

TABLE OF CONTENTS

PREFACE	1
Why Sell Local?	
INTRODUCTION	
How to Use This Publication	3
Self-assessment	4
Resources for Business Planning and Enterprise Budgeting	6
DIRECT MARKETING	7
Why Direct Market?	9
Farmers' Markets	11
Community Supported Agriculture	25
Agritourism	33
Pick Your Own	45
Roadside Stands and On-Farm Stores	49
INTERMEDIATE MARKETING	
Introduction	57
Restaurants and Grocery Stores	59
Institutional Food Service	61
Brokers and Distributors	69
Collaborative Marketing	73
HOWEVER YOU MARKET, KNOW THIS STUFF	
Local Regulations	80
State Regulations	81
Food Handling and Food Safety	86
Liability	91
Pricing	95
Branding, Labeling, and Third-Party Certification	99
Season Extension	102
Value-Added Processing	104
Internet Marketing	106
Finding Farmers	107
APPENDICES	
A: Fact Sheets for Sales of Produce, Meat, Poultry, and Eggs	108
B: Supporting Information for Sales of Meat, Poultry, Eggs, and Dairy	113



PREFACE

If you are a farmer who has decided to market your products locally, learning about your marketing options and developing a marketing plan are the most important tasks ahead of you. Dave and Florence Minar, organic dairy farmers who decided to direct market their milk and built an on-site creamery, were once asked what was the most challenging aspect of putting together a business plan to build the creamery. Dave said “Marketing is the most important

piece [of the planning]. If you can’t sell it you can’t do it.” Florence agreed. “It’s a lot easier to produce it, than it is to market it. Producing—you’re working with machines, you have your recipe, and it’s pretty basic. As long as you keep everything clean and sterile, it’s pretty much like cooking, it does what you want it to. But marketing—you’re working with people, and that’s a whole different ball game.”



“Marketing is the most important piece (of the planning). If you can’t sell it you can’t do it.”

—Dave Minar

CEDAR SUMMIT FARM

Why Sell Local?

The local food movement is gaining popularity. The food for the average American meal travels an estimated 1,500 miles from the farm gate to someone’s plate. As fuel prices rise and the environmental consequences of fossil fuel use become more apparent, it makes sense to look for ways to transport food shorter distances. Then, too, food that travels a short distance from farm to plate is more likely to be fresh. Chefs are discovering that they can do better things with food if their raw materials—the fruits, vegetables, meats, and dairy products—are fresh and of high quality. This has opened

up a market for local food raised by farmers who take pride in growing a quality product.

Urban and rural residents are learning that they like to have direct connections to farmers and farm life. They like knowing where their food comes from and knowing that it was grown by family farmers who take good care of their farmland and their animals. This concern on the part of consumers is opening up more opportunities for farmers to direct market, or to sell their products through channels that keep the farmer’s identity connected to the product.

“Local Food” used to be linked almost completely to direct marketing, where the farmers and consumers had face-to-face contact. Direct marketing is still a very important part of the local food movement, but there are more opportunities now than ever before to sell locally without having to do all of the marketing work yourself.

Health and nutrition concerns create a demand for local foods as well. People are realizing that a diet rich in fruits and vegetables is very important for good health. This creates demand for farmers’ markets and community supported agriculture (CSA). The demand for fresh, local fruits and vegetables also improves opportunities for farmers to sell to grocery stores and co-ops, as well as to distributors who supply restaurants and food services. And, while the human health benefits of grass-fed or pasture-raised meats and dairy products remain controversial, consumer perceptions of the healthfulness of these products drives demand.

Just how local is local? Many of the farmers’ markets in Minnesota draw a circle with a 50-

mile radius around themselves, and all vendors at that market must farm within the circle. A group of brave individuals associated with White Earth Tribal and Community College near Mahanomen, Minnesota made a pledge to eat only locally grown foods for a year—and defined “local” as “within 250 miles.” Researchers in Great Britain estimated that pollution and other damage associated with transport of food could be reduced by 90 percent if all food were grown within 12 miles of where it was eaten. Minnesota has the Minnesota Grown program and other states have similar marketing programs; these suggest that food grown within the state is considered local. Of course, some parts of Minnesota are closer to Wisconsin or Iowa or the Dakotas than they are to other parts of Minnesota. How local is local? We don’t pretend to have the right answer, and different farmers with different products will find different answers to the question. We do encourage farmers to explore their own communities, and see the marketing opportunities that are there.

Resources

Farm costs and food miles: An assessment of the full cost of the UK weekly food basket. 2005. J.N. Pretty, A.S. Ball, T. Lang and J.I.L. Morison. *Journal of Food Policy* 30, 1-19.

Local Food Challenge. Contact Steven Dahlberg, White Earth Tribal and Community College, 202 S Main St, Mahanomen, MN 56557. (218) 936-5610, sdahlberg@wetcc.org. Retrieved December, 2006 from: www.localfoods.umn.edu/challenge.

