Building Capacity of Iowa Food Cooperative Farmers

Iowa Food Cooperative of Ames, Iowa received $28,327 to improve the ability of Iowa farmers to market farm products directly to consumers. Funds were used to implement face-to-face and internet-based training and technical assistance for 125 farmers.

Final Report FY09

Final Report

Date:	December 28, 2011
Recipient Name:	Iowa Food Cooperative
Title of Project:	Building Capacity of Iowa Food Cooperative Farmers
Grant Number:	12-25-G-0934
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Project Summary

The Iowa Food Cooperative uses a web-based system where farmers upload product information and consumers purchase products on-line. Ordered products are delivered on preset days to distribution sites in the Des Moines area where consumers pick up their orders. Plans were to grow the cooperative to 500 members by the end of the project, plus to expand to other Iowa communities. A key to this expansion involved building the capacity of farmers to produce, process, price, package, and transport increasing volumes of products. The project provided training and assistance to help develop this increased capacity.

Project Approach

The project conducted fourteen face-to-face and internet-based training sessions on various topics. Eight were webinars, four were field days, and two were workshops. Titles for these training events were:

1. Making Sense of Meat Marketing
2. Using Good Agricultural Practices on a Vegetable Farm
3. Introduction and Opportunities in Horticulture Crop Production
4. Transitioning Cropland to Pasture
5. Scheduling Crops for Storage
6. On-Farm Poultry Processing
7. Beginning Pasture-Based Livestock Farm
8. Mechanization on Vegetable Farms
9. Vegetable Storage in Existing Facilities
10. Growing Greens Better
11. Value-Added Legal Considerations
12. Growing in High Tunnels
13. Farm Fresh Eggs, Handlers Licenses and Profitability
14. Managing Farm Labor

Goals and Outcomes Achieved

The project's goal was to increase the supply of products available for purchase through the Iowa Food Cooperative to help assure a good selection as we grew our membership. We were concerned that a projected increase in member numbers would cause shortages in products available for purchase, leading to unhappy customers. Therefore, our project developed and delivered programming to provide our producer members training opportunities that would increase the availability of products for purchase.

To assess whether we achieved our goal, the following table compares total members and total sales by month for the two years of the project. Total membership grew from 234 in the project's first month to 592 in its last month. Sales for the project's first year totaled $114,883, while sales for its second year totaled $156,163. Thus, producers sold 36% more product in the project's second year. However, average purchases per member declined from $28.91 in the project's first year to $24.27 in the project's second year.

Table 1. Sales and member numbers by month for the two years of the project.

	Year 1 (2009-2010)			Year 2 (2010-2011)			
	Number of Members	Total Sales	Average Sale per Member	Number of Members	Total Sales	Average Sale per Member	Difference
Oct.	234	$6,969	$29.78	462	$12,821	$27.75	-$2.03
Nov.	244	$9,776	$40.07	477	$14,773	$30.97	-$9.10
Dec.	257	$8,710	$33.89	494	$13,442	$27.21	-$6.68
Jan.	276	$8,237	$29.85	509	$10,607	$20.84	-$9.01
Feb.	296	$8,694	$29.37	527	$11,360	$21.56	-$7.82
March	315	$7,571	$24.03	541	$14,718	$27.21	$3.17
April	355	$8,179	$23.04	558	$12,541	$22.48	-$0.56
May	376	$10,447	$27.79	567	$11,822	$20.85	-$6.94
June	396	$8,143	$20.56	578	$10,597	$18.33	-$2.23
July	413	$14,558	$35.25	580	$16,167	$27.87	-$7.38
Aug.	432	$11,506	$26.63	590	$15,566	$26.38	-$0.25
Sept.	454	$12,093	$26.64	592	$11,750	$19.85	-$6.79
Total		$114,883	$28.91		$156,163	$24.27	-$4.63

To understand whether product availability was a limiting factor for member purchases, we surveyed our members in January 2011 and asked them to rate how important ten issues were to limiting their purchases of products. The below table shows that product selection being too limited was the second most important issue behind the frequency of distributions.

