

NEW ENGLAND FOOD HUB NETWORK: EXPLORING OPTIONS TO ENHANCE FOOD HUB COLLABORATION & INCREASE NEW ENGLAND FARM TO INSTITUTION SALES

PREPARED BY KAREN KARP & PARTNERS FOR FARM TO INSTITUTION NEW ENGLAND
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TABLE OF CONTENTS

3 INTRODUCTION

4 METHODOLOGY

**6 FOOD HUB NETWORK MODELS
& BEST PRACTICES**

7 NEW ENGLAND FOOD HUB RESEARCH

INTERVIEW FINDINGS: KEY THEMES

FOOD HUB DATA ANALYSIS

11 FOOD HUB CONVENING

12 INTERVIEW SUMMARY & ANALYSIS

INTERVIEWS WITH INSTITUTIONS

INTERVIEWS WITH DISTRIBUTORS

18 FOOD HUB FEEDBACK ON INSTITUTIONAL RESEARCH FINDINGS

19 RECOMMENDATIONS: A FOOD HUB NETWORK

FOOD HUB B2B TRADE PLATFORM

FOOD SERVICE MANAGEMENT COMPANY WORKING GROUP

FOOD HUB COLLABORATIVE SALES FORCE

FOOD HUB SUPPORT NETWORK

26 APPENDIX



CONTACT US

Shayna Cohen, Karen Karp & Partners, shayna@kkandp.com

Peter Allison, Farm to Institution New England, peter@farmtoinst.org

INTRODUCTION

Institutional food service (schools, universities, hospitals, corporate dining services, congregate meal sites, and others) represents large potential markets for regionally produced foods, yet farmers, processors, food hubs, and other businesses focused on locally grown and produced foods have experienced diverse barriers to entry in that marketplace. **Farm to Institution New England** (FINE) was founded to build a network across New England states that supports efforts to increase institutional demand for regionally produced foods while boosting the capacity of local food producers and processors to meet that demand. FINE's broader mission is to mobilize the power of institutions to transform the food system.

In the fall of 2016, FINE received a USDA Local Food Promotion Program (LFPP) planning grant to explore opportunities for food hubs to increase their sales to regional institutions in order to: (a) increase the amount of local food flowing into institutions, and (b) leverage institutional markets for food hub growth and long-term viability. FINE retained **Karen Karp & Partners** (KK&P), a food system consulting firm, to conduct this research, to assess specific opportunities for local farm and food businesses (including food hubs) in the institutional market, and to develop a model for New England food hubs to partner with each other in a "trade network."

Six food hubs across the six New England states participated in this research through in-depth interviews, facility tours, and in-person group discussions. The research team also interviewed stakeholders from six institutions in the greater Boston area, leading institutional distributors, and representatives from food service management companies in the region. Background research on transactional and support-focused food hub networks across the country provided additional context to the local interviews and analysis.

Research revealed that institutions are currently only a small part (proportionally) of most New England food hubs' annual sales. Within the institutional market, most hubs have found the greatest success with universities, however, some are also serving K-12 schools and health care facilities. Key challenges food hubs face across these institutional sectors include (a) seasonal product availability and (b) the ability to process local product while keeping prices competitive. Perhaps most significantly, research revealed the extent to which food service procurement protocol, group purchasing organizations, and very slim discretionary food budgets dictate and shape institutional local food procurement opportunities.

With a goal of increased access to institutional and other markets, almost all participating food hubs indicated that they have explored or participated in trade or partnerships with other food hubs, and all expressed interest in increasing trade and collaboration. This report's recommendations center around the creation of a regional food hub network, including the following initiatives:

1. Develop a business-to-business trade platform for food hubs to buy products from and sell it to other food hubs
2. Establish food service management company local food working groups
3. Hire a collaborative sales force to serve multiple food hubs marketing to the Boston area
4. Form a New England regional food hub support network

This report summarizes the findings of research conducted on the six New England food hubs, six Boston area institutions, regional distributors and national food hub networks, as well as the recommendations for FINE and/or a potential regional food hub network.

METHODOLOGY

KK&P and FINE worked closely together on this research from January to August 2017. KK&P Senior Consultant Shayna Cohen oversaw the project, and she and Senior Consultant Christophe Hille were the KK&P team's lead researchers and strategists. Hannah Mellion was FINE's internal project manager and research contributor to the project, and FINE Executive Director Peter Allison provided project oversight and served as a liaison with the USDA.

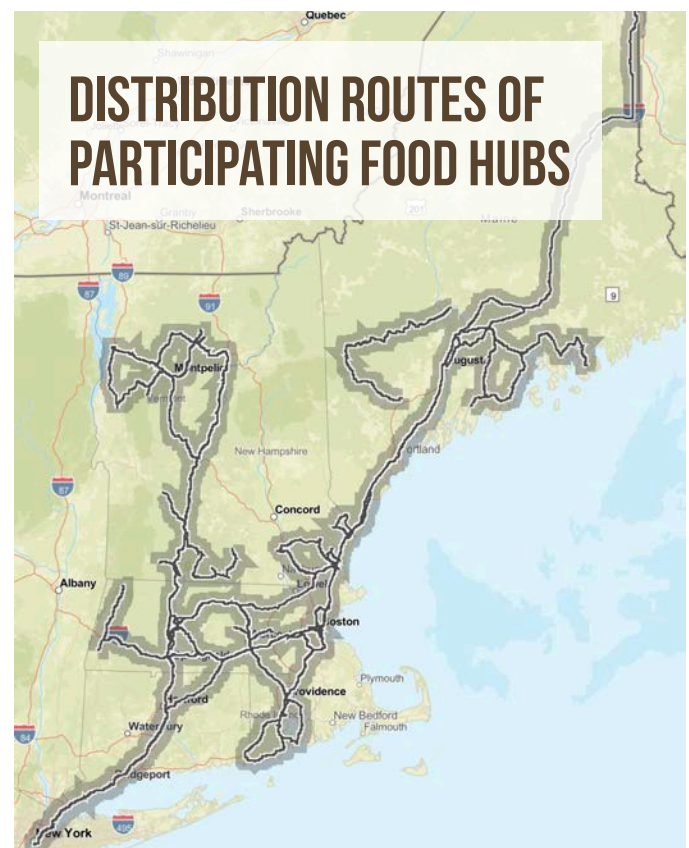
After gathering and reviewing secondary related research undertaken by FINE and members of its network, the research team dug into best practices in food hub networking nationwide, including trade networks, communities of practice and other forms of collaboration that increase food hubs' collective capacity. Phone interviews were conducted with select existing food hub networks nationwide.

KK&P and FINE staff created criteria for the selection of food hubs and institutions to participate in the research. Criteria for food hub selection included regional representation (across the six New England states), willingness to share detailed information about sales and sourcing, moderate-to-strong interest in selling to institutions, at least moderate interest in being part of a food hub network, and being an established (rather than emerging) food hub. Six food hubs meeting these criteria participated in this research.

In-depth interviews and (as relevant) facility tours were conducted on-site at each of the participating hubs. Each hub provided the research team with a recent profit and loss statement, product availability data, and detailed sales data (by customer type and product type). The food hubs were convened for presentations and facilitated discussion in person at the [**New England Farm to Institution Summit**](#) in April 2017 and by conference call in July 2017.