Local Food Touted as Healthy Alternative. 2005. D. Gunderson, Retrieved December, 2006 from: news.minnesota.publicradio.org/features/2005/12/20_gundersond_eatlocal/

INTRODUCTION

How do you get started selling your food locally? The whole concept can be overwhelming. When you decide to sell your farm products directly to consumers, you are responsible for finding people who will buy your product and then negotiating the sales with them. You are responsible for the preparation, packaging, price-setting, and maybe even the delivery of your product. You have to learn a whole new set of skills. If you decide to sell your products to a retailer or a wholesaler, that takes a set of skills, too. You do not deal directly with the end consumer, but you do have to meet your buyer's requirements for packaging, product quality and consistency, verification of production standards, storage, shipping, and liability coverage.

The good news is that you don't have to start from nothing. There are quality resources available to help you make a plan. There are

How to Use This Publication

This book is partly stories about farmers, partly the condensed wisdom of farmers and their advisors, partly hard-to-find information about food marketing issues, and partly cheerleading for local food systems. Sometimes when you are starting something new the most important thing is knowing what questions to ask. We hope this book will help you to ask the right questions as you develop a plan to sell local food, and set you on a path to successfully establish or strengthen a local food enterprise!

We begin by asking you to think about your personal preferences and strengths for conducting business. Next we provide an overview of different marketing systems and include profiles of farmers who have used those systems. The lists of resources that follow each option allow you to examine in detail the options you find most appealing.

Toward the end of the book we cover topics that apply to any farm enterprise: local and state regulations, pricing, liability, branding and

people who have already developed local food marketing systems that work. These people are a great resource, too. Some of them are profiled in this publication; others are listed in local food directories. Some of them are speaking at workshops or showing displays at events around the state. Many of them are just a phone call away, and generous with their time to answer questions and provide encouragement.

There are many ways to market. Some farmers start with one approach, such as farmers' market sales, and remain with it for years. It is more common for farmers to use a combination of approaches, and gradually move to the one that works best for their goals and operation, as the Petersons did when they transitioned from selling at a farmers' market to building a roadside stand (see Profile: Peterson Produce Roadside Stand on p. 50).

labeling, and use of the Internet. Refer to those sections to find information and resources that will help you work these issues into your marketing plan.

You can read this whole publication from front to back or you can skip around to whatever topics interest you.

If you want to begin a new enterprise we strongly recommend that you spend some time working on a business plan—even if you are planning to start small. We do not cover business planning or enterprise budgeting in this book because there are some good resources for those things available elsewhere. We do include information about how to find those resources. Choose a business planning resource that you like, and keep it handy to help you find answers to the questions posed by the business planning process.

Self-assessment

Choosing a local food marketing strategy that works for you depends a lot on your personal preferences, the amount of product you can produce, and your tolerance for things like state inspections, customer contact, food preparation, and risk. Check the charts below to see what kinds of marketing might work best for you. Don't let this exercise confine you, though. If there's one defining feature of the local food movement, it is creativity. You just might find a new way to do things that matches your preferences.

locally, we don't necessarily mean direct marketing. Some of the most visible local food sales are direct from farmer to customer, but there are growing opportunities to connect to a local food system in other ways.

For each of the topics, below, find where your preferences are on the upper row. Then draw a vertical line through the chart at that point, and see which types of local food marketing are close to that line on the bottom row. Copy those marketing options onto the worksheet that follows these charts.

Customer Contact

You don't like working with the public		You can handle person-to-person interactions		You are energized and joyful from working with people	
1	Broker or distributor	Restaurants, grocery stores, food services	Farmers' market	Pick-Your-Own CSA	Agritourism, on-farm store

Liability

You want to limit your liability as much as possible		You can tolerate some liability		You are not at all bothered by liability/risk	
2	Fresh, raw fruits and vegetables through a broker, distributor, or co-op	Fresh, raw fruits and vegetables sold to a restaurant, grocery store, food service	Fresh, raw fruits and vegetables through farmers' market or CSA. Meat sales through broker, distributor, co-op, food service, grocery store	Retail meat sales through farmers' market or CSA. Processed foods by any sales method	Agritourism, on-farm store

Pricing

This pricing chart is just a very general guide. Categories can shift a lot on this scale, depending on your product quality and whether it is considered a "specialty" product.