Table 2. Average scores on the importance of ten issues to limiting purchases of products (5 = extremely important issue to 1 = not at all an issue)

Distribution does not happen frequently enough	2.49
Product selection too limited	2.38
Products are too expensive	2.20
Have other options to purchase similar products	2.08
Time for pickup not convenient enough	1.96
Location for pickup not convenient enough	1.94
Online shopping cart system too difficult to operate	1.71
Too busy to remember to go online to shop	1.70
Can't remember my username and/or password	1.28
Can't remember the website address	1.15

We also asked members to complete an open-ended question listing other products they would like to see offered. Of the 103 responses, by far the most were for fruits and vegetables. Forty-six responses were for more produce items, and then it dropped down to 10 responses for more cheeses, 9 for grains, flours, or cereal products, 8 for milk, 5 for eggs, and 4 for mushrooms. A large assortment of products had only one or two responses: butter, transplants, personal care items, ground turkey, duck eggs, nuts, sprouts, buffalo, yogurt, soymilk, salsa, fresh pasta, and molasses.

While it is not possible to know how these findings would have changed if we had not conducted the project, they point to the need to continue to build the capacity of our producer members. We also need to work to recruit new producers with the types of products desired by consumers.

Beneficiaries

The project's beneficiaries were producer and consumer members of the Iowa Food Cooperative. Producers benefited by improving skills on important topics. Consumers benefited from increased options for products they could purchase. As shown in Table 1 above, sales increased from $6,969 in the first month of the project to $11,750 in its final month, and second year sales increased by 36% over first year sales. Future growth potential was also likely enhanced by the project's work.

Lessons Learned

As can be seen in Table 2 above, many factors influence purchases by our consumer members. Success in increasing purchases requires focusing on the most important factors. Continuing to increase producer capacity should be a priority, but we also need to address convenience factors related to pick-up times and locations.

Additional Information

We worked with several other groups on many of the training events. These included Practical Farmers of Iowa and Iowa State University Extension. The presentations used for the two of the webinars that were conducted are included below.

Using Good Agricultural Practices on a Vegetable Farm

Jan Libbey - One Step at Time Gardens
Kanawha, IA

Iowa Food Cooperative Webinar
March 30, 2010

This presentation is based on work supported by the Farmers' Market Promotion Program (FMPP) Grant Program, Agricultural Marketing Service, USDA, under Award No. 12-25-G-0934.

Post harvest Handle & Food Safety Procedures

at One Step at a Time Gardens

Accountable to produce quality

Temperature
Humidity
Ethylene exposure

Systems for improved efficiency

Accountable to food safety concerns

Food safety Plan & Implementation

Markets

CSA Farm membership
Farmers Market
Wholesale

Accomplish one while doing the other

Focus on priorities
Build sophistication from there

Postharvest Handle

Key elements of OSTG Post Harvest Handle Systems

- Harvest in cool
- Use shade
- Misting in field
- Hydro-cool
  - In field
  - Wash station
    - Handwash sink
    - Hands-free water
    - Covered
    - Plumbed to drain water away

- Use coolers for pre cool
- 2 coolers allow for 2 temperatures
- Power washer – *still learning*

Farm Food Safety Plan

Key elements of One Step at a Time Gardens Farm Food Safety Plan

- Annual water testing
- Background for education of crew
- Hand washing instructions & facilities with signage
- Equipment Sanitation
- Pack Area Sanitation
- Wash water
- Produce
- Delivery boxes
- Vegetable coolers
- At the market
- Chicken coolers

Hand washing is #1 prevention strategy!
Annual water testing
Hand wash sink

Leafy greens dehydrate quickly
One Step at a Time Garden

Use shade
and misting
and pre-cool
One Step at a Time Gardens

One Step at a Time Gardens

One Step at a Time Gardens

Post harvest Procedures by Crop

Flow chart from Atina Diffley

Modified Vegetable Notes

- documenting what you know
- then supplement with more specifics
- a tool for the whole crew

Resources

What Producers should know about selling to local foodservice markets
Iowa State Publication Pm2045
www.iastatelocalfoods.org

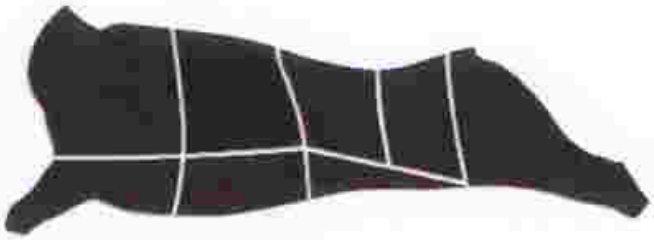
Wholesale Success: A Farmers' Guide to Selling, Postharvest Handling and Packing Produce – Familyfarmed.org