Criteria for selection of participating institutions included strong demonstrated interest in buying local food, a mix of self-operated and contracted dining services, a mix of public and private institutions, and representation across FINE's areas of institutional focus: K-12 schools, higher education, and health care.

The research team decided to focus on institutions in the greater Boston area rather than a mix of institutions across the region for a number of reasons including but not limited to the following: Boston is the greatest population center in the region and holds the greatest concentration of institutions; all of the participating food hubs have a current or desired future reach into Boston markets; and the topography of the region and (related) orientation of roads and highways creates a high potential geographic and logistical opportunity for participating food hubs to trade with one another en route to Boston.



The research team interviewed food service managers and in some cases other institutional leadership from six institutions.

In order to understand the dynamics of competition and collaboration in the local food distribution landscape, interviews were also conducted with the institutions' leading distributors, particularly the distributors they depend on as suppliers of local food, as well as with several small-scale local food distributors operating in New England who do not identify as food hubs.

KK&P and FINE, together with the food hubs, created a targeted list of products the six hubs offer that would be most likely to meet institutional food service specifications and price points. This list was used in interviews with FSMCs and distributors to focus discussions on specific transactional possibilities.

Interviews were also conducted with regional leadership of prevalent food service management companies (FSMCs) in the region in order to understand internal policies, protocol, and programs driving and limiting local food procurement.

All interviews with food hubs and institutions were carried out on-site and in person. Interviews with distributors were conducted in person and by phone, as possible. In addition to formal interviews and site visits, the research team also spoke on several occasions with other food hubs based outside of New England but known to have succeeded in developing strong institutional markets, and with staff from the [Wallace Center](#), as informal advisors to the project.



Photo by Scott Hussey, courtesy of Food Connects

FOOD HUB NETWORK MODELS & BEST PRACTICES

This section highlights key findings from secondary research on food hub networks. Within the the relatively small universe of active food hub networks in the U.S., there are two fundamental approaches.

- **Transactional Network:** These are food hub networks that evolve to facilitate transactions between food hubs and towards their respective final customers. The preferred format is an online marketplace that brings together under one umbrella product availability, farm/hub information, product pricing, transportation solutions, and invoicing services.
- **Support Network:** These are food hub networks that evolve to provide emerging and existing food hubs with technical assistance, support services, educational materials, professional networking forums, white papers, best-practices training, marketing materials, and other forms of technical assistance. These food hub networks do not typically facilitate actual

transactions beyond nurturing cross-sector introductions and collaboration.

Aside from active, existing food hub networks, there are several sources of studies, recommendations, and white papers relating to food hub networks. These are associated with initiatives to develop food hub networks where, for various reasons, the execution phase has not been entered yet. Hypothetical food hub networks seem to fall into similar anticipated sector roles: transactional networks or support networks.

Detailed examples of existing food hub networks are provided in Appendix A. Highlighted network models include the [Michigan Food Hub Learning and Innovation Network](#) and [Michigan Farm to Institution Network](#); [Colorado Food Hub Network](#); [FairAcre Traders](#) (no longer operating); the Wallace Center's [National Good Food Network](#); [Iowa Food Hub Network](#); and [NYS-NYC Regional Food Hubs](#).

FOOD HUB NETWORKS: WHAT ARE THEY GOOD FOR?

PHYSICAL RESOURCES

Shared and traded transportation logistics, cold storage, cross-docking, and offices

SOURCING & PRODUCTS

Co-development and sharing of product sources; inter-hub product transactions

TECHNOLOGY PLATFORMS

Shared transaction platforms, inventory systems, supply chain software, invoicing services, and CRM systems

SUPPORT & EDUCATION

Resources for technical assistance, support services, educational materials, best practices, and marketing materials

PROFESSIONAL FORUMS

Venue for manager working groups, cross-sector collaboration, email listservs, and traditional professional networking

NEW ENGLAND FOOD HUB RESEARCH

This section describes the findings related to our research on the six New England food hubs selected to participate in the study, following the methodology noted above.

INTERVIEW FINDINGS: KEY THEMES

FOOD HUB GROWTH & IDENTITY

- All hubs interviewed expressed enthusiasm about FINE's LFPP planning grant project. They came to the table willing to share details about their businesses and ready to think creatively about what a food hub network could be. All noted that this process is coming at a helpful and useful time for them individually in their processes of planning for growth.
- Because of the growing number of broadliners and startup distributors offering local food across New England, food hubs are feeling increasing competition for customers and are questioning the role of mission-driven hubs in the increasingly crowded landscape of local food distribution (and meal kit distribution, for those with consumer-facing box programs).
- Hubs have an interest in exploring what it might mean to grow in strategic relation to one another. What a food hub network should be or do is dependent on and can inform the growth of these food hubs.

SOURCING, OPERATIONS & LOGISTICS

- Few food hubs are formally or informally crop planning with farmers, for reasons including aversion to risk, lack of capacity to strategically curate supply, lack of capacity to hold inventory, and inability to purchase

in sufficient volumes. All are interested in growing toward better managed, more strategically curated, and more diverse supply.

- Maine is seen by many as the “next frontier” for regional agriculture, given larger land area with agricultural capacity, as well as innovative product offerings and lower cost combined with higher volume production. Figuring out how to bridge the geographic distance between Maine and the rest of the region in a financially viable way could be a challenge the food hub network takes up.
- In southern New England, the increasing number of wholesalers and distributors offering local foods has resulted at times in competition for supply.
- With most staff wearing multiple hats, a lack of dedicated sales people limits growth for most of the food hubs.
- Almost all of the food hubs are leveraging philanthropic money in addition to revenue from sales. At times, they are competing for funding from the same sources.
- North-south highways across New England, and thus food transport routes, are more available and faster than east-west routes. Because of this, and due to the region's population density, almost all of the hubs have routes that reach into Boston (for sales, cross-docking, and storage).

FOOD HUB-TO-INSTITUTION

- All participating food hubs have approved vendor status with at least one FSMC. Overall, greatest success in institutional sales has been found with universities, though some are successfully serving K-12 and health care accounts as well. Yet institutions remain a small part, proportionally, of most of the hubs' annual sales.



Photo by Richard Howard, courtesy of the Henry P. Kendall Foundation

- Hubs have very different experiences working with FSMCs in northern and southern New England. In southern New England, **Chartwells** has a strong presence and many hubs have found inroads into Chartwells' clients as approved vendors and/or through "P-card" (more discretionary) purchases. Northern New England hubs describe strong partnership with **Sodexo** clients, primarily through the company's **Vermont First** and **Maine Course** state-focused local procurement programs.
- Understanding institutions' marketing and merchandising needs—how to pass the value of working with local food and with food hubs down to eaters—is a key need.
- Balancing costs of local agriculture production and hub operations with institutions' desired (low) price point is a struggle for all hubs interviewed.

