

INNOVATIVE MODELS: SMALL GROWER AND RETAILER COLLABORATIONS

GOOD NATURED FAMILY FARMS AND BALLS FOOD STORES



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HOW IT BEGAN

“What should we do with all these tomatoes?” Diana Endicott wondered as she looked on while her husband, Gary, tended to the four greenhouses on their 400-acre farm in Bronson, Kansas. It was the summer of 1997, and the Endicotts were facing a bumper crop of delicious, juicy, naturally grown tomatoes. The crop was more than enough for her family, friends and neighbors, and more than enough to sell at the local farmer’s market and a grocery store in nearby Iola. Diana had addressed difficult questions easily during her horticulture graduate studies in Louisiana a few years earlier, but this simple question got her thinking.

What Diana did with the tomatoes became the foundation for a revolutionary approach to sustaining small farmers and getting high quality locally grown food into area supermarkets. It led to the creation of Good Natured Family Farms, an alliance of 40 local farms marketing thirteen different product categories under one umbrella brand and an unprecedented partnership with Balls Food Stores, the largest regional grocery chain in Kansas City that operates twelve Henhouse Markets and sixteen Price Choppers stores. It also catapulted Diana onto the national food movement scene where she is regarded as a pioneer in the local food movement. What Diana has accomplished in the past ten years is a model for supporting family farms, encouraging humane food production and enabling consumers to find locally grown food at their local grocery store. But that’s a story that comes later; first, Diana had to deal with the oversupply of tomatoes on her hands.

In 1995, Diana Endicott and her husband Gary were living in Dallas, Texas. Together they operated Rainbow Landscape Management, a successful landscaping business. But southeast Kansas, where they grew up, beckoned and so they gave up their lives in Texas and moved back to their farming roots. They bought a 400-acre farm near Bronson, called it Rainbow Organic Farms (ROF) and began raising beef cattle and growing vegetables. From the start, their goal was to run a self-sustaining farm and produce their own food in a way that would reflect their principles of living ecologically and self-sufficiently. They were committed to growing “natural” food free from hormones, antibiotics and pesticides. In addition to raising cattle, they started one greenhouse and soon added another three and focused on growing tomatoes.

When the Endicotts had a bumper crop in 1997 and had exhausted their existing sales channels, they either had to find a new outlet or risk having the entire crop go to waste. At that time, grocery stores were not in the business of selling locally grown food because it was too costly and inefficient to find small local suppliers who could meet the demand volume. Food was bought through brokers who could source from all over the world based on price. What’s more, the typical sales channels for locally grown food had been the local farmer’s markets, which were viable but had limited scale.

“But, why can’t locally grown food be sold directly to the grocery stores?” thought Diana. So, she approached Hen House Markets, a regional grocery chain owned and operated by Balls Food Stores and with stores throughout Kansas City. There, Diane passed out samples to produce managers in an effort to convince them to take the tomatoes off her hands at a fair and reasonable price.

The two selling points she used to convince Hen House buyers were the tomatoes’ taste and their being locally grown. The strategy worked. At that time, there was no discussion of providing marketing support through advantageous product positioning in the stores or advertising. It was simply a matter of taking the crop off her hands and selling them in Hen House stores. Soon thereafter, the Endicotts became a regular tomato supplier of Hen House Markets. They went on to produce tomatoes six months out of the year, and at the height of the crop season, they would sell several thousand pounds of tomatoes to Hen House stores each week.

FROM TOMATOES TO BEEF: WHAT CAME NEXT

Around the same time in 1997, the Endicotts had been selling a few heads of all naturally raised cattle (defined as free of growth hormones, antibiotics or animal by-products) to large commercial feedlots but were unhappy with the fluctuating prices. Again, Diana wondered about selling their beef directly to grocery stores and trying to create more stable pricing, and which better candidate existed than Hen House Markets? They already had an established positive relationship, and there was a good chance it could be expanded to other products.

This time, Diana approached Tom Moore, the director of meat operations for Balls Food Stores, and offered him their hormone- and antibiotic-free corn-fed beef. As luck would have it, Balls Food Stores was looking for a branded beef product to sell in its Hen House grocery stores. Now, the Endicotts were supplying tomatoes and beef to Hen House markets. This was the first step in increasing the types of products the Endicotts would eventually sell to the mainstream retail giant.

