

Food for Thought: Community-Based Food Systems Enterprises

Issues for the 21st Century Food System
Third in a Series

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Introduction

This paper is an introduction to the concept of community-based food systems enterprises, and the potential that the creation and expansion of such enterprises holds for the future of our rural communities and family farms.

The term “community-based food systems enterprise” may sound like a new or complicated concept. But in fact, it’s bringing back the concept of farmers and ranchers producing and marketing their enterprises’ production to consumers, either directly or through restaurants and grocery stores. These enterprises are, in essence, producers working individually, or in groups, growing and raising food using sustainable and environmentally friendly practices — and in many cases adding value to the food products they market.

This concept is a change in direction for today’s farmers and ranchers. Many produce commodities such as corn, soybeans, wheat, cotton and livestock that they ship to distant markets for resale or processing. That commodity-production system has been a mixed blessing — but not to many farmers and their rural communities, notes Mary Hendrickson, coordinator, Food Circles Networking Project, University of Missouri Outreach and Extension.

“Our food system in the United States is globalized and industrialized, and such a system has given American consumers abundant food that is perceived as low cost. But it also has contributed to the loss of smaller farms and the rural communities they supported,” notes Hendrickson.

According to the USDA’s Economic Research Service (ERS), large farms now account for two-thirds of our nation’s agricultural production. And, ERS reports that most small farmers do not report enough income to cover expenses and must rely on off-farm income to survive financially.

The creation and expansion of community-based food systems enterprises can give farmers an alternative to producing often low-margin commodities. And, community-based food systems spur economic development for rural communities — provided the enterprises are locally owned and controlled. That is the key.

Locally owned and locally controlled do not necessarily imply small-scale or marketing to localized markets. Community-based food systems enterprises, when organized appropriately, can foster and supply large and small markets, while still providing

stability and equity to the local community. They are food systems that can operate both parallel and complimentary to national and global economic food systems.

The W.K. Kellogg Foundation has launched Food and Society (FAS), a new initiative of the Food Systems and Rural Development program. The initiative is based on a vision of a local food system for all segments of society that provides safe and nutritious food grown in a manner that protects health and the environment and adds economic and social value to rural and urban communities.

This paper looks at the potential for the creation, expansion and rejuvenation of community-based local food systems enterprises. Some successful enterprises already exist. They serve as valuable models for communities, local farmers and ranchers seeking to create such enterprises.

The paper also provides “food for thought” on policy and other issues that communities face in creating and expanding community-based food systems enterprises. More information, contacts and additional examples can be found at www.foodandsociety.org.

Community-Based Food Systems Benefits to Farmers

One of the beneficiaries of a local food system is the farmer. “Local food systems benefit farmers because they bypass the channels of distribution. Farmers get closer to their customers, and customers get a better deal on fresh food. For the community, it is a social issue,” says Marsha Laux, Iowa State University extension value added agriculture specialist, Fairfield, Iowa. “Farmers work together with others in the community and consumers know where the food comes from. That becomes an avenue for local food systems and a way for consumers to really appreciate the hard work that goes into raising food.”

Similarly, Neil Hamilton, a law professor at Drake University, Des Moines, Iowa, told pork producers during the 1999 Swine System Options Conference in Iowa, that alternative marketing arrangements can create the ability to stay in production by obtaining higher prices, provide opportunities to market special qualities, including unique value-added specialty products, the chance to communicate directly with consumers and also to capitalize on public willingness to support traditional family farmers.

University of Illinois rural development professor and project director for Illinois Specialty Farm Products, Burton Swanson, urges caution as farmers explore such opportunities. But he adds that the local cooperatives, alliances and such that have found success, have generated new income for farmers, revenue streams for local residents and community stability. He often refers farmers to the Illinois Institute for Rural Affairs (IIRA), whose Agricultural Community Action Process is designed to help reverse the downward spiral of farm consolidation and population out-migration.

The Institute's efforts, outlined on the Web site www.iira.org, include helping farmers and rural community developers investigate whether farm products can be processed locally. The site notes, "By processing crops locally, farmers can generate more income for themselves. In addition, a processing plant must recruit non-farm employees. As local farm and non-farm incomes increase, there is more money circulating within the local community, leading to a more prosperous community. In addition, a closer working relationship among farmers and between farmers and the local community generates intangible but real benefits such as increased social capital. This interaction can spur collaboration on non-agricultural issues such as school improvement, health care access or rural infrastructure."

As the following case studies illustrate, selling direct to the consumer and adding value to farm-raised products can indeed lead to higher income for farmers.