PARTNERSHIPS & NETWORKS

- Several for-profit food distribution companies that focus on local food came up in every hub interview. These companies are both potential logistics partners for the food hubs and competitors, both for customers and for farmer suppliers.
- Almost all of the hubs have explored or are involved in partnerships with other food

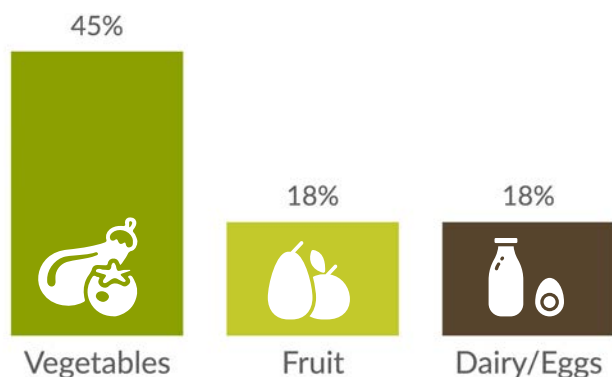
hubs or with mainstream, higher capacity food businesses—several have well-established and essential relationships of this kind, and all are interested in exploring those possibilities further, to the extent that their organizational missions are served.

- Many hubs shared a concern about losing the connection between farmer and customer in a trade network, with the additional level of remove that a network might create.
- The following ideas of what a food hub network could do emerged in interviews:
 - Brokering on behalf of the network
 - Logistics coordination: to increase the number of full trucks on the road; access supply from further afield; increase cross-docking; and increase ability to serve bigger customers more consistently
 - Merchandising support: source or origin and value chain stories preserved to end consumer
 - Peer-to-peer learning community: build the relationships first, and operational possibilities will follow
 - Funding collaboration
 - Shared price reports and "market intelligence"

FOOD HUB DATA ANALYSIS

In preparation for convening the hubs at the New England Farm to Institution Summit in April 2017, the research team analyzed product sales data from all of the participating food hubs. Below are the main takeaways from this analysis of data from the six hubs, aggregated and presented in weighted percentages (percentage of revenue for each category within each hub is given equal weight in the aggregation).

TOP SELLING PRODUCTS FOR 6 PARTICIPATING FOOD HUBS



TOP CUSTOMER TYPES FOR 6 PARTICIPATING FOOD HUBS



It is clear from these data that vegetables are universally the strongest product category for participating hubs, which is logical in terms of local food sector development (these are relatively low-barrier products for farmers to grow) and which products customers most strongly associate with “local.” The very low percentages of specialty and prepared foods (depending on the hub, this is a catch-all category for jams, ready to eat foods, maple syrup, sauces, etc.) probably reflects the significant challenges of producing small-batch and market-compliant goods locally, at volumes that exceed the manufacturer’s own capacity to sell at retail, and at prices that allow for the extra layer of price margin implicit in selling through a third-party such as a food hub.

The distribution of customer types among the food hubs’ sales seems to reflect a healthy spread, most heavily weighted (60 percent) toward restaurant and grocery/retail sales. When compared to other wholesale customer categories (such as distributors or produce wholesalers), restaurant and retail are typically high-margin customers likely to do a good job of preserving source-identification through to the end consumer, as that source is a valuable marketing feature for restaurants and grocers.

The fact that an average of 13 percent of sales are already made to institutions supports the idea that this market exists for food hubs. Whether to seek to grow this percentage and, if so, how to do that is a key question of this project. Specifically, how to balance more volume sales to institutions in exchange for what is likely a lower margin, some loss of source-identification, and a different relationship to the end consumer.

The relatively low percentage of CSA-style box program (direct-to-consumer) sales suggests significant potential for growth in this sector for food hubs and a better overall product margin. However, this category likely places more demands and pressures on hubs (in terms of direct marketing, customer service, packing and distribution) than do the restaurant, grocery, and institutional categories, so achieving that better margin may require some capacity building. It should be noted that the information analyzed herein was purely empirical — what was actually sold in existing conditions, rather than what might have been sold in ideal conditions.

One year of data is not sufficient to determine market potential, or to reveal the delta between what was sold and what was available, or the sales not made for lack of supply and/or customers. Overall, these data mostly show what small food hubs have in total revenue, relative to mainstream distributors and even specialty distributors, and how that circumscribes their ability to budget for growth strategies. For a more comprehensive determination of each hub's current growth trajectory and potential strategies for the future, it would be necessary to have access to multiple years of financial information, something that was not available with many of the participating hubs.

In addition to the sales and product data analysis, the research team gathered anecdotal information about food hub distribution routes. It became clear that the food hubs were eager to trade with one another and that specific opportunities existed for product trade and logistics efficiencies through cross docking, hauling or storing each other's product (e.g. for a per pallet fee).



Photo by Richard Howard, courtesy of the Henry P. Kendall Foundation

FOOD HUB CONVENING

All participating food hubs were convened at the New England Farm to Institution Summit in Leominster, Massachusetts, in April 2017. Research to date was shared, cross-hub relationships were built, and a New England food hub network was imagined: how it could function, what it should accomplish, and under what conditions it would best serve all the hubs present (and, potentially, food hubs or other local food supply chain players beyond this planning grant's participants.)

Discussion at this convening was lively, honest, engaged, and action-oriented. Key points that were discussed included:

- There is a need for increased coordination on the demand side (across institutions or sites managed by one particular FSMC).
- There is potential to trade with each other, beginning with honey, cheese, and shelf stable items (e.g. grains).
- Support coordinating logistics could create efficiencies (e.g. fill trucks that are currently not full).

- There is interest in exploring Boston as a shared cross-docking location.
- There is agreement that western Massachusetts is also logistically a high potential point within the region for inter-hub cross-docking.
- While there is demand for frozen products, there is limited infrastructure for frozen food storage and distribution in New England.
- Hubs have found the following products to be good matches for the institutions they currently work with: oats (year-round), applesauce, minimally processed root vegetables, assorted IQF (individual quick frozen) products, lettuce, salad mix, chopped romaine, seafood, blueberries, strawberries, cherry and grape tomatoes, small apples, butternut squash, ground beef (in 10-pound packs), and tofu.

After reviewing the trade routes map together at the meeting, the hubs agreed to create a simple, low-tech spreadsheet to share information about products, availability, and logistics in order to begin trading.



Photo by Peter Goldberg, courtesy of Farm Fresh RI

INTERVIEW SUMMARY & ANALYSIS

INTERVIEWS WITH INSTITUTIONS

The research team completed interviews with the dining managers and/or executive chefs of six different institutional food service providers. The group included two hospitals, one public school district, and three universities (mix of public and private). Of the six institutions, two were self-operated, two were operated by Sodexo, and two were operated by **Compass Group**.

The interviews addressed each institution's local purchasing resources, habits, initiatives, mandates, and future plans, as well as obstacles to and motivations for making local purchases. Each interview was executed with two members of our team in person at the respective institution. A summary and analysis of our findings is provided in the sections that follow.

Local purchasing at institutions is a complex, discretionary, and highly contingent activity wherein it is challenging to determine a single or common operational dynamic or obstacle. At the same time, it can be quite simple: if a product is easy for the dining managers to get in the door and it meets a need, the product may be purchased on a regular basis. As these characterizations imply, the purchasing that does happen is driven primarily by individual dining services operators, secondarily by pressure from their client institutions, and lastly by cost-benefit pressure from their corporate headquarters. Many institutions have local purchasing initiatives that are loosely defined and feature general percentage targets (e.g. 20 percent by 2020). Some companies have more specific programs that are driving increased local food purchasing, but these vary by corporate division and by region or state,

depending on the density of contracts a food service company has in one region, the level of collaboration with state or local food systems or agriculture leaders, and the personal interest of the corporate regional leader.

