

**Local Food Promotion Program (LFPP)
Final Performance Report**

Report Date Range:	October 1 – March 31, 2016
Authorized Representative Name:	Daphne Mazarakis
Authorized Representative Phone:	847-922-8090
Authorized Representative Email:	Daphne@fairacretraders.com
Recipient Organization Name:	FairAcre Traders LLC
Project Title as Stated on Grant Agreement:	FairAcre Traders Food Hub Trade Network
Grant Agreement Number:	15-LFPP-IL-0155
Year Grant was Awarded:	2015
Project City/State:	Chicago, IL
Total Awarded Budget:	\$100,000

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?

Same Authorized Representative listed above (check if applicable).

State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. “new objective”, “new contact”, “new consultant”, etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community, if any.

FairAcre Traders has a mission to develop a sustainable model for increasing local sales on a regional basis using large-scale customer demand to assist farmers and food hubs to grow. FairAcre Traders secured an agreement with Performance Food Group (PFG), the third largest distributor in the country serving institutions and other foodservice customers. The requested funding provided FairAcre Traders with the working capital necessary to service a customer of such national importance in 2015 and assist with expansion in 2016. The work of this grant has been completed. Many of our outcomes exceeded our expectations and many of our outcomes were different than expected. Importantly, the work completed with the 2015 LFPP grant resulted in a successful 2015 season and follow-on 2016 commitments that exceeded our expectations in terms of the revenue and sales going back to farms and aggregators. Most importantly, we expect those commitments to grow year-over-year, i.e. we expect this work to yield dividends for years to come. With the 2015 LFPP grant, we specifically set out to achieve five goals. Below is detail on progress made and community impact for each of our five goals.

i. Goal/Objective 1: Use large demand from institutions for local/regional food to help farms and food hubs increase revenue.

a. Progress Made: *As a direct result of this grant, we are working with the broadline distribution channel, which is the largest channel serving institutions. Our broadline distributor is the first of its kind being served by Red Tomato and their grower network.*

b. Impact on Community:

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0287. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable sex, marital status, or familial status, parental status religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

The desired impact on the community for this objective was to assist farms and food hubs through large-scale/institutional demand. Our impact was delivered in in the following manner. In our first full season of operation (2015), FairAcre Traders opened a new channel for Red Tomato and their 16 farm grower network that served this customer. Never before had this network served this largest class of food distribution. The increased revenues for Red Tomato and their network in 2015 gave them a consistent customer for years to come that they can rely upon. Additionally, our 2015 performance led to the securing of a second large-scale customer for 2016. As a result of our secured commitments, in 2016, we plan to deliver revenue to farms and food hubs in excess of \$850,000.

ii. Goal/Objective 2: To reduce risk for farms and food hubs with reliable commitments to serve larger markets.

a. **Progress Made:** The chart below highlights the year over year progress for farms/food hubs through our work with this grant. Our customer commitments have reduced risk for a number of farms and food hubs for 2016 and for years to come.

SUMMARY	2015	2016 Commitments
Large-Scale Customer Commitments	1	2
Number Farms in Program / Number of Food Hubs and Aggregators	16 / 4	33 / 8
Revenue Back To Local Farms/Food Hubs/Aggregators	+ \$100,000	+ \$850,000
# States Covered	5	7
Categories	Produce	Produce
# Items	~30	~100

b. Impact on Community:

We have been able to build on 2015 success, which in turn will impact up to 33 farms and 8 food hubs/aggregators in 2016. First, we built upon the work we did with our 2015 key customer, Performance Food Group. We have a plan to increase our volume/sales in 2016. We seek to meet this goal by increasing current items as well as by adding several items that were not part of our 2015 sales. These items will be sourced from up to 7 additional farms. In 2016, we will also service a second customer. This customer is a result of working in partnership with GrowersHub.com. One of the key principles of this partnership is that Growershub.com provides the order management and FairAcre Traders provides the marketing/POS materials to tell the farm-origin stories. This will impact the community by contributing to the financial viability of local farms and food hubs through reliable revenue commitments, expected to reach in excess of \$850,000.

iii. Goal/Objective 3: To help build and bolster the capillary distribution networks that are the backbone of connecting regional farms to regional markets.

a. **Progress Made:** We were able to establish aggregation points along buyer back haul routes. This created efficiencies across the supply chain and made local food more affordable. In 2015, in partnership with Red Tomato, we established 3 aggregation points, which eventually made their way to hundreds of food service operators. In addition, in 2016, we are serving a second customer and we are increasing the number of farms in our program by 20 and will have at least 4 additional aggregation points of distribution to service back haul routes.

