

One Sentence Description of Project

This project will help develop and strengthen a cooperatively owned farmer food hub serving the Kansas City region in its second year of operation with innovative approaches to the issues of food safety and logistics.

Description of farm or ranch and project coordinator background

There are 8 farmer owners of the Fresh Farm HQ (FFHQ) Cooperative Association, a food hub:

Work to develop FFHQ started before the food hub had a name in 2011, with two diverse groups in Lawrence and Kansas City (KC) that included non-profits, businesses, farmers, advocates, extension, government, and others. These groups joined forces in 2014 after they each completed a feasibility study that concluded, based on supply, competing area food hubs would not do well and that one combined effort would be more successful. After combining forces, a concerted effort was made to identify and support a group of farmers to start the hub. In late 2014, the founding members of the food hub, soon to become FFHQ, had their first meeting. The official cooperative was formed in November 2015.

Over the past two years the group has had and still receives invaluable support from University Extension (KS and MO), and the Douglas County Food Policy Council. They helped us apply for and receive a USDA Rural Development Value- Added Producer Grant (VAPG). This \$1 for \$1 matching grant has provided a large portion of start-up funds for FFHQ, especially since the founding farmer members of FFHQ were in no financial situation to fully support the first year of operations. In fact, the founding farmer members are more committed to the business not because their own farms would profit, but because they strongly believe that small to medium sized farmers need a business like FFHQ to be established to provide a viable and value-based market for growers wanting to scale-up. We are strengthening the middle market in the KC region for these growers. We deliberately chose a cooperative structure, even though it is not common in our region, so that farmer members would always feel that the food hub was working for them. In our region, the cooperative mentality is not so common anymore and sometimes carries a negative stigma. However, it seems the younger and beginning farmers seem to understand and appreciate it.

The VAPG allowed us to hire a director of operations who has spent the last year working very closely with the BOD getting the first year of FFHQ operations going. We have had our fair share of struggles and learned a lot about how to proceed in the coming year. In our first year, through three sub-hub locations, we have moved 650 cases of food from our eight owner members to restaurants, corporate cafeterias, groceries, and wholesale distributors in the region.

Problem

There are three main issues we want to work on solving through this project: food safety, traceability, and building our brand:

Food Safety: Now that the Food Safety Modernization Act (FSMA) is law, requirements from buyers for food safety certification have increased. Some buyers won't even have a conversation with us because we are not food safety certified. This has limited FFHQ's market. We also know that food safety is not only important for FFHQ, but is also important for each individual farm. Every farmer that is part of FFHQ has other markets they sell to and are feeling pressure to have food safety certification. Most of our farmer owners have completed some sort of food safety workshop or training and have parts of or complete food safety plans. However we need to have a more credible and organized system to prove to buyers we take food safety seriously and are following the rules of FSMA.

Traceability: Because of cost and logistics, FFHQ does not have a central aggregation facility. We operate in a non-traditional way by having sub-hubs, where product is aggregated from two or more farms, picked up and delivered directly to buyers. We need to have a much better system in place to keep track of where the products are in the supply chain.

Building our Brand: because we are a new business, it takes a lot of time and effort to find new buyers and for our brand to be recognized. Not only recognition, but also to stand out from the 18+ produce distribution companies serving KC. We are the only farmer owned cooperative company providing local food. We believe buyers and

consumers will value this, but we need a targeted marketing plan to ensure our brand carries this very important identity with it.

Solution

We have innovative solutions to our problems that will demonstrate how a farmer run cooperative food hub can be successful in a place where many of our growers are scattered over large distances.

Food Safety: There is a new USDA food safety certification now available called GroupGAP. We propose to demonstrate an effective way to become food safety certified through this program. FFHQ will implement an in-house food safety verification program that will be backed-up by the GroupGAP certification. Our in-house verification will be built on ensuring that all of our farmer members are familiar with and following FSMA requirements using a peer-to-peer review of all farmer member food safety plans.

Traceability: We are already working with a small company to help us in developing a labeling system that is unique to the method of distribution of FFHQ. It is less expensive and more applicable than commercially available produce tracking systems, but it is time consuming and even though it is cheaper, it is still costly. When complete, we will have a label system that can be universally used at all sub-hub locations, making our product easy to trace not only for food safety purposes, but for inventory, sales, and business efficiency.

Building our Brand: The two feasibility Studies were excellent for starting the business, but are becoming very outdated. We need more input from our farmer owners to create a farmer focused marketing plan with the goal of standing out from a crowded field all pushing “local products” while the farmers still barely gets paid for their product. This is innovative in the sense we are building the value chain not just the supply chain. By building our brand we are also adding the value our product needs to support the farmers selling their product through FFHQ.

Timeline

In the months leading up to the SARE grant notification FFHQ will be recruiting new farmers for 2017. With the help of K-State University, FFHQ will be holding a food safety plan workshop in February. By the time the grant starts we will be well positioned to start GroupGAP certification. We are also laying ground work for the traceability plan by contacting vendors for software and implementation. We have a marketing consultant that has been helping us already, but have limited her time due to cost.