Sodexo's Vermont First and Maine Course are good examples of this phenomenon. Interestingly, Sodexo has recently reorganized its corporate structure, placing the architect of the Vermont and Maine programs at the helm of New Hampshire, Massachusetts and Rhode Island Sodexo higher education accounts as well. These programs represent significant opportunity for increased local procurement. More often, however, it is personal interest and initiative from chefs and dining managers — when not impeded by corporate dictates and group purchasing organization (GPO) rules — driving actual local purchasing decisions. Interestingly, almost no food service managers at the institutions interviewed reported pressure from their customer base (e.g. students, faculty, and staff) around local food purchasing, but ultimately most of the successes are a result of motivated institutional administrative and food service leaders.

GPOs influence almost all purchasing decisions at institutions, whether their food programs are contracted or self-operated. Volume allowance (VA) programs at Compass Group and Sodexo create compliance pressure from their respective GPOs to institutional dining managers for purchasing primarily within contract. Most self-operated facilities participate in GPOs as well for the buying power they provide (and, if the GPO has a VA program, to benefit directly from VA program revenue). There are two tiers of GPO compliance for FSMC operators and self-operated facilities. The first tier is vendor compliance, which requires the operator to remain at or above a

benchmark percentage of purchases from the associated GPO (e.g. FoodBuy for Compass properties). In our findings, these benchmarks were typically around 85 percent for Compass Group facilities and between 80 and 100 percent for Sodexo properties. This means that a given institution would have to make between 80 and 100 percent (depending on contract terms) of its total purchases through its GPO to remain in good standing.

The second tier is product compliance, which requires the operator to remain at or above a benchmark percentage of purchases of specific items within approved vendor catalogs (e.g. a specific approved chicken product from a meat supplier rather than anything in their catalog). These benchmarks were less clearly stated than vendor compliance targets in our interviews but appeared to be in the 60 to 70 percent range. One food service manager noted that each product category has its own manager within the GPO, who is charged with strategic sourcing, up to and including meat procurement departments investing in grain futures for animal feed (an example of deep embeddedness in commodity agriculture/products).

The corporate revenue generated by VA systems represents a strong fiscal argument for GPOs to minimize their institutions' purchases from non-approved vendors. **FoodBuy**, for instance, generates as much revenue for Compass as any one of its other subsidiaries (e.g., Chartwells, **Bon Appetit**, and **Morrison**). These rebate systems also cause competing incentives for FSMCs, which often pay more for products once they are brought into the VA system due to suppliers trying to recover some portion of the required rebate—in other words, an operator sometimes absorbs higher food costs in order to generate revenue for their GPO.

The high compliance requirements and deep embeddedness of the GPO system do not

necessarily obviate purchasing local food products, since some approved distributors are carrying local products, and other local and/or small suppliers, including all of the food hubs participating in our study, have become approved vendors with one FSMC or another. Nevertheless, it leaves a small share of total food purchasing budgets for non-approved vendors, acts as a significant limit on local procurement, and keeps very small vendors out of contention (to the extent that the latter are pursuing these relationships). That said, the remaining small share of FSMC purchasing budgets may still be a valuable market for food hubs, accounting for the multiple institutions that could be taken on as customers and the comparatively small cap size of food hubs.

Food service management companies are under constant pressure to improve (cost, efficiencies, quality, offerings, product range, sustainability metrics, or all of the above) in a competitive industry—as one manager put it, “We treat every day like it’s a rebid.” To remain competitive, meet sustainability targets, or fulfill personal missions, most of the food service managers at institutions in our study are trying to increase their local spend or improve the sustainability or processing quality (which usually but not always implies locally raised or processed) of the products they purchase. We heard an estimate that 100 percent of all food service RFPs that have come to one company in the past few years have included requirements around local food.

Dining directors are finding many barriers to local purchasing besides the challenges of working within their GPO and VA system. The prices, availability of processed foods (e.g., lightly processed, pre-cut), and seasonal limits of local foods are the most common barriers that institutions cited as barriers to local procurement volume. A few institutions interviewed have developed successful arrangements for regularly purchasing local products outside of approved vendor systems,

but the total dollar amount spent this way is inherently limited due to GPO compliance requirements and push-back from corporate managers on non-contract purchasing. Overall, most institutions seem largely satisfied with the local products available to them through approved distributors, trust those distributors to vet and make available local products as they come onto the market, and aren't entirely clear or consistent about which new products they want to source from local producers.

FINDINGS ANALYSIS

The specific barriers to working successfully with institutions are numerous:

INSTITUTIONAL BARRIERS

- High volume demands with most products (though some products are used at surprisingly low volumes)
- High price sensitivity
- Delivery frequency and timing requirements
- Existing reasonable satisfaction at institutions with local product selection available through distributors

GPO BARRIERS

- Complicated, slow-moving, non-transparent process for becoming an approved vendor
- Rebates to GPOs that either cut into vendor margins or require price increases that reduce sales

DISTRIBUTOR BARRIERS

- Stringent food safety and insurance requirements for farms and processors
- Distributors that have limited interest in working with food hubs (seeing them as an unnecessary extra link/margin)

CURRENT FOOD HUB BARRIERS

- Low availability of ready-to-eat products and lightly processed produce from hubs priced competitively
- Mismatch between highest volume produce season and education sector institutional calendars
- Limited capacity for last-mile delivery in markets outside current range



Photo by Peter Goldberg, courtesy of Farm Fresh RI

At this stage of our research, while it is clear that a food hub trade network would be of great value to the hubs, it is probable that a network of food hubs geared specifically for institutional sales is not the best use of resources. The overall sentiment and feedback regarding the idea of a food hub network coordinated by a single point of contact for sales and marketing resources could be characterized as “interesting and useful if someone is willing to pay for it, and keep in mind the specific challenges of selling into our institution.”

That does not, however, mean that institutions should not be looked to as potential customers and sources of volume growth for food hubs. Rather, institutions might be folded into a larger customer acquisition initiative as hubs look to expand their sales in the most advantageous locations, with a strategic focus on institutions most willing and able to purchase local (based on factors spanning from personal motivation, institutional mandates, or contract structures with FSMCs and GPOs), rather than on the institutional marketplace as a whole. Through that process, particular products that are well suited to institutional sales may arise — products that are consistently available in significant volumes, that meet a specific need at institutions, and that create good value for both sides — creating a context for fruitful transactional relationships to develop.

The most successful locally raised or produced products that institutions cited as frequent or regular purchases fell into clear categories that may be useful to hubs for future planning:

- **Fish:** Almost all of the institutions we spoke to have steered all or most of their fish purchasing to Boston-based suppliers like **Red's Best** and **Foley Fish**, which purchase directly from local boats.
- **Greens:** Several institutions cited their use of locally produced salad greens, most of which are purchased through their approved vendors such as **Costa Fruit & Produce** and **Baldor Specialty Foods**.
- **Ready-to-eat products:** Several institutions reported successful and possibly exclusive relationships with a company producing locally grown and processed apple sauce and tomato sauce.



Photo by Richard Howard, courtesy of the Henry P. Kendall Foundation

Each of these categories illustrates something useful for our project around the nature of particular products in that supply stream and why institutions favor purchasing those local products.