Small-scale Postharvest Handling Practices: A Manual for Horticultural Crops, UC Davis

- Educate self
- Take practical first steps
- Continue to learn , refine, and improve

Improves your confidence…

…and your reputation with your customers



Making Sense of Meat Marketing: Practical Advice for Direct Meat Marketers

Arion Thiboumery
Lorentz Meats & Iowa State University

Iowa Food Cooperative Webinar
March 11, 2010

This presentation is based on work supported by the Farmers' Market Promotion Program (FMPP) Grant Program, Agricultural Marketing Service, USDA, under Award No. 12-25-G-0934.

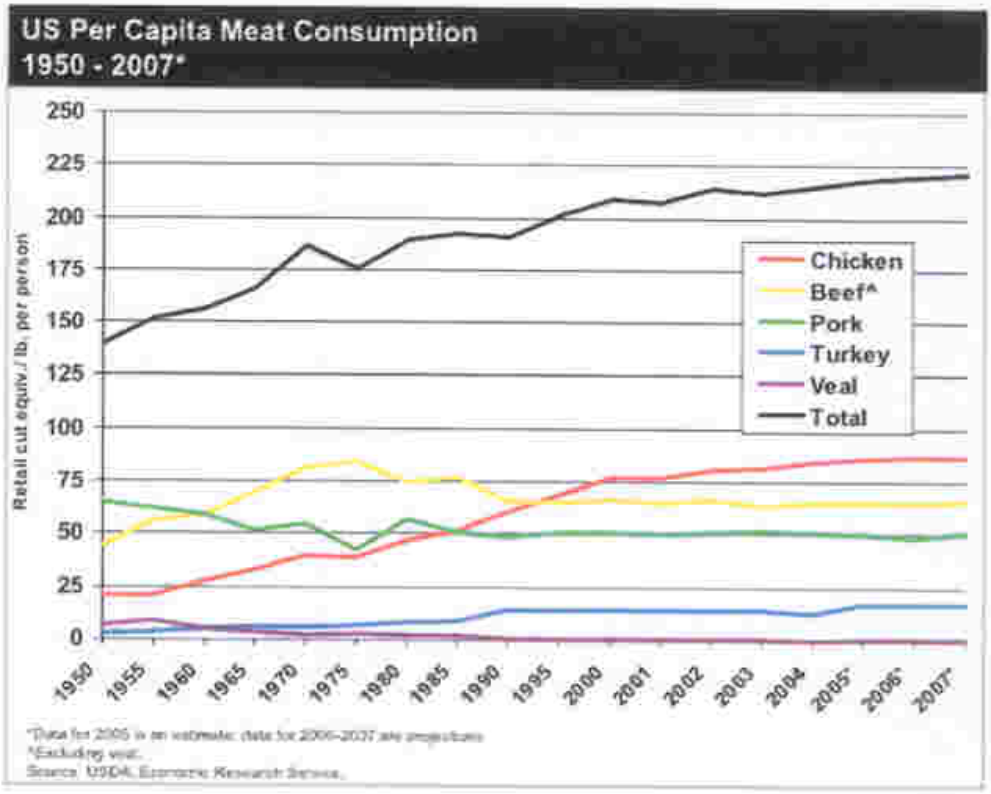
Topics

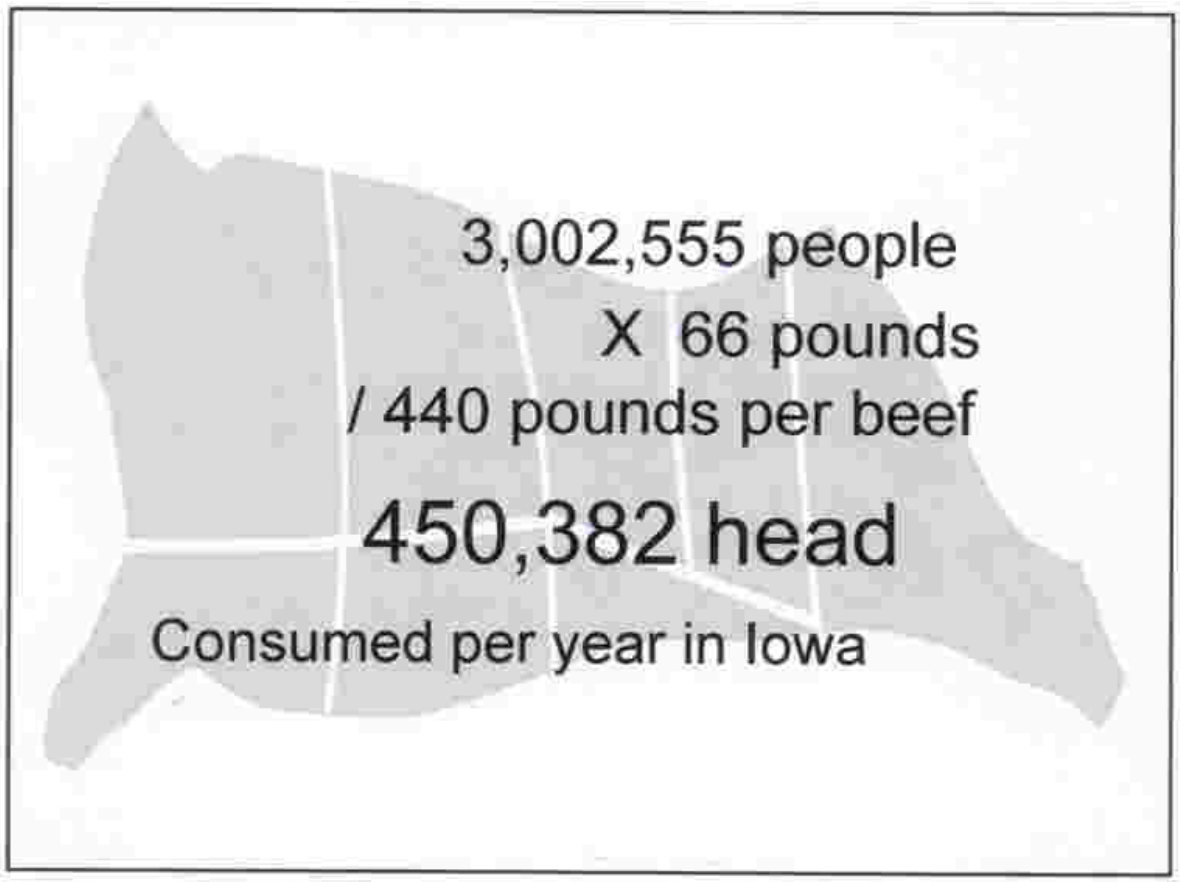
- How commodity meat works
- Selling Cuts of Meat (Bundles vs. Cuts, Pricing, Inventory Management)
- Selling Live Animals (Inspected vs. Custom-Exempt Processing)
- Working with the Right Processor

Take Home Point

1) Real opportunities exist with Local Foods and Niche Meats. BUT we need to think carefully about how we bring products to market.
2) Retail is a tricky and fundamentally expensive way to sell products.
3) Below 100 beef a year or 300 hogs, directly marketing halves, quarters, and bundles is a good way.

The Opportunity Is Real


US Per Capita Meat Consumption
1950 - 2007*
Retail cut equiv. / lb. per person
250
225
200
175
150
125
100
75
50
25
0
1950
1955
1960
1965
1970
1975
1980
1985
1990
1995
2000
2001
2002
2003
2004
2005*
2006*
2007*
Chicken
Beef^
Pork
Turkey
Veal
Total
*Data for 2005 is an estimate; data for 2006-2007 are projections
^Excluding veal.
Source: USDA, Economic Research Service.


3,002,555 people
X 66 pounds
/ 440 pounds per beef
450,382 head
Consumed per year in Iowa