b. Impact on Community:

Utilizing large-scale customer back-haul routes is an efficient way to build capillary networks by using customer trucks already on the road. In our program, local farms take advantage of these back haul routes by dropping off product at the nearest, designated aggregation point that we've established with

the customer. The customer then uses their truck to pick up product. As a result, the farms are able to keep their costs lower by dropping off at aggregation points vs. coordinating transportation to the customer warehouse. Keeping costs lower increases the procurement of local food. In 2015, our program enabled a range of customers to procure local food including universities (including Dartmouth and Brown), hospitals (including Heywood, Athol, and Baystate Hospitals in MA), chains (including Holiday Inns), and independently owned grocery stores and restaurants. We were able to reach over five states with our 2015 program. In 2016, we are reaching across seven states and adding four additional aggregators and an additional large-scale customer.

iv. Goal/Objective 4: To increase awareness and availability of local/regional foods for institutional customers.

a. Progress Made: To kick off 2015, we were engaged by Performance Food Group (PFG) to develop a specialized education/awareness training program for their New England region sales force (90 sales people located across New England). PFG is the 3rd largest food distributor serving institutions in the country with 33 distribution centers across the US. This was a unique invitation to have a private audience with PFG's corporate sales force and to lay the groundwork for a long-term relationship that would bring local/regional food awareness to those companies that move the majority of food in our country. We executed this training at one of our network farms. We included partners Red Tomato, Healthcare Without Harm, Farm to Institution New England and Wholesome Wave in this effort. Throughout the year we, along with our PFG partners, in-turn educated (and sold to) hundreds of their food service customers about local and regional food. Every single end customer was equipped with the local farm story. End customers included institutions such as universities and hospitals. In 2016, we are building upon what we started in 2015. We have already executed two additional sales meetings with Performance Food Group's 90+ sales force and customers (one on April 1st and another on April 26th). Additional plans in 2016 include holding several more on-farm sales education meetings to bring broadliner/institutional sales reps and the local farm closer together. We will continue to make all our farm-story information available to every customer on-package and will even expand this awareness and education to retail.

b. Impact on Community:

In 2015, we were able build a foundation for an ongoing sales relationship with broadline food distribution. Together, we were able to serve hundreds of institutions and food service customers across five states with education and awareness materials that they in turn used to communicate to their consumers. Our 2015 program continues into 2016 with an increased number of sales trainings and an increased number of marketing and point-of-sale materials available to our institutional customers. Additionally, we will take our message beyond institutions into the retail space in 2016.

v. Goal/Objective 5: To demonstrate a sustainable business model on how food hubs and farms can service large-scale buyers with local/regional foods.

a. Progress Made: Margins in local produce are slim. Because the margin made should stay primarily with the food hubs and farms, our role as a value chain coordinator is to facilitate sales and marketing relationships with large-scale buyers and then allow the farm and food hubs to operate directly. In our model, we make money by receiving a nominal margin for securing sales and for providing the farm-story marketing/point-of-sale materials on every case sold. We sustain ourselves on a small margin because we have low overhead. While our model is sustainable at scale, as an early-stage business the rate of our growth will depend upon our continued access to funding.

b. Impact on Community: Our model of value chain facilitation was a direct outcome of our work with Red Tomato where we learned how our business model should maximize

value and avoid redundancy. As a result of our value chain facilitation model, we are maximizing the dollars that go back to the farmer and we are minimizing the costs of local food for the consumer. As discussed previously, this model is impacting the community and its value-chain entities in the following positive ways:

<u>SUMMARY</u>	<u>2015</u>	<u>2016 Commitments</u>
<i>Increasing Number of Large-Scale Customers</i>	1	2
<i>Increasing Number of Consumer Outlets (institutions, stores, etc.)</i>	Several hundred	Several hundred (about +130 outlets versus 2015)
<i>Increasing Number Farms in Program / Number of Food Hubs and Aggregators</i>	16 / 4	33 / 8
<i>Increasing # States Covered</i>	5	7