Soon, demand for this “all natural” beef exceeded supply and the time it took to produce it, so the Endicotts decided to look for other local producers interested in growing natural food, and the All Natural Beef Producers Cooperative was born. By 2000, the All Natural Beef Producers Cooperative had grown to 20 members within a 200-mile radius of Kansas City, and its members paid a membership fee and agreed to produce up to 40 head of cattle per year. The idea was to increase beef production by pooling other farmers’ supply with their own rather than building their own production capacity.

Forming such a cooperative had several benefits. It was less costly because they did not have to invest the time and money necessary to buy additional land, equipment and materials to raise more cattle. It also created a new sales outlet for local farmers who until then had limited access to mainstream retailers of this size. And, it provided the farmers with more flexibility in dictating pricing while reducing their overall risk. For a small fee, Diana would market the cooperative’s produce to Balls Food Stores’ Hen House Markets chain. This arrangement benefited everyone involved and became the foundation of Good Natured Family Farms.

THE BEGINNING OF GOOD NATURED FAMILY FARMS

Diana faced an interesting challenge in marketing the All Natural Beef Producers Cooperative’s beef to Hen House Markets. First, she had to differentiate the coop’s beef from the beef provided by the supermarket’s other suppliers in order to warrant higher prices to consumers. At the same time, she had to make sure there was consistent product quality across all coop members’ beef so that consumers were guaranteed to receive the same high quality experience every time. To address this challenge, Diana created an umbrella brand, Good Natured Family Farms (GNFF), that would differentiate the coop’s beef from that of other suppliers and assure customers that beef sold under this brand was indeed “all natural” and produced by local farmers. This strategy also differentiated Balls Food Stores from other supermarkets because GNFF-branded beef was sold exclusively at these stores.

Soon thereafter, other product lines were added to the GNFF brand as part of what Diana calls a “horizontal product diversification” strategy to create economies of scope. Today, GNFF-branded products are supplied by approximately 75 farms within a 200-mile radius of Kansas City and include beef, chicken, turkey, bison, pork, farmhouse cheese, honey, milk, eggs, fruits and vegetables, jams and jellies, and salsa, all sold exclusively at Balls Food Stores supermarkets. “We’ve really created a farmer’s market within the grocery store,” says Diana. “And that’s what we’re trying to sell. These products are from local farms, but instead of selling them at a farmer’s market, which is for a limited period of time, this is year-round. The supermarket can provide a year-round market for us.”

The innovation here is the creation of the GNFF umbrella brand as a way to get local farmers’ food into local grocery stores and how GNFF has evolved into what Diana calls “a branded marketing program” with coordinated production, delivery and marketing of natural foods. GNFF is owned and managed by the Endicotts’ farm, Rainbow Organic Farms (ROF) and presents key innovations that merit discussion. The strong partnership between GNFF and Balls Food Stores has also given rise to key innovations worth exploring.

A critical innovation of the GNFF model is its relationship with Balls Food Stores. Balls Food Stores has had a commitment to the local community from the start. The original founders, Sydney and Mollie Ball, would visit family farms, farmers’ markets and truck gardens to bring farm-fresh foods to their grocery store. This close connection to local farmers continues to this day under the direction of David Ball, President and CEO of Balls Food Stores. This commitment is reflected in the company culture and why Diana was able to make inroads from the beginning. Balls Food Stores itself has articulated a goal of increasing local food sales year over year as a commitment to local farmers and as a service to its customers.

This partnership enables GNFF to be a local brand for a specific supermarket and provides farmers with a year-round sales outlet. Because of this partnership, GNFF has also been able to innovate in areas such as pricing and marketing. “We’ve just been so extremely fortunate to have the support of Balls Food Stores,” says Diana. “We wouldn’t be here without them, and it’s been a good market for us. It’s where we’ll stay and continue to build the farmer’s market concept.”

KEY INNOVATION #1: FARMERS AND RETAILERS AS PRICE NEGOTIATORS

The partnership between GNFF and Balls Food Stores facilitates price negotiation between farmers and the grocery chain. One of Diana's goals is to help local farmers stay financially viable, and enabling farmers to negotiate prices rather than take whatever they can get, is a critical step in meeting this goal. In the GNFF model, the producer sets the price, Diana then adds a mark up to this base price to cover the packaging, labeling, administrative and marketing costs, and then communicates this price to Balls Food buyers. The final price is based on negotiation between GNFF and Balls Food Stores.