Case Study: Community Involved in Sustaining Agriculture

Taking advantage of the public's willingness to support family farmers has led to success for farmers involved with the local food campaign sponsored by the Community Involved in Sustaining Agriculture (CISA), Amherst, Mass. Executive director Linda Enerson says the year 2000 "Be a Local Hero, Buy Locally Grown Campaign" found that 70 percent of farmers participating in the program increased product sales.

The campaign, which was initially launched two years ago in western Massachusetts, is targeted at increasing demand for local farm products and helping to preserve the rural landscape, environment and local communities.

The campaign focuses on farmers as local heroes because they produce farm goods. Food products are labeled so consumers can identify them in the stores. Consumers then become "local heroes" by keeping local farms in business. Retailers help connect the two sides by identifying the local campaign through in-store promotional materials.

In a survey of farmers who participated in the campaign in 2000, about 70 percent said they received higher prices in 2000 than in 1999. More than 90 percent felt the campaign provided greater community awareness of local food systems and 78 percent said the campaign provided improved marketing or outreach tools. Seventy-four percent said the campaign furnished additional or improved market access.

"I think (the campaign) certainly increased overall local consciousness from which I'm sure I have benefited, sales wise," says farmer Dave Gott, The Benson Place, Heath, Mass.

"CISA activities have really helped us build awareness of our farm, its products and expand our connections to the community," adds Joe Sincuk, a farmer participant from Cold Spring Orchard, Belchertown, Mass.

Case Study: Southeast Arkansas Producer-Growers Association

Farmers in Southeast Arkansas take a different approach to producing crops for local food systems, but also have found many benefits. Hurley Jones, president, Pathways Community Development Corporation (CDC), Dermott, Ark., works with farmers to build their capacity to supply local markets, as well as to develop regional markets in large cities.

In addition to local CDC retail outlets and local neighborhood produce marts, Jones says the group is selling produce in Little Rock, Milwaukee and Chicago, at reasonable prices so inner-city consumers can afford to buy fresh food where it is not always available to them.

“Land and people are our greatest resources,” says Jones, “and this is a way to keep local small farmers farming, bring income into our community and even employ young people in the summer. We are developing local capacity to generate income and we are helping to keep talented people in the region.”

Community-Based Food Systems Benefits to Consumers

Research indicates consumers are open to local food systems and willing to support farmers, says Mary Hendrickson, coordinator, Food Circles Networking Project, University of Missouri Outreach and Extension. Consumers benefit from local food systems because they get greater access to high-quality, affordable, fresh and flavorful foods and also often meet and establish relationships with the local farmers who produce the food.

Hendrickson cites a 1996 report by The Hartman Group that estimated about 7 percent of the U.S. population prefers to buy products produced in a sustainable manner. Another 23 percent will pay small premiums for it. In addition, she notes that only 1-to-2 percent of the food consumed in the United States is organic, while the market for organic foods is growing more than 20 percent per year.

“Consumers participate in alternative food systems for a variety of reasons. Many are concerned about the impact of their food choices on the environment. Others want to know how animals were treated during their lifetimes and how they were slaughtered. Still others are skeptical of food safety because they don’t think science is addressing all of the perceived risks,” Hendrickson says.

“There is a growing awareness of food safety concerns,” adds CISA’s Linda Enerson. “Consumers are more interested in who produces their food, where it comes from and how it is raised,” she says. “That link is more important with Mad Cow disease and other food safety issues in the news.”

“People look at crises and respond with an interest in traceability of their food supply and in localizing their food systems,” adds Mark Ritchie, president, Institute for Agricultural Trade and Policy (IATP), Minneapolis, Minn. “People want to know where their food is coming from, especially meat, fresh fruit and vegetables. As a result, we also see an expansion in the number of chefs and high-end food providers placing more emphasis on local foods, such as freshness and variety and knowing the producer.”

Mary Hendrickson says consumers have other reasons for seeking local foods, including ideas of quality, including flavor and appearance, concern about the shrinking share of the food dollar that farmers receive, or worry about the social infrastructure that supports rural life and culture.

Case Study: The Food Alliance

The Food Alliance in Portland, Ore., has found ways to cater to consumer interests. Created in 1994 as a non-profit organization to promote sustainable farming practices and “Good Food for a Healthy Future,” The Food Alliance supplies fresh fruits and vegetables through local food systems and regional markets throughout the Pacific Northwest.

