Cooperating to Distribute & Market Local Food

SMALL FARM AGGREGATION

THREE RIVER FARMERS ALLIANCE
WE SUPPORT LOCAL FOOD
How do we build a real local food system?

We in the local food community have been selling to the choir. CSA, Farmers markets, Farm stands, Farm to table (restaurants or events).

Our growth model, weather we know it or not, has been to get more people to join the choir.

If we want a true regional food system. 50% of our food coming from local producers by 2060 than we need to attract nontraditional local food buyers.

Local food needs to be less sexy. It needs to become the food that is on your plate just cause.

How do we get there?
Aggregation of Local Food Supply
Why do small farmer need a local aggregator?

Some Clients have barriers of entry to small producers
  ◦ Only buy from approved venders
  ◦ Small producers lack to diversity that the market is looking for

A small farmer’s time is needed on the farm

Most important is the cost of doing wholesale to the small farm. The smaller the farm the higher the opportunity costs will be.
Costs Associated With Review Streams

C.S.A.—Lowest cost revenue stream. Our $2,400 a week gross drop off site cost us 4%-5% to run. Add on the 10% premium over retail we give our C.S.A. customers, that works out to 14% cost associated with revenue stream.
Costs Associated With Review Streams

Farmers Market—Same $2,400 market would cost between 20%-22% to run. Cost goes through the roof if you have a low revenue market.
Costs Associated With Review Streams

Wholesale -- $2,400
Calls, A.R., Truck fees, Delivery hours, cost 27%-32% to run. If you're getting on average 20% less then retail, your apples to apples costs becomes 47%-52%.
What Was Needed in a Local Food Distribution System for Growers

Must be able to reduce the overall cost to farms for the ability to wholesale

Must be a system that can aggregates product lists

Must be able to aggregate billing

Must be able to aggregate delivery
What Was Needed in a Local Food Distribution System for Growers

Need to be able to have orders uncombined

Farms can have individual pick sheet

Farm can have individual pack sheet

Must be able to tract inventory to both maximize sales and eliminate over selling

Must be able to tract accounts receivable
What Was Needed in a Local Food Distribution System for Consumers

- Must be an aggregated marketplace
- Must have aggregated billing
- Must have aggregated delivery
- Want a reliable source of produce both in quality and in quantity
- Want the price of local food to become more reasonable
Specialization of product helps farms achieve economy of scale
Green Beans Enterprise Budget

- Most small farms would find it hard to grow green beans at a profit
  - According to Richard Wiswall beans sold @ $2.50/# USD, will yield a loss of $2,720/acre if they are hand picked.
  - Machine pick beans at Heron Pond Farm yield a profit of $9,000/acre
- This may be a way for the future of local food to be more affordable
  - As farms specialize their C.O.G.S. goes down
    - Savings passed on to customers
    - Create lower point of entry for local foods.
Became clear that we would need powerful software.

Powering resilient local food systems.
An App For Todays World

Chef’s like doing their ordering from the walk in sometimes

At certain times of year 50% of our orders come from the mobile app

With our multi farm CSA this lets our customers add thing a-la-cart with ease
Software produces a pick list

- Customers order from the main site but orders are broken out by farm
- Each item offered is totaled for the units it was offered in
- This allows the pack house to get all the food prepped for that week's share

### PICK LIST

For: Heron Pond Farm, 8/16 Seacoast, 8/17 Manchester North Shore

Listed below are the items that you need to deliver to your drop-off location at before. It is critical that you arrive by as we have drivers picking up product to deliver to other locations. If you are unable to make it by that time please call.

Please Note: It is important that your product is clearly labeled so that we can find it and pack it as quickly as possible at the pickup site.