"Pricing is based on a process of continuous communication between our buyers and our partner, GNFF," explains Matt Jonas, vice president of sales and marketing for Balls Food Stores, "and the key for us is to meet our net margin requirements for each product." As long as the grocery chain's food managers meet margin requirements on GNFF-branded items, they will accept the prices offered by Diana. In turn, farmers are not squeezed and are able to maintain their own margin targets.

However, market forces still come into play. Balls Food buyers have to consider shoppers' price sensitivity and their willingness to pay more for local foods. How much more a shopper is willing to pay for locally grown, natural food than for conventional food remains more an art than a science

KEY INNOVATION #2: THE GNFF STRUCTURE

Diana describes the GNFF structure as "a loose alliance" of farm clusters, cooperatives and independent farmers in which group cohesion is based on its members' commitment to making a living through sustainable farming. This structure has several characteristics.

First, members can sell their products independently to other stores under a different brand in addition to being able to sell their product under the GNFF brand. Secondly, members do not give up anything to be part of the alliance, but they do need to meet regulations and sign affidavits declaring that products sold under the GNFF brand meet specific standards. However, products sold outside of the GNFF brand by members do not need to meet these standards, providing additional flexibility to members. Also, if members can sell elsewhere, then the alliance can bring in other members as well if needed.

"There needs to be a pipeline of producers that can be tapped if an existing member leaves the alliance so that we can reduce the risk of not being able to meet demand," explains Diana. This has been an issue in the past, and Diana tries to mitigate this risk by building relationships with other local farms as the GNFF program grows. Indeed, farmers now seek out the alliance more than ever because they see the benefits of being part of this growing program. Whereas traditionally, farmers have wanted to sell their product to as many outlets as possible, they now see the value of selling to one channel under an umbrella brand that enables them to get better prices.

The increase in GNFF farmer members and expansion of product lines beyond beef presented a new challenge. "How do we make sure that each alliance member knows and understands its obligations in marketing under the GNFF brand?" became an important question. At the beginning when there were fewer farmers in the alliance, this was done informally because Diana had the time to meet with farmers individually and work through issues. As the alliance grew beyond the beef cooperative, however, it became more difficult to coordinate supplier relationships. Soon, it became clear that GNFF needed to formalize member participation in order to protect against potential liability issues. So with the help of lawyers, Diana created a Memorandum of Understanding to specify the responsibilities of each farmer member, GNFF and Balls Food Stores. This memorandum lays out each player's functions and obligations within the alliance, and each farmer wanting to join the alliance has to sign this document.

"How will the GNFF structure evolve over time, and what role will it play in supporting local farms?" Diana asks herself often. For GNFF to grow, it will need to expand its products, which means working with more suppliers. These suppliers will most likely need educational and perhaps even financial support to become part of the GNFF family. How this will happen, what form this support will take, and how it will be funded, are important questions that remain unanswered for now.

KEY INNOVATION #3: THE ROLE OF RAINBOW ORGANIC FARMS

Under Diana's direction, Rainbow Organic Farms (ROF) has played an innovative and critical role in ensuring the continued success of GNFF. Owned and managed by the Endicotts, ROF is a member of the GNFF alliance and a supplier of GNFF-branded products such as beef and tomatoes. Their farm also meets the quality standards created under Diana's leadership for small-scale livestock farms, another key innovation to be discussed later. In addition, ROF plays an innovative role in the processing of beef and poultry products sold under the GNFF label which will be explored later as well.

Apart from its farming activities, ROF provides the comprehensive administrative structure required to manage the GNFF brand. ROF is comprised of two separate legal entities: one is the Endicotts' farm; the other is the processing and marketing arm under which GNFF efforts are managed. Indeed, ROF owns the GNFF brand and trademark. "As the program quality coordinator and marketing agent for GNFF, I am responsible for ordering, invoicing, marketing and coordinating communications as well as managing the overall program," Diana explains. "This is on top of the work I do to run our own farm."