- In the case of **fish**, there is strong consumer and professional awareness around issues of seafood sustainability, largely as a result of more than a decade of work by organizations like the **Monterey Bay Aquarium**. Fish can be harvested close to any coastal city, those cities almost always have the business infrastructure to process that fish, and there are local vendors interested in developing institutional relationships. Consequently, it's a category that institutions are able and willing to allocate heavily to a processor who sources locally.
- In the case of **greens**, these are high-value, fast-growing, perishable, and pan-seasonal (because of greenhouse growing) products in which local producers can compete effectively with California and Florida growers. The freshness results in high yield and high perceived value, which can make up for a possibly higher cost. Additionally, premium greens are a long-standing category of local produce for restaurants and retailers to source identify, feature on menus, and offer year-round. Local greens are a low-labor and easily accessible product for institutions to purchase.
- In the case of **ready-to-eat processed products** such as applesauce and tomato sauce, these are basic high-use pantry staples for institutions that undergo minimal further cooking on-site (applesauce goes directly to a breakfast bar; tomato sauce goes directly into a recipe). These are also products for which there are nearly no local, institutional-pack versions available to high-volume food service. Therefore, it's a category in which specific products, if packaged in an appropriate way and relevant to food service needs, could potentially capture all of an institution's purchasing volume.

The highlighting of these products is not to suggest that they're the only viable entries into institutional markets. Rather, they each have characteristics that point to equivalent or analogous food products that might see similar success, and others that may not be appropriate for institutional sales for a variety of reasons.

Institutions receive and enjoy a high level of customer service from their distributors and suppliers, a level of service that exceeds the food hubs' capacities (e.g. frequent deliveries of relatively small volumes) but also which is not central to the food hubs' missions (which tend to focus more on farmers than on buyers). Most of the hubs in our study are non-profit organizations and none have a dedicated sales and customer service team. An increase in customer-facing people and services, along with a strategic focus on products like those described above, could help hubs leverage the best institutional market opportunities.



Photo courtesy of Red Tomato

INTERVIEWS WITH DISTRIBUTORS

Six interviews were conducted with Boston-area broadline and specialty distributors that serve the majority of New England and who all have approved-vendor status with one or more of the GPOs serving the institutions we interviewed.

The interviews addressed each distributor's local purchasing and distribution program, perceived customer demand for local products, obstacles and initiatives to expanding local procurement, and potential interaction with a food hub network. Each interview was executed with two members of our team either in person or over the phone.

All of the distributors we spoke to have well-established and growing local food programs, with revenue associated with local foods sales ranging from around 10 to 30 percent. They pride themselves on long-standing direct relationships with regional farms. These farms are providing distributors with a wide range of products, from commodity items like onions, potatoes, and carrots, to specialty products like heirloom tomatoes and premium greens. We were told by many of the distributors, upon describing our project with FINE and explaining the concept of food hubs, that they viewed themselves as food hubs.

Each of the distributors described some level of ability to track and identify local products from farm to customer. Depending on the time of year and exact performance of the local food market, local products from a given farm might be slotted as a unique SKU, batched into a local product SKU with multiple farm sources, or mixed into a conventional SKU that local products take over seasonally. Most claimed that when local products are in season, they only slot local products for products grown in the New England and the broader northeastern region (e.g. summer produce like tomatoes,

squash, peppers, eggplant, etc.), though this claim is difficult to verify. A number of the distributors provide light processing services and claim they process local products as well in season, although the institutions we spoke to don't seem to be aware of the availability of these processed local products. In short, there is variable ability to track details such as farm name and locale on a given product at the invoice or case level, which is what distributors need in order to measure the exact amount of local foods being bought and sold.

The majority of the distributors interviewed serve FSMCs in addition to having a strong portfolio of non-institutional customers. Two distributors reported working almost entirely with independent businesses (restaurants and retailers) and said they avoid entering the FSMC marketplace due to the disadvantages of the volume allowance system—they find there are ample non-institutional markets that are less complex to serve. In terms of on-boarding new local vendors, all distributors in our study group have strict food safety compliance and liability insurance requirements, and indemnification rules in order to meet FSMC

requirements and their own risk management strategies. According to one distributor, these requirements dissuade 80 percent of farm hopefuls from bothering to engage with the on-boarding process. For those farms that do sell into these distributors, there is a variety of services and types of assistance available to ease the process. These included special loading docks, on-farm pickups, payment within seven days, and product case “license plates” which allow identification of items by farm and even field level.

As explained above, many of these distributors see themselves as essentially equivalent to food hubs in their operations and mission. Whether this perception is valid or not, it exists, and distributors were quite clearly not very interested in working with a food hub network or with individual food hubs. Their close, direct relationships with farms are an important part of their local procurement model—primarily as an issue of protecting margins by avoiding intermediary entities, and secondarily because finding farms and maintaining relationships with them is “what they do.”



Photo by Sarah Loomis, courtesy of Food Connects

FOOD HUB FEEDBACK ON INSTITUTIONAL RESEARCH FINDINGS



Research findings were discussed with the six participating hubs and FINE staff on a conference call. The conversation that followed addressed the entire range of findings, specific products and sales opportunities to pursue, collaborative and individual strategies to consider for growth, and next steps that food hubs and FINE are and are not interested in pursuing.

The following points were the most widely agreed-on or important themes:

- FINE and the hubs agreed that focusing on specific, mission-aligned institutions (i.e. those already committed to purchasing local foods) as customers would be a more effective strategy than addressing institutions as a customer class.
- There are significant differences across New England in the experiences of working with different food service management companies, especially noted between northern and southern parts of the region. These differences should be factored into specific strategies for food hubs in different regions and could potentially be leveraged by hubs that are networked together.
- There is awareness of and caution around the complexities of food hubs working collaboratively in a distributor model, or a food hub working with a distributor as a branded entity, due to added layers of margin that increase cost to customers, unrealistic projections around potential sales and market opportunity, and a long required runway of funding and time to achieve profitability through volume. These complexities need to be factored carefully in designing any transaction-focused food hub network.
- There is general interest in making investments in a variety of strategies and assets that would be valuable for encouraging individual hub growth and for promoting regional trade between hubs—cross-docking, cold storage, sales and communication collaborations, and a software platform for inter-hub trade.
- There is interest in the product-focused approach to increasing sales to institutions, working to develop a specific, curated product line in collaboration with the food service management companies and their stated needs. However, there is lack of clarity still on what those products should be and how to manage the risk of developing them. Some product categories that appear to have greatest potential for sales by food hubs to institutions are fish, salad greens, and ready-to-eat products.
- If a USDA LFPP implementation grant is pursued, the hubs have significant interest in receiving support for managing the grant and administering the project. KK&P was seen as a potential provider of that support.

RECOMMENDATIONS: A FOOD HUB NETWORK

The following concepts for food hub network organizing principles and activities have emerged from our interviews with food hubs, institutions, food service management companies, distributors, and FINE team members, as well as from secondary research into existing food hub network models. The concepts are focused on specific network functions that would support food hubs and their capacity to serve institutional markets well. These network concepts are not mutually exclusive: implemented together, the whole would have an impact greater than the sum of its parts, yet any facet implemented alone would support the continued growth and stability of food hubs and contribute to their ability to increase institutional sales.

TOP FOUR RECOMMENDATIONS:

1. Develop a business-to-business trade platform for food hubs to buy products from and sell it to other food hubs
2. Establish food service management company local food working groups
3. Hire a collaborative sales force to serve multiple food hubs marketing to the Boston area
4. Form a New England regional food hub support network

For each recommendation, we provide a description of the concept, the why and how, investments required, operators/stakeholders involved, and the implementation timeframe.