Deborah Kane, executive director, says that success is rooted in the foods produced by farmers associated with The Food Alliance. Food Alliance-approved farmers meet stringent production standards to reduce or eliminate pesticides, conserve soil and water, and provide safe and fair working conditions.

Approved farmers are allowed to identify their produce with a Food Alliance seal that guarantees their fruits and vegetables meet specific standards for ecologically and socially responsible production. The Food Alliance educates consumers about these standards in supermarkets through brochures, point-of-sale materials, posters and in-store demonstrations.

“Consumers recognize and seek out foods with The Food Alliance label. We provide consumers with access to healthy food that is price competitive and that allows consumers to reconnect with local food suppliers and make informed purchase decisions,” says Kane. The Food Alliance works with more than 80 approved farms in Washington and Oregon that market more than 200 varieties of fresh and frozen fruits and vegetables in the Pacific Northwest.

Community-Based Food Systems Benefits to Communities

As the case studies so far would suggest, farmers benefit from greater marketing opportunities with local food systems while consumers receive access to affordable, traceable, high-quality fresh foods.

Value-added and niche production for the local market provide marketing and income opportunities for small farmers. Indeed, they may allow farmers to be able to profitably continue to farm without expanding their land production base.

There are many small farmers in rural areas, and most are not profitable. USDA's Economic Research Service (ERS) reports that while 91 percent of all U.S. farms are classified as small farms and account for 68 percent of the land owned by farmers, small farms account for less than one-third of the value of agricultural production. Most small farmers do not report enough income to cover expenses and must rely on off-farm income to survive financially.

Community-based food systems enterprises that offer small farmers the opportunity to become more profitable keep more small farmers in farming. That's good for communities because it results in more people patronizing local businesses and local service providers. This stimulates local employment, and the resulting increase or stability in population benefits schools, churches and other local institutions.

Inner-city communities can benefit from local food systems as well. Wyatt Fraas of the Center for Rural Affairs, Walthill, Neb., has seen many successful examples of fresh food production within city boundaries and sees potential for more.

"There is tremendous potential for food growth in cities, from rooftop gardens to vacant lots to window boxes," he says, citing program successes in Omaha, Neb., as examples. "So many vegetables can be grown in the city, especially if farmers are willing to help. Farmers can instruct city residents on vegetable production and partner with cities for larger acreage crops, such as sweet corn. Local markets can then be established for produce sales. The partnership is vital for fresh, healthy food access."

Case Study: Appalachian Center for Economic Networks

Athens, Ohio, is a community that has successfully created a local food system that continues to grow. The rural southeastern Ohio community is in a depressed area that suffers from high poverty, high unemployment rates and low median income due to the decline of the area's coal mines.

The Appalachian Center for Economic Networks (ACEnet) has stepped in to help rebuild the economy of Athens and other area communities. "We try to help communities learn how to adapt and reinvent themselves and that includes local food systems," says June Holley, ACEnet founder and president. "The more you can build capacity and

interconnect the pieces, the more resilient the community becomes. That provides the foundation for a local system.”

Farmers in the Athen’s area have always produced fresh fruits and vegetables for farmers’ markets but never had an outlet for leftover or additional production. To that end, the community created a kitchen incubator for processing local foods that is so successful that it serves as a model for neighboring communities. Farmers have learned to create and market their own labeled food products as well as market value-added food products.

“Also, farmers work with ACEnet to bring surplus tomatoes to the kitchen incubator and process them so the juice can be distributed to low-income people,” Holley says. “We had a group, too, that picked an acre of leftover green beans, processed them and sold them as a fund-raiser to help the community. All of these projects are interconnected and have fed off one another and continue to grow.

“Issues such as capacity and gaining access to capital are major challenges for some communities, especially communities in isolated rural areas,” says Holley. “Such communities are not as visible to the public and o policymakers as areas that need help. Local food systems are a way for these communities to begin to flourish.”

Case Study: Farmers’ Market Trust

Development of food markets is a priority for inner-city neighborhoods because local “corner” stores do not generally stock adequate supplies of nutritious, fresh foods. Prices at corner stores also are higher than supermarket prices, notes Duane Perry, project director, Farmers’ Market Trust, Philadelphia, Pa.

In researching local food systems opportunities for the Philadelphia region, Perry finds that the shortage of supermarkets in inner-city neighborhoods means that poor residents must travel out of their neighborhoods to shop, or shop at more expensive corner stores with less selection and poorer-quality food.

“The insufficient access to affordable and nutritious food in lower-income neighborhoods reduces the purchasing power of neighborhood residents and may exacerbate long-term health problems resulting from inadequate diets,” says Perry. “The absence of high-quality, affordable fresh foods in poor neighborhoods reduces the likelihood that individuals will purchase a sufficient amount of these foods.”