All the activities that Diana engages in to bring local food grown by local farmers onto Balls Food's shelves and into shoppers' carts require a great deal of coordination. These activities include leading marketing efforts with Balls Food Stores, creating standard operating procedures and quality control systems, conducting farm audits, organizing events, building and managing relationships with Balls Food Stores' buyers and employees, and spearheading packaging and labeling efforts. Indeed, Diana serves as a critical "go between" with farmers and the supermarket chain. "She's got a challenge on both ends of the deal," says Matt Jonas, vice president of sales and marketing for Balls Food Stores. "She's got to keep them (i.e., the farmers) all in line, and keep us in line."

KEY INNOVATION #4: EFFICIENT PROCESSING ON A SMALL SCALE

Today, GNFF plays an innovative role in the processing of foods, particularly beef and poultry, sold under the umbrella brand, but this has evolved over time. In the early days of the All-Natural Beef Cooperative, farmers were individually responsible for producing, processing and distributing their beef. Cattle would be hauled to various processing plants and from there sent to grocery stores. "This resulted in inefficiencies and increased costs for farmers like transportation and scheduling because they needed to spend time on the road transporting their food instead of tending to their ranch," explains Diana.

In the Endicotts' case, they hauled cattle to a plant in Adrian, Missouri until a fire destroyed this facility in May 2000. They then had their beef processed in DeSoto, Kansas, but challenges remained. First, quality control was an issue since non-natural beef was also processed at this plant and the retailer was demanding higher quality. Volume was also an issue since the processing plant in question gave more importance to higher volume orders, thus leaving out these smaller producers who, as a result, ran the risk of not being able to meet their commitments to Balls Food Stores.

The solution was for the cooperative to have exclusive access to one processing plant either through ownership or through exclusive marketing arrangements. The coop looked at various options and settled on buying a state-inspected plant in Uniontown, Kansas. The Endicotts knew this facility because it was only fifteen miles away from their farm and the facility had been looking for additional products to process. The purchase and renovation of this plant was financed through a personal loan to ROF in August 2000, and ROF is its current owner.

Once the Uniontown facility was purchased, ROF signed a uniform marketing and delivery agreement with the All Natural Beef Cooperative. But, the plant was a state inspected facility in Kansas and needed to be federally inspected in order to legally ship product across state lines into Missouri. Diana's husband, Gary, took on the monumental task of getting the plant federally inspected, which was accomplished in October 2000. He worked with state and federal officials to ensure that the plant complied with strict food safety and labeling laws. Since then, the facility has been the exclusive meat processor for the All Natural Beef Cooperative.

The cooperative has focused on creating a steady supply throughout the year by doing a better job of coordinating production and processing efforts. Eugene Edelman, a farmer and member of the cooperative since the beginning, is responsible for the cattle slaughter schedule. Coop members fill out slotting forms and send them to Eugene who in turn schedules the cattle for processing. He also closes the feedback loop by telling producers to slow down or speed up the feeding process to fit the schedule. Creating steady supply to meet increasing demand has gotten easier as the cooperative membership has grown.

Another innovative aspect is that the Uniontown processing facility is one of few plants in the nation that are federally inspected for multi-species processing (i.e., both beef and poultry). Moreover, it is one of the only facilities in the United States that processes poultry on a small scale. By contrast, giant producers such as Perdue and Tyson Foods own and operate the majority of poultry processing plants in the country. Processing beef and chicken under the same roof also provides cost efficiencies and facilitates quality control.

KEY INNOVATION #5: SMALL FARM PRODUCTION, QUALITY STANDARDS AND TRACEABILITY

According to its marketing materials, GNFF's goal is to "use sustainable farming practices to produce the highest quality, freshest tasting, local foods possible." This commitment needs to be met across all products sold under the GNFF brand if the program is to flourish. In fact, the GNFF brand promise from the start has been to provide food produced with no growth hormones and no sub-therapeutic antibiotics; to implement natural and organic farming practices; and to promote respect for human, animal and plant life. And, GNFF has a stated mission to work with local producers to implement natural farming practices so that it can continue to justify higher prices for products sold under the umbrella brand.