10% Goal
For Specialty Meats

Beef
45,038 head x$2,000* = $90,076,000

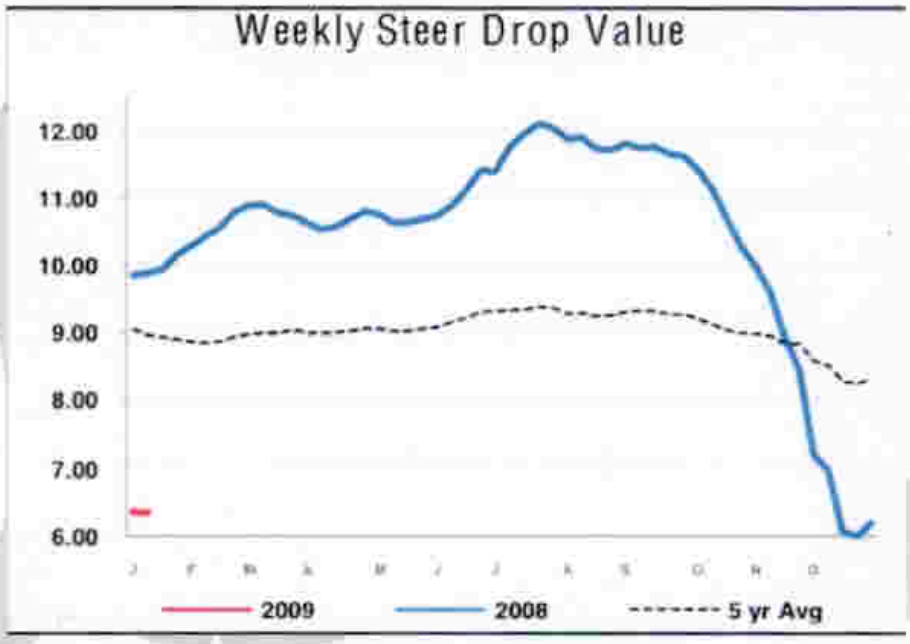
*equal to ~$4.44 per salable lb avg. on an 1100 lb. animal, wholesale

Good News:

10% of the current market will sustain a large percent of Niche Meat production and marketing

Bad News:

The "System" that currently owns the market is extremely efficient



Drop value on 3/9/2010 was $9.98/cwt.

Branded Niche Meat

Value Chain

Beef	8589	1.75	$15,030.75
Trucking			$250
Processing	8589	0.65	$5,582.85
		Total	$20,863.60
Marketing/distribution		25%	$27,541.03
Retail		40%	$45,901.72

BRANDED PRODUCT

1000 Beef per year or more
3000 Hogs per year or more
Conventional distribution
Retail and Food service

BRANDED PRODUCT

- Retailer
- HRI

Requirements

- Staff
- Cash
- Infrastructure

DIRECT MARKETING

100 Beef per year or less
600 Hogs per year or less
Sold to the end consumer
Beware of farmers markets

DIRECT MARKETING

- Sides and ¼'s
- CSA
- Bundles 12th or 20th
- Buying Clubs

Lorentz

BEEF BOX

2 New York strips Ideal on the grill.

2 Rib Eyes Ideal on the grill.

2 Bnls Sirloin Ideal on the grill.

15 pounds Ground Beef Whatever your favorite way to fix ground beef, this will taste better. You will taste the fresh air and sunshine of rural Mn with every bite.

3 pounds Ground Beef Patties. Put on the grill frozen and they will be done in minutes.

3 Beef Roasts Place the frozen roast in the crock-pot with a little water and seasonings and you will have a perfect roast for supper. Cut up any leftovers and combine with BBQ sauce for great sandwiches.

2 pounds Stir Fry Just thaw and its ready to make your favorite dish

2 pounds Kabob Perfectly marinated, skewer with your favorite vegetables for Kabobs or use in stews soups or stroganoff

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Meat Processor

- Do you trust them
- Can they grow with you
- What does their packaging look like

Iowa Direct Marketing

Iowa Department of Inspections and Appeals Licenses

If you want to. . .	License Needed
Sell poultry directly to home consumers	No license needed
Sell poultry at a farmers' market	Farmers' Market License or Mobile Food Unit License
Sell poultry at your retail store	Retail Food Establishment License
Sell and distribute poultry to retail stores and/or HRIs*	Warehouse License**

*HRI = Hotels, restaurants, and institutions

**A Warehouse License is NOT needed if you have a Retail Food Establishment License for the same premises.

- Retail Food Establishment License: Needed if you have a retail stand/store at your farm, residence, or elsewhere. This license is NOT needed if you ONLY direct-market meat and/or poultry from a processing plant licensed by IDALS Meat and Poultry Bureau.

Meat Processors

1) What kind of certification do you have (state or federal, for which species)?
2) Have you worked with other farmers on direct marketing, and with what kind of success?
3) What challenges do you see in farmer direct marketing -- and how can you help overcome them?
4) Are there special services you can provide?
5) Where do you see our business relationship heading in the next 12-36 months should initial efforts prove mutually-beneficial

Believe in what you are doing

- Select the best animals
- Only partner with a processor you trust
- See marketing as a link to success