<table>
<thead>
<tr>
<th>Item</th>
<th>Selling Unit</th>
<th>Sold Count</th>
<th>Pick Count</th>
<th>Pay to Producer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Koji</td>
<td>1/4 lb bag</td>
<td>1</td>
<td>0.25 Pounds</td>
<td>$2.12</td>
</tr>
<tr>
<td>Baby Koji</td>
<td>pounds</td>
<td>5</td>
<td>5 Pounds</td>
<td>$42.50</td>
</tr>
<tr>
<td>Baby Arugula</td>
<td>3 # box</td>
<td>11</td>
<td>33 Pounds</td>
<td>$280.50</td>
</tr>
<tr>
<td>Baby Arugula</td>
<td>Pounds</td>
<td>16</td>
<td>16 Pounds</td>
<td>$136.00</td>
</tr>
<tr>
<td>Baby Lettuce Salanova</td>
<td>Pounds</td>
<td>21</td>
<td>21 Pounds</td>
<td>$178.50</td>
</tr>
<tr>
<td>Elegance Greens Mix</td>
<td>Per Pound</td>
<td>6</td>
<td>6 Pounds</td>
<td>$51.00</td>
</tr>
<tr>
<td>French Haricots</td>
<td>1 1/9 box</td>
<td>12</td>
<td>264 Pounds</td>
<td>$409.20</td>
</tr>
<tr>
<td>French Haricots</td>
<td>Pounds</td>
<td>225</td>
<td>225 Pounds</td>
<td>$348.75</td>
</tr>
<tr>
<td>French Haricots</td>
<td>Pounds</td>
<td>33</td>
<td>33 Pounds</td>
<td>$99.00</td>
</tr>
<tr>
<td>Yellow Wax</td>
<td>1 1/9 box</td>
<td>4</td>
<td>100 Pounds</td>
<td>$136.40</td>
</tr>
<tr>
<td>Yellow Wax</td>
<td>1 1/9 box</td>
<td>3</td>
<td>75 Pounds</td>
<td>$96.00</td>
</tr>
<tr>
<td>Yellow Wax</td>
<td>Pounds</td>
<td>200</td>
<td>200 Pounds</td>
<td>$340.00</td>
</tr>
<tr>
<td>Yellow Wax</td>
<td>Pounds</td>
<td>6</td>
<td>6 Pounds</td>
<td>$18.00</td>
</tr>
<tr>
<td>Red Beets, loose</td>
<td>Per Pound</td>
<td>11</td>
<td>11 Pounds</td>
<td>$38.50</td>
</tr>
<tr>
<td>Green Curly Kale</td>
<td>22 Bunch case</td>
<td>13</td>
<td>286 Bunches</td>
<td>$416.00</td>
</tr>
<tr>
<td>Green Curly Kale</td>
<td>Bunch</td>
<td>6</td>
<td>6 Bunches</td>
<td>$12.00</td>
</tr>
<tr>
<td>Corn</td>
<td>ears</td>
<td>303</td>
<td>24.24 Dozen</td>
<td>$127.26</td>
</tr>
<tr>
<td>Green Butterhead Lettuce</td>
<td>Case of 24</td>
<td>6</td>
<td>144 Each</td>
<td>$216.00</td>
</tr>
<tr>
<td>Green Romaine Lettuce</td>
<td>Case (24 count)</td>
<td>5</td>
<td>120 Each</td>
<td>$150.00</td>
</tr>
<tr>
<td>Green Romaine Lettuce</td>
<td>Head</td>
<td>6</td>
<td>6 Each</td>
<td>$9.00</td>
</tr>
</tbody>
</table>
Software produces a pack list

- Unlike the pick list above, the pack list breaks the order out by customer or pick up location
- All boxes are packed with farm name and location
- The software will even print labels for easy organizing during route aggregation time
Software produces an invoice

- Invoice is broken down by farm and clearly marked as to what came from which farm
- CSA share info is in the order note
- Customer gets to order from four farms in this case but has one delivery, one bill, and one check to deal with