Diana and her husband already followed these guidelines on their own farm in raising beef cattle and growing tomatoes and other vegetables. The challenge was how to make sure the growing ranks of local farmers within the GNFF alliance would do the same. Plus, as the number of suppliers grew, it became critical that each supplier produce food according to the same quality standards as the others to ensure uniform product quality.

This was particularly important for highly regulated foods such as meat and poultry. In the late 1990s, it became clear that a quality program was needed for small-scale beef and poultry producers. Diana researched various programs, but found none specifically designed for small-scale production. So, just as she had done before when faced with a challenge, she set about creating one herself. "I continue to spend a lot of my time and effort on learning about the latest regulatory issues and creating programs that small farmers can use in their production and processing operations," she explains.

Under her direction, ROF collaborated with Kansas State University in 2000 to develop a USDA Quality System Certification Program (QSCP) for Small Livestock and Meat Marketing Operations. Diana was able to secure funding from the US Department of Agriculture's Cooperative State Research, Education and Extension Service for this project. The group created a 185-page manual to help small family farm beef producers and small processing plants follow quality standards.

In 2004, a poultry-specific Quality System Verification Program was developed along with detailed manuals and standard operating procedures. Not unlike the QSCP for livestock, the poultry program lays out requirements and provides specific examples and models to follow. The manual also provides detailed production, processing and packaging specifications. Production specifications include specifying the breed, indicating the age of birds at slaughter and setting target weights among others.

In her role as the GNFF program quality coordinator, Diana has developed a Credibility and Integrity Assurance (CIA) program to enable GNFF farmers to self-monitor their quality control and standard operating procedures. Although not a formal audit, the Credibility and Integrity Assurance program provides a set of guidelines to help farmers meet state and federal regulations.

Traceability is a key benefit of helping small-scale producers implement quality programs in their farming operations. Through this system, every piece of meat and poultry can be traced back to its source. As Diana explains, "The ability to track food back to its source is a major selling point of the GNFF brand, and consumers are increasingly willing to pay a premium for it." Tracing food back to its source is virtually impossible with large-scale food production where food is farmed miles (or countries) away from where it is processed and travels even further to land on local store shelves.

KEY INNOVATION #6: EFFICIENT DISTRIBUTION

There are currently several models of how products marketed under the GNFF brand reach Balls Food Stores shelves, and they vary by supplier and by product. The most efficient model is where Balls Food Stores becomes involved with distribution. The grocery chain owns a 55,000 square foot central warehouse that plays a key role in its operations across all of its supermarkets. The central warehouse follows a hub and spoke model where products are brought from various suppliers to this central location, unloaded, repacked and reloaded onto trucks, then sent out to individual stores.

GNFF has an agreement with Balls Food Stores that enables it to bring its product to the central warehouse and have it sent out from there. In some cases, individual farmers bring products to the warehouse; in some cases farmers band together and transport their food in a coordinated fashion; in some cases Balls Food Stores sends out trucks to local farms for pickup. As Diana explains, it is practically unheard of for a large-scale grocer to receive products on such a small scale and with such frequency at a central warehouse.

According to Diana, a group of Amish farmers in Rich Hill, Missouri has one of the most efficient distribution models. Individual farmers are responsible for transporting their produce to a local, on-farm warehouse where it is washed and packaged under the GNFF brand, using packaging and labeling materials dropped shipped by ROF. The Amish community within the farm cluster paid for this local warehouse, and it is where Balls Food Stores sends its truck two to three times per week to pick up product and take it to the supermarket chain's central warehouse.

In this model, each individual grower covers the cost of initial transportation from farm to warehouse, and the farm cluster community shares the cost of washing, packaging and labeling. Moreover, Balls Food Stores pays one person from the farm cluster, and this person in turn distributes each individual farmer's share of the proceeds.

"The main challenge with distribution right now involves our meat products," says Diana. Currently, these products are distributed from the Uniontown processing plant to each individual grocery store in the Balls Food Stores network. This requires significant resources including using refrigerated trucks and hiring labor to load and reload and transport the meat – all costs borne by ROF. This also creates inefficiencies for Balls Food Stores. A grocery store's economic model dictates that the fewer times products are received at the dock, the less costly and more efficient the overall operation.

Diana is convinced that a more efficient model would be to ship meat products to Balls Food Stores central warehouse and have the products sent to individual stores from there along with other products. Matt Jonas of Balls Food Stores agrees that integrating GNFF's beef products into this distribution model this would be more efficient, but there is a capacity hurdle to overcome.