- **Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 2015). Include further explanation if necessary.**
 - i. **Number of direct jobs created: 1**
 - ii. **Number of jobs retained: 1**
 - iii. **Number of indirect jobs created: 18.7 through the 2016 season (NOTE: This was the metric we agreed to use in our LFPP grant application, based on UW-Madison research finding that for every \$100,000 in local sales 2.2 indirect jobs are created)**
 - iv. **Number of markets expanded: 7 states (Pennsylvania, New Jersey, New York, Vermont, Connecticut, New Hampshire, Massachusetts)**
 - v. **Number of new markets established: 6 states (versus 2014)**
 - vi. **Market sales increased by \$119,275 in 2015 vs. 2014 and are expected to increase by \$731,000 in 2016 vs. 2015 to a total of ~\$850,000 in 2016. This is an increase of 4000% in 2015 vs. 2014 and an increase of 595% in 2016 vs. 2015.**
 - vii. **Number of farmers/producers that have benefited from the project: 16 farms in 2015 and 33 farms in 2016**
 - a. **Percent Increase: a 465% increase in 2015 vs. 2014 and a 106% increase expected in 2016 vs. 2015.**

- **Did you expand your customer base by reaching new populations such as new ethnic groups, additional low income/low access populations, new businesses, etc.? If so, how?**

Yes. In 2015 our food service distributor reached low-income/rural areas in NY, CT, MA, RI, and NH by selling to independent outlets including small grocery stores that serve these communities. In 2016, additional areas will be impacted through our retail customer (which has over 200 retail stores). This retailer reaches NY, CT, MA, RI, NH, as well as Pennsylvania and Vermont.

- **Discuss your community partnerships.**
 - i. **Who are your community partners?**
 - a. *Entities with whom we are doing/have done work together are: Red Tomato, GrowersHub.com, Healthcare Without Harm, Wholesome Wave, FINE (Farm to Institution New England).*

- b. *Entities with whom we are in discussions on potential collaborations are: US Foods, Gordon Food Service, Resource Group, Chicago Local Foods, Local Food Hub, Blue Ridge Produce, and Northern Girl.*
 - ii. **How have they contributed to the results you've already achieved?**
 - a. *The have created demand, coordinated supply, provided the distribution of local produce, provided a technology platform, provided consumer/institutional education to increase local food consumption, and have been collaborators in determining how to best grow together.*
 - iii. **How will they contribute to future results?**
 - a. *With Red Tomato, our goal is to service our customer and increase revenues to our network of farms and to increase awareness and education through our suite of marketing and point-of-sale materials that tell the farm-origin stories*
 - b. *With GrowersHub.com, our goal is to service our customer and increase revenues to our network farms and aggregators to increase awareness and education through our suite of marketing and point-of-sale materials that tell the farm-origin stories*
 - c. *With Healthcare Without Harm our goal is to provide some of their pledged hospitals an easy/efficient way to procure fully traceable local food that includes a suite of marketing materials that tell the farm stories so their hospital constituents are aware of the work they are doing.*
 - d. *With FINE, we plan to continue our relationship, assisting one another on sales education wherever appropriate.*
 - e. *With Wholesome Wave, our goal is to remain in communication so we take into account their perspective and goals as an incubating partner and valued thought-leader.*
 - f. *With Gordon Food Service, US Foods, Resource Group, Chicago Local Foods, Local Food Hub, Blue Ridge Produce, and Northern Girl we plan to continue to be thought partners and collaborators as we look to expand our respective programs and help one another in our joint mission to support the small/medium-sized local and regional farms.*
- **Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?**

Our contracted work has supported our efforts in the areas of admin and oversight, sales and operations, and in the creation of our marketing and point of sale materials. The marketing efforts included the QR code program, which gives end customers full access to a suite of marketing and point-of-sale materials that tell the farmer and product stories, which is of significant value to customers. Additionally, we utilized Red Tomato to act as our on-the-ground operations in New England to ensure operational success. We also utilized two contractors to attend the National Good Food Conference in Atlanta, Georgia on March 30th and 31st on behalf of FairAcre Traders because our partners were unable to attend. We wanted to be represented at this meeting for two reasons: (1) FairAcre Traders was featured as part of a fireside chat on value chain coordination and (2) We secured a meeting with one of the largest broadline distributors in the country (who we were not already working with). Attending this conference was our opportunity to introduce this potential buyer to FairAcre Traders and to Red Tomato. This buyer is exploring implementing a local/regional program across multiple regions, which could equate to significant reliable volume for local/regional farms. Should we be able to work with this additional buyer in 2016, this could mean more reliable volume going back to farms and food hubs versus

what is reported in this report. Finally, we utilized Deborah Wilkinson to provide administrative assistance and LFPP grant oversight.