The Board of Directors (BOD) is committed to doing the “homework” required for this project and have already put countless hours in making FFHQ successful.

SPRING:

A Quality Management System (required for GroupGAPs) will be established for FFHQ and staff will set-up the peer to peer food safety review plan.

The BOD will have two, brand- building session with the marketing consultant, one each in March and April. The outcomes of this will determine the forthcoming steps.

Ground work for a Traceability system in the form of research has already taken place. We have even invested in a label template to start experimenting with. If funded, this work will continue with more speed. A traceability system design will be completed in late spring and implementation will begin immediately at the sub-hubs.

SUMMER:

FFHQ will be Group GAP certified (including sub-hub locations).

A plan for building our brand will have been established through in-person meetings and will be fully implemented.

Progress report

An evaluation of how the GroupGAP, Traceability, and brand building will be done and adjustment made as

necessary.

FALL:

FFHQ member will look for opportunities and do outreach/presentation about our project. We will go to the two conferences mentioned and write a summary of efforts in the final report

WINTER

Final report

Outreach

All of our farmer members are active in their communities and many are active on social media. They have and will continue to advocate for FFHQ. When we receive support from organizations or have successes, the community hears about it, especially other farmers. They are paying attention and many are waiting to see if FFHQ is successful before they join. This is OK with us, although sometimes we wish there were more farmers willing to take the risk with us.

This winter we will be doing a concerted outreach effort to farmers at the Great Plain Growers Conference and at the Mid-America Organic Conference. We plan to do this in 2018 as well. At that time we will highlight the findings from this SARE project should we be funded.

We truly believe we are creating an innovative farmer led business and will continue to share these progressive ideas with all who will listen. Many of our farmer owners are involved in their farming communities and we often have an FFHQ representative at local events to talk about FFHQ. If funded, we would continue to do this and offer presentations at the national food hub conference, the SARE farmers forum, as well as other local farmers conferences when available. During these presentations/workshops, we would share the experiences from our food safety certification, implementation of the traceability program, and building our brand.

Several of the FFHQ farmers are also members of the KC food Circle, a 125 member farmer organization. We will offer to share an updates at their annual meetings (which we have done for the past two years).

Finally, K-State Extension has and continues to be a major support. They have been and stated they will continue to outreach to growers that they work with.

Impact

There are many farms in our region and a big demand for local food. As a response to this demand, in 2012 the number of Farmers Markets (FMs) in the KC region was almost 55, which was a 50% increase from 2007. Unfortunately, around the same time in our region, many FMs (and CSA's) saw stagnation in sales and in some cases, sales decreased. Many farmers who wanted to increase production were left stung by these slowing sales and in some cases they started to go to two or more markets a week to make what they used to make at one market. They are not able to sell enough product through the FM, but are too small to get into wholesale. The mission of FFHQ is to offer them a way into wholesale.

This grant project is crucial to supporting the success of the only farmer owned cooperative food hub in the region. From the beginning of FFHQ efforts, farmer profitability has always been at the forefront of the mission. We decided on a sub-hub model to keep the products and jobs near the farms, many of which are in rural areas where there are very few jobs. The 8 farmer owners and the 15 farmer owners we hope to recruit over the coming months will directly benefit through FFHQ sales and access to new markets due to their food safety certification.

In 2016, in order to sustain operations FFHQ had to take as much a 40% of the price the buyer paid for a case of produce, leaving the farmer 60%. We hope through increased sales that will come from brand recognition and our food safety certification, as well as increased efficiency in traceability that we can get the margin FFHQ charges down to 25% per case.

Measuring Results

Environmental: FFHQ recruits farmers following sustainable agriculture practices, we hope to help these farmers continue to farm and be profitable. We will measure this by documenting the number of farmers who join and their farming practices. By the end of next year we would like to be a cooperative of at least 25 farmers.

Economic: We will document the number cases and dollars in sales. By getting GroupGAP certified and building our brand we will have access to new markets. We will document which buyers became FFHQ customers as a result of GroupGAP certification. We will also look at sales trends as we build our brand and compare the price buyers are willing to pay comparing this year and the coming year's sales.

Our sub-hub model is unique in that we will not incur the large expenses of running a central facility. This is something we will document well and the implementation of the traceability program will be a key part of tracking this.

The farmer owners participating in GroupGAPs, will be able to use this certification in all of the markets they sell to. We will document if these farmers had increased sales outside FFHQ because of this certification.

Social: by nature a cooperative is a social endeavor. We have created a community of farmers that work together and help each other. For beginning farmers we offer the expertise and support of FFHQ members. For all farmers, especially younger ones, the appeal of joining a group of farmers with a mission is very appealing. It makes you feel like you are not alone. This is probably the hardest impact to measure, but we know we will have excellent success stories to tell by the end of the grant program to show the social benefits of being part of FFHQ.