You are satisfied with a wholesale/ commodity price		You want more than a wholesale/ commodity price		You want a premium price	
3	Broker, distributor, institutional food service	Grocery store, restaurant	Farmers' market, roadside stand, CSA, pick-your-own	On-farm store, agritourism, Internet sales	

Regulations

You want little involvement with regulations and inspections		You don't mind regulations and inspections		You welcome regulations and inspection	
4	Fresh, raw products Brokers and distributors Farm stand or other sales from farm premises	CSA	Farmers' market	Restaurants, grocery stores, food services	Any sales of processed products, agritourism

Paperwork, Meetings, Organization

Dislike all three		Can tolerate a moderate amount		Like all three
Small-scale sales from farm premises, farm stand, pick-your-own	Broker, distributor, agritourism	Farmers' market, restaurant, grocery store, food service, on-farm store	CSA	Cooperative or collaborative

5

Your Preferences Worksheet

Under each topic, write the top three or four marketing options that came closest to the line you drew through your preference:

Customer Contact

Liability

Pricing

State Regulations

Paperwork,
Meetings,
Organization

Are there marketing options that show up under several topics? Those options might be a good place for you to start. Again, don't feel confined if some options didn't seem to match your preferences. You might find a way that works for you to do those things—or you might discover talents that you didn't know you had!

Once you have an idea of local food marketing options that might work well for you, you can start some serious planning. There are a number of good publications that can assist you in the planning process. We hope that this book will be a useful tool to help you find the information that you need to develop your goals and business plan for your local food marketing enterprise.

6

Resources for Business Planning

Building a Sustainable Business: A Guide to Business Plan Development for Farms and Rural Businesses. 2003. G. DiGiacomo, R. King and D. Nordquist. Minnesota Institute for Sustainable Agriculture (MISA). Available in full text online or from: MISA, 411 Borlaug Hall, 1991 Upper Buford Circle, St. Paul, MN 55108. (612) 625-8235 or (800) 909-6472. misamail@umn.edu. www.misa.umn.edu/vd/bizplan.html. This guide with worksheets steps you through the major tasks of creating a farm business plan—identifying your values, reviewing your mission and goals for your enterprise, developing and implementing a strategic plan, and implementing the plan.

Una Guía para Desarrollar un Plan de Negocios para Granjas y Ranchos. 2006. J. Garcia. Available in full text online or from: University of Missouri

Extension Service, Community Food Systems and Sustainable Agriculture (CFSSA) Program, 204 Gentry, Columbia, MO 65211. (573) 884-3794. garciaJL@missouri.edu. agebb.missouri.edu/sustain/espanol/negocios.pdf This is condensed version of the Building a Sustainable Business publication, translated into Spanish. It includes Spanish language worksheets.

Business Planning and Management Resources. Appropriate Technology Transfer for Rural Areas (ATTRA). Available in full text online or from: ATTRA, PO Box 3657, Fayetteville, AR 72702. (800) 346-9140 (English) or (800) 411-3222 (Español). http://www.attra.org/marketing.html#business. This list of resources includes workbook and sample enterprise budgets for several types of agricultural enterprises.

Resources for Enterprise Budgeting

An enterprise budget is a detailed calculation that takes into account all of the expenses that you will have to produce a product, and provides an estimate of how much profit to expect per unit of product that you produce.

Enterprise budgeting can help you identify areas where you need to look for ways to cut costs, and can help you decide what volume you need to produce in order to reach the income level that you want from the enterprise.

Enterprise Budgets—Planning for Profit. Ministry of Agriculture and Lands, Government of British Columbia. Retrieved December, 2006 from: www.agf.gov.bc.ca/busmgmt/budgets/index.htm. This website links to a variety of enterprise budgets based on Canadian data; fruits, vegetables, herbs, livestock, bees, poultry, value-added processing; small farm and organic options.

Enterprise Budgets Help Farmers Plan for Profits. Center for Integrated Agricultural Systems (CIAS), University of Wisconsin. Retrieved December, 2006 from: www.cias.wisc.edu/archives/2006/04/04/enterprise_budgets_help_farmers_plan_for_profits/index.php. This website links to interactive budget templates for pastured poultry, dairy sheep, dairy goat, and specialty foods.

Iowa Vegetable Production Budgets. 2006. Leopold Center for Sustainable Agriculture. Publication no. PM 2017. Available in full text online or from: 209 Curtiss Hall, Iowa State University, Ames, IA 50011. (515) 294-3711. leocenter@iastate.edu. www.extension.iastate.edu/Publications/pm2017.pdf. This publication

contains enterprise budget templates for 14 fruit or vegetable crops commonly grown for markets.

Ohio Enterprise Budgets, The Ohio State University. Retrieved December, 2006 from: www.agecon.ag.ohio-state.edu/programs/FarmManagement/Budgets/. Scroll down to year 2003; links to budgets for a variety of enterprises including fruits, vegetables, livestock, Christmas trees, aquaculture, equine.

Crop Rotational Budgets for Three Cropping Systems in the Northeastern United States R. G. Brumfield and M. F. Brennan. Rutgers University. Retrieved December, 2006 from: www.cook.rutgers.edu/~farmmgmt/ne-budgets/nebudgets.html. This website links to enterprise budgets for a variety of field crops, vegetables, fruits, and livestock under conventional, integrated cropping system, or organic managements.