- **Have you publicized any results yet?***
 - i. **If yes, how did you publicize the results?**
 - ii. **To whom did you publicize the results?**
 - iii. **How many stakeholders (i.e. people, entities) did you reach?**

***Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).**
- *To date, we have showcased our work at the following 2015 events:*
 - i. *Good Food Festival - This conference is the oldest local food event in the country with over 5000 community attendees. We presented our program offering to this audience.*
 - ii. *PFG Trade Show for Sales Reps, Institutions, and Food Service Customers - Hundreds attend representing a breadth of approximately 300 institutional and other foodservice customers. We increased awareness of our program in order to secure strong sales.*
 - iii. *PFG "Learn About Local" Sales and Education Day for Sales Reps - We reached 90 sales reps and included our partners Red Tomato, Healthcare Without Harm, and FINE. Through this program we had a private audience to help these sales reps understand all about local food in general and the FairAcre program specifically. This led to strong sales in 2016 and set the foundation for a long-term relationship.*
 - iv. *Dartmouth Food/Education Day – We supported the Dartmouth Food/Education day which reached over 100 students.*
- *2016 – This list includes events that have already occurred and are planned to occur.*
 - i. *Good Food Festival – This year we were asked to do two things. First, we were asked to speak on our traceability/marketing program in order to help other farms/producers/hubs with their marketing/traceability programs. Second, we were asked to share our case study on how to work with institutions and broadliners. This conference is the oldest local food event in the country and had over 5000 community attendees. Our panel on marketing/traceability was one of highest attended panels.*
 - ii. *PFG Internal Trade Show – On April 1st we presented at an internal PFG sales meeting as a way to kick off the 2016 season.*
 - iii. *PFG External Trade Show – On April 26th, we attended the PFG trade show where hundreds attend representing a breadth of approximately 300 institutional and other food service customers.*
 - iv. *PFG Sales Education – This season, we will be doing several tours on local farms for the sales reps so that we continue to reinforce the local education message on a consistent basis. This will also bring the farmer closer to the buyer.*
 - v. *University Food Days – We will continue to offer our support for education food days hosted by universities, which are typically attended by several hundred to 1000 students. These typically occur in the fall.*
 - vi. *Finally, we have consolidated our learnings into a draft report for the industry to access. A draft copy of this report is attached. This report is targeted to be available on our website later this year and communicated through list serves and web logs in the industry.*
- *A complete list of electronic attachments are as follows:*
 - i. *Our General Brochure (which was used at trade shows as a takeaway)*
 - ii. *Our 2-Page Sell Sheet (which was used to briefly educate customers on local)*
 - iii. *Our 2015 Sales Education Presentation (which was used as an in depth education for*

- customers on local)
- iv. *Our 2016 Sales Education & Kick-off Presentation (which was used to reinforce education and kick off the 2016 season)*
- v. *Our Point-Of-Sale Materials (farmer cards, product information sheets – which were used to educate consumers via point of sale displays)*
- vi. *Our Lessons Learned Report DRAFT (to be distributed via our website later this year and very likely via industry list serves and web logs)*
- **Have you collected any feedback from your community and additional stakeholders about your work?**
 - i. **If so, how did you collect the information?** *Yes. We have surveyed our sales reps and end customers; we have surveyed Red Tomato (who in turn have surveyed their farms). Finally, we maintain strong relationships with our corporate buying broadliner counterparts and have a consistent feedback loop.*
 - ii. **What feedback have you collected thus far (specific comments)?**
 - *Food Hub Feedback: They are pleased with additional volume and product diversity. An opportunity exists to work on pricing and efficiency of operations, which is part of our 2016 plan.*
 - *Broadline Distributors: They are pleased with overall program and consider it a success. They are especially pleased with the marketing program and the quality of the farm/food hub network. An opportunity exists to expand product line, which is part of our 2016 plan.*
 - *Food Service & Customers: They are very satisfied with the quality of product. They would like even more product variety and would like even more communication on supply/availability.*
- **Budget Summary:**
 - i. **As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report:**
 - ii. **Did the project generate any income?**
 - a. **If yes, how much was generated and how was it used to further the objectives of the award?**
- **Lessons Learned:**
 - i. **Summarize any lessons learned. They should draw on positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).**

Our first-year program (in 2015) involved working with Red Tomato, a network of farms, and Performance Food Group (PFG). Executing this program involved three overarching stages: (1) Set Up, (2)

Execution, and (3) Future Planning. Each stage involved various activities and lessons learned were gleaned along the way. A summary is below:

1. Set Up

Getting started early and completing as much work pre-season is highly recommended as many of the activities related to working with broadline distribution took longer than expected.