The central warehouse does not have the cooling capacity to house GNFF meat products, and creating this capacity requires significant investment that neither party is able to make right now. Diana remains encouraged and believes that in the future, the distribution of meat will become more streamlined through the use of a central warehouse. Indeed, she is exploring creating a local meat distribution facility in Kansas City, independent from Balls Food Stores but perhaps financed through a group of farmers.

KEY INNOVATION #7: CO-BRANDED PACKAGING AND LABELING

Packaging and labeling of GNFF-branded products is another area that Diana found herself spearheading. Early on, she undertook the task of designing label specifications and branding of the packaging materials. Today, these materials are still provided by ROF and are kept at the respective processing facility or drop shipped to individual farms. ROF sources the packaging and labeling materials from local paper and carton companies and recoups the associated costs through the prices it charges Balls Food Stores. “Co-branding GNFF and local farmers is important because it puts a face on the brand,” explains Diana, “But, over time it would be helpful for our retail partner or another third party to play a larger role in packaging to reduce costs.”

KEY INNOVATION #8: CUSTOMER EDUCATION AS A CRITICAL ELEMENT OF MARKETING

GNFF’s marketing efforts have evolved over time as the partnership with Balls Food Stores has expanded and new products have been added to the mix. At the beginning, marketing efforts were purely supplier-driven. Diana would work store-by-store organizing product demonstrations for store managers and customers alike. The focus was on educating Balls Food Stores employees and consumers.

“We had to work hard to develop relationships with individual store managers to get their buy in and commitment to support selling and promoting local food,” says Diana. To do so, ROF invested a total of \$250,000 (\$50,000 a year over five years) obtained through grants to create and implement educational marketing programs. Diana hired staff to write and make presentations, arrange for speakers, and organize other activities. For example, they implemented a series of one-day promotions called “Farmer’s Tables” at Henhouse stores where farmers within the GNFF alliance could show case their products. This way, consumers could actually meet the person who had produced their food and put a face on the GNFF brand.

Diana elaborates: “Educational marketing is not just about educating the customer. It’s also about educating GNFF alliance members and Balls Food Stores employees on how to build the GNFF brand.” For example, GNFF has developed “Good Demonstration Practices,” which specify best practices and tips on effective in-store product demonstrations. These guidelines include explaining the demonstrators’ roles and responsibilities (setting up the display area, handing out product samples, checking in the department managers, etc.) as well as food safety procedures such as the temperature at which specific items need to be held, where to place food items for cooking, and how to clean up the display area. Having standard operating procedures for in-store samplings enables quick training of demonstrators and creates a uniform and consistent approach to presenting GNFF products across stores, thus building its brand. Balls Food Stores in turn has developed “Farmer’s Table Dress-up Guidelines” which specify a farmer’s theme dress code for all store employees during the one-day promotions.

GNFF also sponsors farm tours for Balls Food Stores’ managers. The trips entail visiting farms, touring processing facilities, hearing from speakers, and building relationships over dinner with local producers. “We’ve raised employee awareness from the ground up and our goal is to broaden this type of educational marketing to include Balls Food directors and even higher level staff,” says Diana.

In fact, Diana is creative in how she views customer education: “It would be great to have seats in our Uniontown plant someday for people to come see how our products are processed, like an operating room amphitheater with seats in the space above looking at activity down below.”

Today, GNFF’s marketing efforts are more retail-driven and costs are shared with Balls Food Stores. Whereas ROF still covers the packaging and labeling costs of GNFF products, Balls Food Stores covers a greater percentage of the promotion costs. This includes designated shelf space, signage, advertising and displays. Balls Food Stores has also promoted GNFF in their in-store broadcasts and TV advertising.

KEY INNOVATION #9: THIRD PARTY SUPPORT OF LOCAL FOODS IN SUPERMARKETS

Perhaps the most important marketing development in support of GNFF has been the Buy Fresh Buy Local (BFBL) campaign. BFBL is a national campaign initiated by FoodRoutes Network, a national nonprofit organization that provides technical support to community-based groups that are working to strengthen regional markets for locally grown foods. This campaign is focused on connecting consumers to locally grown food through outreach education, events, festivals, and farmer’s markets and by supporting local food systems. Local programs are organized and administered by local BFBL chapters and affiliates.