As such, Perry says the incidence of childhood obesity and diet-related health problems is growing at a high rate. An estimated one in four Pennsylvania children is overweight and the majority of children in the state consume fruits and vegetables only one-to-three times per week.

“Overwhelming evidence shows that chronic under-nutrition results in poor school performance, anti-social behavior and a variety of short- and long-term health problems among children,” he says. “Lower income children have diets lower in essential nutrients than their middle- and upper-income counterparts. Similar problems plague adults.”

Farmers’ Market Trust is involved with a number of projects targeted at improving food access and inner-city resident nutrition, including more local markets for local foods.

One such project is a school-based fruit market that began in one high school and has now expanded to other high schools and middle schools. Students in the program learn basic concepts of entrepreneurship and then practice the concepts at weekly school markets where affordable, nutritious, fresh fruits are sold to students and faculty. Local farmers host field trips for students, educating them about farming and sustainable agriculture.

Perry says interest in the program has expanded rapidly because of the benefits. Inner-city students, who often are responsible for family food purchases, are receiving education in nutrition and health at an impressionable age. In addition, young entrepreneurs are gaining valuable life skills as they learn about farmers and their role in the food system. Students become empowered and community understanding for rural-urban connections is enhanced.

Farmers’ Market Trust is now putting together a “how-to” manual that includes weekly lesson plans so that teachers in other cities might replicate the market model. Farmers’ Market Trust also will continue to look for ways to expand the project into other schools and nearby states.

Case Study: Crow Garden Project

History reveals that Crow Indians were hunters, not farmers. So it is no surprise that none of the 12,000 Crow Indians who currently reside on the tribe’s reservation near Billings, Mont., are crop farmers.

Charlene Johnson, a registered dietician and tribal member, works with the Indian Health Service at Crow Northern Cheyenne Indian Hospital in Crow Agency, Mont. She has seen an increase in diet-related health problems that she believes is due, in part, to the reservation’s residents not including enough fresh fruits and vegetables in their diets.

Johnson is helping residents to have healthier, complete diets by teaching them how to grow and use fruits and vegetables. She organizes cooking and food preparation classes to teach the Crow how to prepare and cook fresh garden produce. Johnson has involved youth on the reservation, helping them learn more about gardening and healthy diets. Her goal is to help reduce obesity, diabetes, heart disease and other diet-related health problems among the reservation’s residents.

A 60' x 60' demonstration garden was established on the reservation and Johnson's project has helped 30 families establish their own gardens. In addition, a greenhouse is used year-round to grow vegetables and starter and ornamental plants for residents' gardens.

The garden project is receiving funding from the Alternative Energy Resources Organization (AERO). Jonda Crosby, AERO's sustainable agriculture program manager, notes that "a community food system is a collaborative effort to build more locally based, self-reliant food economies in a particular place or area. Community members seek solutions by understanding the relationship between such problems as hunger, open space and natural resource protection, availability of safe and nutritious food and public policies. Community-based food systems support activities that enhance economic and social health through comprehensive solutions to food and agricultural problems."

Community-Based Systems Opportunities: Retailers and Restaurateurs

From restaurants to groceries, food retailers are generally open to purchasing food from local farmers. A survey completed in 2000 by the University of Missouri's Food Circles Networking Project indicates that restaurateurs in Kansas City were very interested in locally grown products.

Only 39 percent of the restaurants responding to the survey were using local products at the time, but 93 percent of those that were not purchasing locally expressed an interest in doing so. The greatest demand from retailers was for vegetables, followed by dairy products, eggs and fruits. Beef, chicken, pork, lamb and fresh-cut flowers rounded out the preference list.

"Restaurants seem to prefer a more direct and personalized relationship to growers," notes Mary Hendrickson, who works with the program. "The purchasing system that they reported as very appealing was direct delivery by producers versus by distributors or fax or Web-based orders."

Hendrickson says convenience also is important. Few restaurant respondents were interested in farmers' markets, buying on-farm or at a supermarket. While 66 percent said cost was a very important factor in purchasing decisions, Hendrickson says 58 percent of those interested in purchasing locally were willing to pay more, on average as much as a 10 percent premium, for local goods.

The Midwest Food Alliance, St. Paul, Minn., (a partner of The Food Alliance and joint project of The Land Stewardship Project and Cooperative Development Services), advises farmers to consider several points before approaching chefs and food service directors about purchasing their products. The Alliance tells farmers they must offer consistent quality, have established prices, provide attractive presentations and adequate labeling and know if their products are market-ready.

