plays a significant role in supporting small-scale, sustainable farmers in our region.

The Twin Cities co-ops are currently in an unprecedented phase of growth, with multiple co-ops opening additional retail locations. This expansion creates an opportunity for more small-scale farmers, as previously Co-op Partners Warehouse was maxed out in what it could buy from local growers, as were the co-ops themselves. Big River Farms is poised to take advantage of this excellent opportunity through close relationships with Co-op Partners Warehouse and Lakewinds Natural Foods Co-op, both of whom are supporting this proposal; but to scale up our sales to meet this opportunity, we need to address some crucial internal barriers first.

Now that the bottleneck of available markets for sustainable local growers has opened up through the expansion of at least three Twin Cities food co-ops to new stores, the primary barriers faced by Big River Farms are inefficient and outdated business operations, and lack of financial viability due to poor brand recognition. As a nonprofit, Minnesota Food Association has not invested in new technology that could streamline internal processes, as there are few funders interested in providing the needed capital to make these investments. Required business processes will become more complex as we scale up, and we need to make use of every possible operating efficiency to make the best use of our limited resources.

Due to the nature of the population we serve, many steps in our operation are more time-consuming than they would be for another food hub our size. Our farmers are in training, and many have limited English skills. All have limited experience with running a business and the level of documentation and planning that is required to do that successfully. Learning these skills in our program, while having a guaranteed market to support them as they grow their own farm business, is absolutely crucial for the farmers we serve to have a chance at making it on their own. However, to give this opportunity to historically-underserved farmers, we lose many operating efficiencies along the way. It is therefore very important for all of our internal business systems to be as efficient and as mobile as possible, so our staff can count on having things work well for them in the field, freeing them up to focus on helping the farmers and getting the best possible produce to our customers.

Big River Farms has such a unique story to tell as a result of our model and the farmers we work with, but we have found that many customers and community members do not understand who we are or what we do. This is an area that has also been neglected by the nonprofit for some

time, as it focused on maintaining day-to-day operations. Now that Minnesota Food Association has had a change in leadership, it has created a clear opportunity to build the brand identity of Big River Farms, helping to distinguish it from the many other small, organic producers in our area. With the growing interest in organic and local produce in the Twin Cities, now is the time for Big River Farms to establish a strong reputation and clear identity as a food hub that supports socially-disadvantaged farmers.

C. Objectives, Activities, and Impacts

The *Big River Farms Scale-Up* project proposes to address the barriers outlined above by improving the technology and business processes of the food hub; building a strong brand identity in our competitive market; and partnering with two leaders in the local values-based supply chain to scale up our wholesale sales this season.

Minnesota Food Association has partnered with a leader in the local nonprofit community, MAP for Nonprofits (see attached letter of support), to complete a technology assessment of our operation in the past month. This assessment resulted in a set of professional recommendations about needed technology upgrades in hardware and software that would lead to improved business efficiencies for Big River Farms. The first step in the *Big River Farms Scale-up* project will be to implement these recommendations, providing the infrastructure needed to support the food hub in the coming season. Once new systems are in place, the staff will be able to stop wasting time on inefficient processes, and focus their efforts on outcomes for the farmers.

Secondly, we will complete a brand identity process with a graphic design firm we have worked with for the past month, Smart Set Inc. (letter of support attached), to develop a new logo and marketing materials for Big River Farms. This process will help the staff identify key messages to focus on in their communications with various stakeholder groups, and will establish a clear identity for Big River Farms that tells the unique story of our food hub. A brochure for our CSA recently designed and printed by Smart Set is also attached, using the current logos.

Overlapping with these two internal efforts, the third objective of this project is to partner with two leaders in the local values-based supply chain to increase our wholesale sales this season. These partnerships, with Co-op Partners Warehouse and Lakewinds Natural Foods Co-op, are already in place (see attached letters), and will not only result in the largest wholesale grocer account Big River Farms has ever had, but will also lay the groundwork for additional growth in the future.

These objectives are an exact match with the intended outcomes of the Wallace Center's Food Hub Development Grant program:

- 1) The small-scale producers served by Big River Farms food hub will have increased access to direct, intermediate, and retail markets, with the possible addition of institutional markets in the future.
- 2) The food hub itself will have improved financial viability and operating efficiencies as a result of better technology, stronger brand identity, and new markets.
- 3) New farmers will continue to have access to training in organic farming practices as a result of the stability of the food hub, with guaranteed markets as they start their own organic farm businesses.