FOOD HUB B2B TRADE PLATFORM CONCEPT

A business-to-business transactional platform for food hubs to buy product from and sell it to other food hubs, in order to move product from areas of high supply and lower demand to areas of lower supply and high demand across the region, fill product-specific and season-specific supply gaps that individual hubs experience, take advantage of southern New England's longer growing season, and fully leverage season extension and logistics infrastructure that exists region-wide.

WHY & HOW

Our conversations with food hubs revealed the high degree to which they are eager to transact with one another more actively, make use of available trucking and cross-docking space, and offer a more diverse catalog to their customers. An asset-light path to allow for more such transactions would follow the examples provided by the Colorado Food Hub Network and the [Upper Peninsula Food Exchange](#). Both initiatives make use of an online B2B sales platform where food hubs and farmers within their respective networks can post products for sale and arrange purchase and delivery. We imagine investment in a similar B2B platform, developed for a network of the food hubs in our study, possibly to expand later to a broader group of New England, New York, Pennsylvania, and New Jersey food hubs as well as ancillary food and logistics businesses. The platform would be used for buying and selling local food products primarily, but also for transactions in shipping routes, cross-docking space, cold storage, and other tradeable services.

An appealing consideration of a B2B trade platform is that in being asset-light, existing only in an online space, and being entirely focused on transactions, it would complement and not

obviate the other strategies detailed herein. Furthermore, versions of these kinds of online transaction platforms are being explored by several of the food hubs in our study for their own uses, indicating this is an approach that could garner buy-in from the overall group. The planning grant research process revealed a preference among hubs for keeping potential trade platforms as simple as possible with respect to costs of development and day-to-day features. The participating hubs have also started sharing price/product spreadsheets among themselves, reflecting the interest in simplicity, in a minimum viable product approach, and in collaborating on trade.

This approach would help create better conditions for acquisition of institutions as customers by food hubs, but would not make institutional sales the primary network activity. Rather, it prioritizes intra-network transactions to move products towards the hubs able to sell them, which can make those hubs stronger vendors and likely more appealing to all customers—institutions included—as a regular supplier. An important aspect of this platform would be the ability to quantify, price, and manage the inventory of available shipping, cross-docking, and cold storage spaces, which are critical services to optimize and leverage in the overall project of growing food hubs.

INVESTMENTS

This strategy would require development of a cloud-based sales platform for access by all participating food hubs and likely offering capacities such as product creation/management, inventory control, and invoicing. Some off-the-shelf platforms already exist for these needs, so a complete custom build is unlikely to be necessary. There would furthermore be ongoing costs associated with hosting charges, IT maintenance, and content management.

OPERATORS / STAKEHOLDERS

Food hubs, host organization

IMPLEMENTATION TIMEFRAME

Near term/immediate – high priority

FOOD SERVICE MANAGEMENT COMPANY WORKING GROUP CONCEPT

A collaborative working group of regional representatives from a food service management company (a single company per working group) and Farm to Institution New England, meeting periodically to discuss institutional purchasing trends and needs, identify existing and available local food supply, work towards new products from local food producers, reduce internal structural obstacles to purchasing from local and/or small-scale suppliers, and connect required links in the supply chain. The goal is to put more local products into institutions through pragmatic, coordinated, and focused workshopping.

WHY & HOW

Our interviews revealed a pernicious obstacle to increasing local food purchasing at institutions—good natured buck-passing by chefs who often referred us to regional managers or group purchasing organizations for actual decision-making authority.

We believe that an effective strategy would be to organize the food service managers of a region—i.e. a regional chef or vice president and the executive chefs of the properties s/he oversees—along with FINE into a local food purchasing working group. The purpose of this group would be highly practical and outcome-oriented: identifying common product

needs among the constituent institutions, finding existing and developing new viable products among the region's local food producers, advocating for local purchasing at scale with the associated GPOs, chipping away at internal procedural and structural barriers to procurement from local and/or small or mid-scale businesses, identifying strategies or programs that are working on one site or in one region and replicating/growing them (e.g. with Sodexo this work could focus on growing Vermont First and bringing it south or expanding it to the whole New England region), and harnessing the power of group action to make small changes in the institution's purchasing habits.

FINE's role would be as convener, facilitator, and host organization with expertise in the local food production and institutional sectors. As viable products and categories are identified, for instance, FINE might bring to the table vetted and capable local food producers (potentially including food hubs) to initiate dialogue over the specific products, pricing, and volumes.

We have confidence that this strategy may be more fruitful than approaching individual institutions and would be an incremental step toward changing the farm to institution playing field rather than playing on just a small portion of that field. The process of organizing the institutions into a working group is complex, but since all would be under the same corporate umbrella and regional executive chef, the individual institutions would have a stronger rationale and supervisory approval for participation and for non-approved vendor purchasing. Furthermore, the potential purchasing volumes would be greatly expanded for the local food producers, creating larger incentives to develop the accounts. This group might meet only twice annually but through its collaboration, facilitate increased purchasing of specific local products within a particular FSMC, and in doing so, make a significant contribution

to the local food production sector. Achieving small successes within this group should help institutions meet or exceed local purchasing goals through thoughtful collaboration and an entrepreneurial approach.

INVESTMENTS

We expect that the investment required to execute this strategy would be small, as it mostly requires participants' time and some allocation of staff time from FINE. The major regular expense would be the cost of a centrally located meeting place, travel reimbursements, food, accommodations, etc.

OPERATORS / STAKEHOLDERS

Farm to Institution New England would lead/facilitate this undertaking, which would also involve food service management companies and, to a lesser extent, local food producers.

IMPLEMENTATION TIMEFRAME

Near term/immediate – high priority



FOOD HUB COLLABORATIVE SALES FORCE CONCEPT

A dedicated and shared salesperson to represent an association of participating food hubs. The salesperson operates remotely, develops customer connections through outreach, and makes sales happen for hubs, whether CSA shares or box programs, restaurant wholesale, retail stores, or institutions. The position could operate on a commission, salary or a blend of the two.

WHY & HOW

An evident weakness of our participating food hubs was in dedicated sales capacity. Whether the target was institutional accounts, restaurant

customers, or direct-to-consumer sales, the hubs recognized a lack of bandwidth and personnel to seek out, land, and steward new customer relationships. For most individual hubs, however, investment in a single dedicated salesperson is not financially possible nor really merited with the seasonal shifts in business and supply.

Nevertheless, significant interest was expressed by the food hubs for building additional dedicated sales capacity for their respective portfolios. Food hub growth and optimization is significantly limited by the degree to which the operators are stuck in operations or complementary mission-driven programming and lack capacity to make new or more sales. There could be a valuable role for a shared, remotely-operating salesperson, possibly located in Boston in order to be closest to the greatest number of potential customers and at a roughly central location relative to the food hubs. The shared salesperson might work on direct commission from the sales (in which case, the position would probably not be the salesperson's only job/income), on a salaried basis (in which case, the position would need to be funded by the hubs or an outside source), or as a blend of the two.

It is important to note that while the hubs participating in this study were actively interested in collaborative rather than competitive relationships with one another, all were also understandably protective of their existing customer relationships. The salesperson could focus on growing existing account relationships that the individual hubs already have, while also bringing in new customers for specific or all hubs. For a shared salesperson to serve all well, it would be necessary at the outset to set clear expectations and establish protocols regarding would be shared and/or proprietary.