Vendor approval

Becoming an approved PFG vendor was a long process and took several months to complete. Completion of a lengthy packet was required. \$6MM in insurance was also required along with guarantee that supply was to be procured from GAP certified farms. Key lessons learned were:

- Allow 3 months for vendor approval paperwork to be completed and processed
- Ensure adequate insurance and ensure GAP certified farms (or other approved certifications such as the Commonwealth Quality Program at the Massachusetts Department of Agriculture).

Product identification and item set up

Once vendor approval was secured, items were set up in the PFG system. Providing the information for the item set up process was complex because various local farms packed differently. Key lessons learned were:

- Wherever possible, farms should adhere to standard USDA packing standards, which make set-up at the broadliner easier
- While many items can be set up, it is important to agree upon which are the key, higher volume items so these can be planned in advance

QR Code/Farm Database Set Up

We determined from which farms we would source the agreed to items. We ensured the farms met the agreed to certifications. We built farm profiles in our marketing/QR code database, and we printed labels so they were ready to go once the season started. Key lessons learned were:

- Collecting and updating farm stories should be an annual, pre season process as existing information, even on the farms' own websites, can be out-of-date.
- Gaining buy-in from the farms on the marketing/QR code program is important, particularly since labeling the cases is ultimately the role of the farm.

Logistics

We established agreed to aggregation points that would be convenient for PFG back-hauling. Key lessons learned were:

- Finding convenient aggregation points along back-haul routes is critical to keep prices competitive. Wherever possible, back-haul. We can't stress this enough.

Sales Planning

We participated in PFG's trade shows and also held a sales kick-off for the 90+ sales reps who would be selling the FairAcre Traders products. The kick-off was held at one of the network farms, enabling the sales reps to get up-close-and-personal with the farmer. The FairAcre Traders items were also included in various PFG sales contests, providing further incentive and excitement for the sales reps to support the program. Sell sheets on how to sell local were also distributed at this event. Lessons learned were:

- Broadliner sales reps can be several steps removed from understanding local produce. These reps sell a number of products. Taking the time to help them understand what is local and how to sell it is very valuable.
- A sales kick off is also a way to generate excitement at the beginning of the season.

- *Including the local items as part of the corporate contest is an effective way to secure sales rep support. This also demonstrates leadership's commitment to the program, which sends strong message to the sales reps.*

2. Execution

Availability/Order/Pick-Up

Product availability lists were published by Red Tomato once per week. Orders were placed by PFG, and two pick-ups per week were coordinated between Red Tomato's aggregation points and PFG.

Key lessons learned were:

- *Delivering 2X per week assists in keeping product fresh in the warehouse*
- *Focusing on few key items helps supply side planning*
- *Back-hauling keeps pricing competitive*

End Customer Communication

PFG ensured they communicated frequently with their sales reps, reminding their sales reps of the FairAcre program. PFG sales reps, in turn, reinforced the value of the program to their end customers. The sales reps noted that they were surprised by some of the end customers who expressed interest in local; they were customers who they would have assumed would be conventional customers. PFG found significant value in the QR code label/traceability program, which shifted the choice to the end customer to decide how they wanted to use the farm story information. Key lessons learned were:

- *A strong marketing/QR code program that is fully traceable and tells the farm story is of significant value*
- *Frequent communication to sales reps is important to keep the program top-of-mind*
- *Making it easy for sales reps to, in turn, communicate with their end customers will ensure pull through, even from unexpected customers*

Ongoing Feedback Loop

A consistent dialogue, particularly between PFG and Red Tomato, occurred. Red Tomato did an excellent job ensuring that farms met the quality and consistency standards and PFG did an excellent job providing feedback on quality and pricing, which lead to some changes of the program during the season. FairAcre Traders assisted in facilitating this dialogue and also ensured that the marketing materials were available through to the end customer. FairAcre Traders and Red Tomato worked together to reduce redundancy in order to ensure each entity was doing what they do best. Key lessons learned were:

- *Consistent communication, particularly around pricing and quality, is critical*
- *While communication is key, it is important to avoid redundancy as no entity in the supply chain makes ample margin to sustain redundancy*
- *Every entity in the supply chain should do what they do best. This helped FairAcre Traders define its role as a value chain coordinator, focusing on sales and marketing, leaving the operational work to the food hub and broadliner.*