- 4) The historically-underserved farmers in our program provide fresh, healthy produce to their own communities, which often lack access to these foods.
- 5) We will share the results of our experience with national professional networks we participate in, as well as with Wallace Center stakeholders.

Another unique component of the Big River Farms food hub is the fact that the group of small-scale producers that sell to us is constantly changing as farmers move through various stages of training and become independent businesses. The success of our food hub therefore impacts not just the current group of 10 farms selling to us; it will continue to support new generations of organic farmers if it remains financially viable. As mentioned above, our mission is to serve socially-disadvantaged farmers, and while that has meant primarily immigrants and refugees, we are also interested in serving other groups that fall into this category, such as veterans, women, young people, and farm workers in the coming years. If our food hub is able to achieve the objectives in this proposal, we will be able to provide increased access to markets for many new groups of farmers to come.

Objective 1	Improve technology and business processes for increased financial viability.
Time frame	April – November 2014 (7 months)
Activities	<ul style="list-style-type: none"> • Purchase new technology and work with consultants to get systems functioning. • Train staff in how to use new systems. • Monitor systems throughout the season and review with consultants for needed modifications.
Outcomes / Impacts	<ul style="list-style-type: none"> • Increased efficiencies allow food hub to handle expanded markets. • New technology provides smoother customer experience.
Objective 2	Build a strong brand identity to distinguish ourselves in a competitive market.
Time frame	May 2014 – March 2015
Activities	<ul style="list-style-type: none"> • Complete brand identity process with consultant and use new graphics and logo for marketing materials. • Work with strategic partners to share the story of Big River Farms with a broader audience.
Outcomes / Impacts	<ul style="list-style-type: none"> • Increased public awareness and brand recognition of Big River Farms in the community. • New customers and supporters will support Big River Farms. • Increased customer loyalty in all types of markets.
Objective 3	Partner with leaders in local values-based supply chain to scale up wholesale sales.
Time frame	May – October 2014
Activities	<ul style="list-style-type: none"> • Sell full season of produce to all three Lakewinds Co-op stores. • Sell produce through Co-op Partners Warehouse as a distributor to reach new customers. • Begin conversations with institutional buyers about 2015 season.
Outcomes / Impacts	<ul style="list-style-type: none"> • New customers will approach Big River Farms about selling to them in 2015 as a result of increased capacity. • Increased customer loyalty in all types of markets.

D. Organizational Capacity and Management Experience

Big River Farms has been functioning as a food hub for 7 years, so we have the experience needed to make accurate assessments of which investments will have the most return when it comes to results for the farmers we support. The food hub's operation by a well-established nonprofit organization, Minnesota Food Association, provides a level of oversight and accountability that many food hubs may not have: a board of directors, complete transparency of financial statements, and regular reporting to funders. The training program for the farmers that grow for Big River Farms is currently funded through the farm bill under the Beginning Farmer and Rancher Development Program, and is in year 2 of a 3-year grant with extensive reporting requirements. We also have a grant from the Specialty Crop Block Grant through the Minnesota Department of Agriculture focused on food hub development this year. In addition to funding from a variety of private foundations, our experience with grants means that we are exceptionally qualified to plan realistic proposals and to carry out the work proposed.

The staff of Minnesota Food Association consists of an Executive Director; two program managers for the farm and training programs; an open position for a Community Relations Coordinator; and an Operations and Production Coordinator for the farm. There are 9 individuals on the board of directors. The staff's work is also supplemented by a number of consultants, including a marketing consultant, bookkeeper, printer/graphic designer, and other project-based consultants. We work closely with many other nonprofits and food/agriculture related businesses on a variety of projects in the community, and benefit from the support of our CSA members, donors, and volunteers.

E. Capturing Knowledge, and Serving as a Model

Minnesota Food Association participates in a national network of organizations running land-based incubator programs, called NIFTI (National Incubator Farm Training Initiative), which was started at Tufts University. Through our participation in this project, we offer consulting and technical assistance services to start-up projects, and also provide content for webinars sharing the results of our activities. These networks would be an excellent place to share the results of this project as well.

We would be thrilled to work with a professional program evaluator to implement an evaluation plan for this project. Developing evaluation metrics that can clearly convey the impact of our work is another top priority for us this year, so any technical assistance offered through this grant would be more than welcome. We have also agreed to participate in this year's Food Hub Benchmarking study and would be happy to participate again next year.