We see several advantages arising from this strategy. First, if this position were located in the



FOOD HUB SUPPORT NETWORK CONCEPT

A support network and community of practice for the region's food hubs, providing technical assistance, support services, educational materials, professional networking forums, informal networking opportunities, white papers, best-practices training, marketing materials, technical assistance, and agricultural and food industry reports. This network could be hosted by an organization such as FINE or the Wallace Center, with ancillary support from regional academic institutions with relevant departments and areas of focus.

WHY & HOW

Our research and interviews revealed some ambivalence amongst the food hubs around pursuing institutional customers as a class, but a high interest in trading with and learning from each other, particularly around a variety of internal challenges related to administration, technology, management, funding, growth, and mission-driven programming. Participating food hubs were clear that for a support network to be useful or appealing to them, it would need to be in concert with initiatives involved in expanding transactional relationships. The food hub support network would function as a community of practice, bringing food hubs together to share experiences, operations and best practices, while also providing emerging and existing food hubs with various specific support services and content. The food hub support network could grow to have an unparalleled birds-eye view of the regional food system, nurture inter- and intra-sector networking and collaboration, and facilitate discussion of diverse food hub matters up to (but not including) actual transactions.

region's major urban center, the salesperson would be closest to the greatest number of potential customers: institutions, restaurants, and consumers. Effective sales work requires time commitment—both in-person and over phone and email—and frequent availability for troubleshooting and customer management. With smart geographical placement, a shared salesperson can cultivate a broad range of loyal and steady customers. Second, by being agnostic on the type of customer but aware of each hub's areas of focus and portfolio strengths, this salesperson would be opportunistic, pragmatic, and aim to fill gaps in the market with enduring product relationships. Customers may be institutions, wholesale restaurant accounts, a CSA-style box program (which several participating hubs already operate), or a blend depending on the source hub and product category. Lastly, this strategy is relatively low-cost and adaptable. The compensation structure can adjust as the sales network grows, and the functional system is low-asset as it only requires a computer, a phone, a vehicle, and a place to work.

INVESTMENTS

The collaborative sales network would require only a small investment to launch: a person with a laptop computer, a phone, and a local travel budget. The main cost uncertainty lies in that salesperson's compensation—how much, commission or base salary, and funded from what sources. That ongoing operating cost would need to be determined in conversation with the food hubs.

OPERATORS / STAKEHOLDERS

Food hubs, collaborative sales network entity, Wallace Center, FINE or another support entity

IMPLEMENTATION TIMEFRAME

Medium term – food hub interest in this approach and their will to invest in shared sales capacity is likely to be stronger once a food hub B2B trade platform is active.

One benchmark for food hub support networks is the Michigan Food Hub Learning & Innovation Network, an initiative developed and run by Michigan State University's [Center for Regional Food Systems](#). Although hosted in an academic institution, MSU's CRFS tackles extremely valuable, pragmatic, and quotidian issues for Michigan's food hub community of practice—business planning, inventory management, market analysis, processing considerations, professional networking, and much more. An analogous support network in New England could help point food hub operators to better management strategies, develop stronger administrative protocols, introduce them to new institutional and retail customers, identify market gaps that they can fill, help them network with and learn from industry peers, or evaluate ordering and inventory software platforms.

This approach would develop and/or coalesce in New England the resources of research, expertise, and engaged participation that make Michigan a regional beacon in the field of local food advocacy, production, and procurement. In doing so, the support network concept would join a national conversation around food hub networks. Food hub networks and conversations about food hub networks are springing up around the country. A New England food hub support network has the opportunity to host or convene existing and emergent food hub networks from around the country to share research and operational approaches and tools, and to build relationships that enable them to learn from one another and, longer term, potentially to trade with one another.

A significant challenge will be identifying and leveraging a suitable organization or institution to host and/or fund the support network in a setting that is analogous to MSU's CRFS and pragmatically accessible by food hub operators. Interstate collaborations of this kind are complex undertakings, but a support

network could potentially leverage resources and investments already in place at educational institutions such as the University of New Hampshire Sustainability Institute's [Food & Society Initiative](#), the University of Vermont (with its [food hub management certificate program](#)), or Tufts University's [Friedman School of Nutrition Science & Policy](#). It also could, alternately or collaboratively, be hosted by and leverage the resources and assets of FINE and the Wallace Center.

INVESTMENTS

Developing a support network such as the one described would likely require the largest amount of funding and institutional support of any of the strategies outlined here. Costs might include some number of full-time staff, office infrastructure, occupancy overhead, and a budget for events, content, and various services typical for this kind of organization. A lower-asset, simpler, but high-value entry point into a support network could be the creation of a regional food hub community of practice, along the lines of what FINE created for local food processors in 2016, creating opportunities for hubs to meet regularly together, visit each other's facilities, and learn from each other's efforts.

OPERATORS / STAKEHOLDERS

Farm to Institution New England, the Wallace Center, a university in New England with related sustainability and food systems programs, MSU's CRFS for partnership and support, food hubs

IMPLEMENTATION TIMEFRAME

Near/medium/long term – this recommendation could be implemented incrementally. While a fully resourced food hub support network is likely to be a long-term undertaking, a regional food hub community of practice could be facilitated in the immediate term.

Transforming our food system through a food hub network



Photo by Peter Goldberg, courtesy of Farm Fresh RI

APPENDIX: FOOD HUB NETWORK MODELS

MICHIGAN NETWORKS

The [Michigan Food Hub Learning & Innovation Network](#) and the [Michigan Farm to Institution Network](#) are both support networks associated with Michigan State University's [Center for Regional Food Systems](#).

MICHIGAN FOOD HUB LEARNING & INNOVATION NETWORK

PRINCIPAL GOALS, FUNCTIONS AND FEATURES

- Increased learning, innovation, profitability, technical assistance, research, education for hubs
- Increased B2B collaboration and trusts between hubs
- Increase healthy food access for low income communities
- Increase collaboration among food and health agencies to support food hubs

SUCCESSSES

- Three statewide convenings annually—around 75 to 100 attendees each meeting
- Case study and guide for developing food hub learning/innovation network
- Statewide listserv—primary mechanism for circulating all network information with around 500 members
- Technical assistance, training opportunities, and scholarships are all part of network's offerings
- Feasibility study on shared food hub IT platform

PARTICIPATION

- Network is open to anyone interested in local/regional food aggregation and distribution, not limited to official food hubs
- No memberships fees or formal requirements
- Network also has around nine actual food hubs currently active in the group, ranging in activity from highly involved to occasional

TAKEAWAY

- This food hub network example may be the gold-standard for the support network model. There are ample learning materials available, a track record of initiatives and successes, and evidence of a growing and healthy local food sector in Michigan.
- Leaders reports that the Michigan Food Hub Network is increasingly becoming a Michigan “value chain network” as it attracts anyone interested in engaging with regional food.

MICHIGAN FARM TO INSTITUTION NETWORK

PRINCIPAL GOALS, FUNCTIONS & FEATURES

- Increase supply of local foods to Michigan institutions
- Meet Michigan Good Food Charter target of 20 percent local foods by 2020

- Works with producers/purveyors (farmers, food hubs, suppliers), institutions (hospitals, early childhood programs, schools, and colleges) and advocates (researchers, academics, supporters)

SUCCESSSES

- Cultivate Michigan: Statewide campaign to help farm-to-institution programs grow, executed via marketing campaigns, cross-sector facilitation, tracking, education, etc.