3. Future Planning

Using season one as a starting point; winter 2016 was our planning time for season two. Our 2016 plans are in motion; our plans are to build upon year one's success with greater volume and efficiencies. Specific goals include higher volumes on existing items, a broader set of items, and ongoing meetings with sales reps on various farms to bring buyers and growers closer together. We also plan to involve additional food hubs in the program to advance the mission of impacting a broader regional landscape. Key lessons learned are:

- *Broadliner demand can give a supply network access to a more diversified customer base and help create demand from a more diverse set of crops.*

- *Broadliner demand can help strengthen a regional food system creating a platform that includes multiple food hubs.*
- *Broadliners and local food systems advocates can collaborate and find common goals that will impact local communities both economically and environmentally.*

ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:

While our committed customer revenue back to farms/food hubs is significantly higher than expected for 2016, the number of regions/farms we expanded to is lower than expected. We had hoped to expand further south. The key lesson learned is that expanding to additional regions takes more time as broadliners have not yet determined the right strategy for a corporate approach to local. We believe a corporate approach is coming; however, broadliners require additional strategic work before determining the “right” approach. Once this is determined, we believe we are well positioned to expand quickly to additional regions both down the east coast and west-ward. We also learned that large-scale customers have very strict requirements, which precluded us from working with certain farms and food hubs that do not meet certain quality and certification requirements. This meant we needed to have a very broad supply base because some of the farms and food hubs did not meet the large-scale buyers’ requirements.

iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project:

We were overly ambitious and began work on this initiative in July 2015, hoping that many of our expenses would be covered should we receive the 2015 LFPP grant. Many of our expenses were, in fact, covered but not all. One should be careful about pre-grant spending. Additionally, we learned that things change during a project and that it is important to work closely with your grant administrator in communicating these changes. It is common for changes to occur in small, early-stage companies that are innovating and pivoting as they gain feedback from the market, and it’s important for both the company and the grant administrators to be flexible. Some changes, for example were: (1) instead of spending on technology, we partnered with a company that provides a technology platform and (2) we experienced personnel changes, therefore we shifted roles and responsibilities accordingly. The lesson learned is to be flexible but to keep the underlying mission of helping the small/medium sized local and regional farmer at the forefront of decisions.

• Future Work:

- i. How will you continue the work of this project beyond the performance period? In other words, how will you parlay the results of your project’s work to benefit future community goals and initiatives? Include information about community impact and outreach, anticipated increases in markets and/or sales, estimated number of jobs retained/created, and any other information you’d like to share about the future of your project.**

With the relationships we set up as a result of this grant, we expect continued growth in future years. We will execute on our 2016 commitments. And, just as 2015 was a success leading to 2016 commitments, we expect 2017 and 2018 to deliver continued growth. With the growing demand for local food, we believe sales will increase approximately 15% in future years. As a result, we will continue to serve hundreds of retail outlets and institutional/food service customers, benefiting our network of farms/food hubs/aggregators for years to come.

	<u>2015</u>	<u>2016 Commitments</u>	<u>2017</u>	<u>2018</u>
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<i>Revenue Back To Local Farms/Food Hubs/Aggregators</i>	<i>+ \$100,000</i>	<i>+ \$850,000</i>	<i>\$977,500</i>	<i>\$1,124,000</i>
<i>Total # Indirect Jobs Created*</i>	<i>2.2</i>	<i>18.7</i>	<i>21.3</i>	<i>24.7</i>

**this is based on UW-Madison research finding that for every \$100,000 in local sales, 2.2 indirect jobs are created*

i. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals?

We have two key initiatives for which we will be seeking support. A summary of those two key initiatives is provided below. By executing these two key initiatives, we believe the sales numbers reported above will be significantly exceeded. The two initiatives we are exploring are as follows:

- 1. First, we are looking to develop the next generation technology platform with our partner growershub.com. This will enable our customers to efficiently move into new product categories beyond produce (e.g. into dairy, etc.). This would significantly increase sales to local/regional producers and aggregators.*
- 2. Second, we believe a significant opportunity exists to assist broadliners in developing their corporate strategy for their local purchasing. Right now, broadliners do not have a unified strategy for local/regional procurement. As the largest buyers of produce, meat, poultry, and dairy, a unified local strategy has the potential to exponentially impact local/regional farmers across all regions in the US.*