<table>
<thead>
<tr>
<th>Item</th>
<th>Qty</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Unit Tax</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Arugula</td>
<td>24</td>
<td>1/4 lb bags</td>
<td>$2.68</td>
<td>$0.00</td>
<td>$63.84</td>
</tr>
<tr>
<td>Chieffain</td>
<td>48</td>
<td>Per Pound</td>
<td>$2.50</td>
<td>$0.00</td>
<td>$120.00</td>
</tr>
<tr>
<td>Corn</td>
<td>12</td>
<td>Dozen</td>
<td>$6.25</td>
<td>$0.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>French Haricots</td>
<td>24</td>
<td>Pounds</td>
<td>$3.00</td>
<td>$0.00</td>
<td>$72.00</td>
</tr>
<tr>
<td>Greenleaf Lettuce</td>
<td>24</td>
<td>Head</td>
<td>$1.88</td>
<td>$0.00</td>
<td>$45.12</td>
</tr>
<tr>
<td>Red Beets, loose</td>
<td>24</td>
<td>Per Pound</td>
<td>$4.38</td>
<td>$0.00</td>
<td>$105.12</td>
</tr>
<tr>
<td>Heirlooms Tomatoes</td>
<td>24</td>
<td>Pounds</td>
<td>$3.44</td>
<td>$0.00</td>
<td>$82.56</td>
</tr>
<tr>
<td>Parsley, Flat Leaf</td>
<td>24</td>
<td>Bunches</td>
<td>$2.19</td>
<td>$0.00</td>
<td>$52.56</td>
</tr>
<tr>
<td>Cilantro</td>
<td>24</td>
<td>1 bunch</td>
<td>$2.50</td>
<td>$0.00</td>
<td>$60.00</td>
</tr>
<tr>
<td>Greenleaf Lettuce</td>
<td>24</td>
<td>1 Head</td>
<td>$2.50</td>
<td>$0.00</td>
<td>$60.00</td>
</tr>
<tr>
<td>Patty Pan Squash</td>
<td>24</td>
<td>pound</td>
<td>$2.81</td>
<td>$0.00</td>
<td>$67.44</td>
</tr>
<tr>
<td>Slicing Cucumber</td>
<td>24</td>
<td>1 pound</td>
<td>$2.19</td>
<td>$0.00</td>
<td>$52.56</td>
</tr>
<tr>
<td>Log grown shiitake mushrooms</td>
<td>12</td>
<td>1 pound</td>
<td>$20.00</td>
<td>$0.00</td>
<td>$240.00</td>
</tr>
</tbody>
</table>

Sub Total: $1,096.20
Payments: ($1,096.20)
We started with a walk in cooler and a truck
Sales Growth of Three River Farmers Alliance

2014 Total Sales $92,000
2015 Total Sales $251,000
2016 Total Sales $351,500
2017 Total Sales $413,500
2018 Total Sales $486,200
2019 Total Sales $602,758
2020 Current Sales $2,077,308
Cost to Individual farms depends on sales

Heron Pond Farm total wholesale: (2019)$198,000.

Cost of wholesale paid to Three River: $31,680.

16% of sales.
Three River enables us to aggregate a fractured food system

Distribute local food into the existing mass food marketplace

This makes a seamless transition to purchasing local food

As the ease of purchasing local food increases, the demand increases

As demand increases, we become more sustainable, and so does our local economy!
What full circle community to table looks like

- Tuckaway Farm grows autumn explosion for cornmeal
- Vida Cantina realizes it can make amazing tortillas
- The collaboration and effort of both spawn Vida Tortilla
- The local consumer is happy to buy fresh locally made organic tortillas

This is able happen by the growing farmer to chef relationship we and many other have established. But without our customer base, the full community supported circle would not be there.
Next steps for local food

Continue to build local aggregation sites.
- Bring in more producers
- To attract more customers
- To build the next aggregation site

Begin to network these aggregation sites
- A hub of hubs
- A hubba bubba
Some of the connections that can be made with current aggregation sites

- Connections between site can help with product flow
- Customer satisfaction goes up when all their needs are met
  - Just as the local aggregation helps the small grower, regional aggregation can help each cooperative.
Aggregation Proves Viability

Bigger distributors want a piece of the local food market.

They want it because their customers are asking for it.

There customers are asking for it because there is a proven marketplace built from the grassroots.

Is the future of local food partnering with the existing food distribution system?
Big picture ideas

May be that the role of local aggregates will be to move between $500,000-$1,000,000 of product a year through their own routes.

Local food aggregation’s main goal may become aggregation of local, small farm produced goods for large regional buyers.

In this way local food aggregators like Three River are a pathway for the small farm into the existing food system.
Contact Information

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