PARTICIPATION

- Institutional food purchasers, total numbers unknown

TAKEAWAY

- Ambitious total local food sale target. Focused on local food promotion.

COLORADO FOOD HUB NETWORK

The **Colorado Food Hub Network** is a transactional network that was funded largely by the **Rocky Mountain Farmers Union**, which has also funded most of its constituent food hubs.

PRINCIPAL GOALS, FUNCTIONS & FEATURES

- Online distributor-to-distributor food market and distribution network for buying, selling, and distributing local food between Colorado and northern New Mexico food hubs
- Platform also facilitates distribution/transportation arrangements as well as invoicing and payments
- Co-lists products from different regions so that customers can shop in one place
- Values include product quality and freshness; living wages for farmers; affordable and marketable products; preserving the story of foods and farmers; minimizing environmental impacts; transparency of production practices; and cooperation and loyalty among hubs

SUCCESSSES

- Transactions and distribution are happening. **Valley Roots Food Hub** and **Arkansas Valley Organic Growers** use the **Local Orbit** online platform as primary transaction platform. Other member hubs use it as secondary hub.
- Colorado Food Hub Network is still funded through RMFU, potentially through USDA LFPP grant they're seeking. Not yet self-sustaining.

PARTICIPATION

- Five food hubs and one distribution partner. Hubs have average annual sales of \$220K each.
- Member hubs use the network platform weekly for transactions.

TAKEAWAY

- Effective model for focusing strictly on intra-sector transactions in order to maximize products reaching interested end-users. Model is very small and contained however, and not clear how well it would work at much larger scale, or if hub sector can grow without corresponding support network.

FAIRACRE TRADERS (no longer operating)

FairAcre Traders was a project associated with **Wholesome Wave** and several founding partners that emerged from a study of the food hub and distribution sectors—several of the food hubs participating in FINE’s food hub study were participants in the development and/or operations of FairAcre Traders. The outcome was an active transactional network (qualified) housed within an existing, coordinating food hub. After a short time, the company in this form closed its doors.

PRINCIPAL GOALS, FUNCTIONS & FEATURES

- Recognized major hurdle for food hub distribution into larger volume accounts was lack of vendor status with connected distributors
- Outsourced sales function and marketing partner for other food hubs
- Product distribution and supply chain was handled by coordinating food hub
- Though it emerged from research into a food hub network, FairAcre Traders was not exactly a food hub network as much as it seemed to be a promotional strategy intersecting institutional buyers and farmers or food hubs

SUCCESSSES

- Addressed one of the most challenging pain points for where local food meets traditional food distribution
- Developed smart guidelines for how to sell into distribution and institutional networks

PARTICIPATION

- N/A, as participating food hubs and farmers would have had associations with the coordinating food hub

TAKEAWAY

- Ambitious project with pragmatic goals and valuable lessons to be gleaned on business formation, mission focus, network brand development, and fiscal model in the entity’s failure

WALLACE CENTER’S NATIONAL GOOD FOOD NETWORK

The Wallace Center’s **National Good Food Network** is a support network initiative working to scale up the supply of good food (healthy, green, fair, and affordable) going into retail, wholesale, and institutional markets, and provide greater access for traditionally underserved communities.

PRINCIPAL GOALS, FUNCTIONS & FEATURES

- Model is a network of networks that helps exchange information, best practices, and innovation from communities to national dialogue
- Development of stronger regional value chains by bringing together non-profit, philanthropic, and commercial sectors in transitioning away from traditional supply chains
- Foster the creation and expansion of food hubs and advance the body of knowledge around food hub development nationwide

- Specific goals:
 - Demand for good food is met with abundant supply;
 - Practitioners are supported with information network;
 - Good food moves efficiently from producer to buyer along value chain;
 - Rural and urban areas are linked through healthy food systems.

SUCCESSIONS

- Food hub collaboration
- National Good Food Network database and webinars
- Regional lead teams

PARTICIPATION

- There are nine hubs participating in a food hub study. Beyond that, the Wallace Center's resources (webinars, conferences, reports) are made broadly available.

TAKEAWAY

- Valuable nationally-oriented, generalist food hub resource. Potentially a strong resource for development of a New England food hub network, as one of several regional food hub networks taking shape nationally.

IOWA FOOD HUB NETWORK

The [Iowa Food Hub Network](#), which runs the [Iowa Food Hub Managers Working Group](#), is a different model of support network which is associated with Iowa State University's extension office and its [Leopold Center for Sustainable Agriculture](#). Its baseline mission is to provide various types of support for operators of food hubs in Iowa.

PRINCIPAL GOALS, FUNCTIONS & FEATURES

- Provide funding for innovative food hub projects
- Provide education and outreach for food hubs and food producers
- Develop collaborative research on financial management, production planning, business models, and pilot projects
- Provide communities of practice for food hub operators and food producers, such as the Regional Food Systems Working Group and the Food Hub Managers Working Group

SUCCESSIONS

- \$250,000 to 300,000 in grant funds issued per year for food hub related projects
- Technical assistance for farmers starting to work with food hubs
- Development of Iowa Food Hub Managers Working Group quarterly meetings

PARTICIPATION

- There are approximately 13 participating food hubs in the working group

TAKEAWAY

- The Iowa Food Hub Network is a budding regional version of MSU's CRFS. The sector is much smaller in Iowa as compared to Michigan, but there is valuable work being done through this group.

NYS-NYC REGIONAL FOOD HUBS

Taskforce, study, and recommendations issued by KK&P (retained to be the task force facilitator and coordinator), the [NYS-NYC Regional Food Hubs Task Force report](#) has a limited and focused view on actions required to nurture rural food hubs feeding into New York City.

PRINCIPAL GOALS, FUNCTIONS & FEATURES

- Rural food hubs feeding into large urban areas need a wholesale manufacturing and distribution hub
- Regional food center would facilitate last-mile delivery of regional foods, reducing barriers to market entry
- Recommended 50,000 to 100,000 square foot facility with capacity for warehousing, cold storage, production, offices, community uses, ancillary retail, loading docks, and parking.

SUCCESSSES

- In August 2016, Gov. Cuomo announced a \$20 million state investment in a regional food hub based in the Bronx, along with the roll-out of a New York State grown and certified agricultural product program.

PARTICIPATION

- To be determined

TAKEAWAY

- Regional food value chains often require major investment in regional food infrastructure to grow, and making well-supported arguments for those investments can pay off.

OTHER FOOD HUB NETWORKS

The above described networks are the most established networks the research team identified in the United States. However, conversations about potential food hub networks have bubbled up in various locations around the country in recent years. Simultaneous to the work undertaken by KK&P for FINE, [New Venture Advisors](#) was retained by the [California Food Hub Network](#) to explore opportunity in that state (an initial food hub network feasibility study for California was published in 2011). That research also identified the [Central Appalachian Food Enterprise Corridor](#) and [The Common Market](#) (a successful food hub launched in Philadelphia which is essentially creating a de facto network by replicating its operations in other urban centers) as two additional food hub network undertakings.



THANKS FOR READING!

Feel free to email us with any questions or
suggestions at info@farmtoinst.org

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