The local coordinator of the BFBL campaign in Kansas City is Bridging The Gap, a nonprofit organization. Bridging The Gap's mission is to “make the Kansas City region sustainable by connecting environment, economy, and community.” It administers a number of programs through affiliates and is funded through private donations. It took charge of the local BFBL program in 2004 and is responsible for auditing local farmers who want to market their product under the BFBL marketing campaign. This is done through site visits and interviews with local farmers. If farmers do not pass the requirements, their products do not get sold under this campaign. GNFF and its alliance of farmers have passed the requirements, and their products are currently marketed under this campaign. When shoppers go to Balls Food Stores, they see flyers, posters, ceiling danglers and other informational materials that have the BFBL branding and, in some instances, include the GNFF brand as well.

“Having a third party such as Bridging the Gap to champion local food sales in mainstream grocery chains is critical for the future success of the local food movement,” explains Otavio Silva, the program's lead coordinator. In his view, a third party that is neither a retailer nor a producer can be an unbiased, independent player who does not have an economic stake in the venture and whose purpose is to promote local food distribution. Matt and Diana agree. Indeed, the BFBL campaign has contributed to their overall success by drawing shoppers' attention to food produced on local farms.

CHALLENGES AND THE KEY TO SUCCESS

In discussing her efforts to manage and grow the GNFF model, Diana is clear about specific challenges. At top of the list is growth, which can be done by adding new products. Adding new products is not only costly, but also requires finding, vetting, and building relationships with more local farmers. And, as the number of GNFF alliance members grows, it becomes more important to manage quality in order to reduce the risk of inferior products being marketed, resulting in dilution of the GNFF brand. Poor quality in one area might bleed to other products, negatively impacting consumer perceptions of the overall brand (and damaging the relationship with Balls Food).

The Credibility and Integrity Assurance programs help mitigate this risk. However, a lot of Diana's time and effort is spent on educating farmers on the importance of quality systems, conducting audits, and helping farmers implement quality standards. And recall that she runs her own farm as well! To deal with this challenge, Diana has worked hard to train other farmers to provide support and help in coordination of programs. “Within the GNFF structure, each product category has its own champion,” she explains.

Another challenge is Diana's role in coordinating overall efforts, specifically as they relate to packaging and labeling. Since neither the farmer nor the retailer covers this area, these efforts fall on to Diana. “Can this function be taken over by a third party like an extension program?” Diana wonders.

An over reliance on a handful of suppliers and the difficulty in crafting new suppliers on short notice can also be an issue. Some GNFF products, such as milk, have one supplier, thus putting the ability to meet demand at risk if the supplier fails to deliver on its commitments. In fact, GNFF recently lost their primary milk supplier and it took over a month to find a new one. In the meantime, GNFF was unable to supply milk to its retail partner. “The best we can do is to keep looking for local farmers who are committed to our vision and who want to be part of this program so we can reduce GNFF's reliance on a handful of suppliers,” says Diana.

Other challenges will no doubt emerge as GNFF evolves and expands its partnership with Balls Food Stores – challenges that are unknown today. What's clear, however, is that Diana will face new issues with the same big vision, can-do attitude and problem solving approach she has employed in the past.

Indeed, the key to success has been Diana's natural predilection to run the GNFF endeavor as a business that strives for long-term financial viability. This means having a vision from the onset and understanding the economic aspects of the effort. It means being resourceful, persistent and creative in dealing with challenges as they arise. It also means being operationally savvy and knowing how to manage people and systems. In all this, Diana remains committed to supporting local farming communities and enabling people to lead healthy lives by eating natural foods. “It's about looking at the landscape,” she says, “and what you want your community to look like twenty years from now.”

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This case study was developed based on: (i) conversations with Diana Endicott of Rainbow Organic Farms, Matt Jonas of Balls Food Stores, and Otavio Silva of Bridging the Gap; (ii) a review of public websites and PowerPoint presentations provided by Diana and Matt; (iii) a review of ROF and GNFF documents, reports, manuals, and marketing materials; and (iv) a reading of magazine and newspaper articles. The list of materials reviewed appears below.

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