“Local food markets are good for a retailer’s bottom line,” says Mark Ritchie, president, Institute for Agricultural Trade and Policy (IATP), Minneapolis. “Some supermarket chains offer bonuses to buyers who exceed the local percentage of purchases when fresh food is in season, because those chains know that it draws customers in to the store.”

Case Study: Kowalski’s Markets

Kowalski’s Markets, St. Paul, Minn., has made a niche with marketing customer service and high-quality perishable products for 18 years as a first-generation, family-owned business. Kowalski’s has four of its own stores.

“I grew up in the Midwest and have always been around rural areas, so when we can buy fresh and buy local, that is what we do. We challenge our buyers in season to buy local as much as they can,” says Bob Kowalski, vice president of marketing. “We have a hometown philosophy and understand farming, and are not far in our urban setting from rural areas.”

Kowalski says his stores’ buyers are charged with obtaining the best product available at the time. He says freshness and farmer respect for the environment are important factors in his stores’ buying decisions. “Our buyers tour the farms where they buy food products. We have found that small farmers are especially ‘eco-conscious.’ They have a lot of expertise and a history of farming and know how to protect the waters that are so abundant in Minnesota.”

Midwest Food Alliance certified farmers are one of the sources of local produce for Kowalski’s. Alliance coordinator Jim Ennis confirms Kowalski’s and Kowalski consumers are interested in their local produce grown under environmentally and socially conscious conditions. In a recent survey of customers who buy Kowalski produce, respondents listed taste, quality, freshness and how the food is produced as keys to their buying decisions.

Kowalski agrees that his stores’ customers are aware of local products and appreciate them. “We use signs in the store to identify locally grown foods,” he says. “Bottom line, it’s all about relationships, getting to know the producers and learning about their business practices and servicing our customers. It’s time consuming but worth the effort.”

Case Study: Our Family Farms

Our Family Farms, a milk cooperative of eight small family dairy operations near Greenfield, Mass., provides milk to 60 grocery stores in western Massachusetts.

Our Family Farms was created in the mid-1990s with small investments from six families. A \$12,500 grant from the Massachusetts Department of Food and Agriculture

helped the cooperative develop a business plan and design a milk carton. Today, each carton has printed, on its side, a short biography of one of the dairy families involved.

Our Family Farms co-manager Debbie Duprey, says, “We are in a densely populated area. There are a lot of well-educated consumers here who are aware of the environment and support local farmers to keep rural areas rural. They care about their food.”

“We benefit from talking directly with consumers,” says Duprey. “We go into supermarkets and give out samples of milk and receive tremendous feedback about the product.”

All of the families take turns attending fairs, and visiting schools and civic organizations to talk about the value of local farmers and their contributions to the rural economy. “The approach is very effective,” says Duprey, adding that sales grow soundly despite the fact that consumers pay as much as 50 cents per gallon more for Our Family Farms milk.

Case Study: Casa Nueva Restaurant and Cantina

Casa Nueva Restaurant and Cantina in Athens, Ohio, accesses some 20 locally owned food operations for many of the foods and beverages served in the restaurant. “Buying locally tends to ensure that we get fresher product,” says the restaurant’s marketing director, Josh Conrad.

From Shade River Farm, a source of in-season, organic produce, to locally gathered and produced maple syrup from Sticky Pete’s, to Monterey Jack cheese and butter from the century-old Minerva Cheese Dairy, Casa Nueva takes advantage of seasonal, local foods available to the restaurant. Conrad estimates that the restaurant currently buys 85 percent of its products locally, and has a goal to increase that percentage to 100 percent in three years.

“We feel that buying locally helps the local economy — especially this Appalachian region where there is not a lot of industry and business,” says Conrad. “We just feel the more that revenue can stay within the community, the better.”

The local effort pays off. Casa Nueva was voted “Best Overall Restaurant in Athens” in 1997, 1998, 1999 and 2000.

Community-Based Systems Opportunities: Farmers’ Markets

U.S. Department of Agriculture (USDA) statistics confirm that farmers’ markets have become a major sales outlet for farmers. The number of markets has grown some 63 percent in the last six years, and the 2000 National Farmers’ Market Directory lists 2,863 farmers’ markets operating in the U.S., which is up from 2,745 in 1998.

USDA's Agricultural Marketing Service (AMS) Farmers' Markets Fact Sheet notes, "Farmers have direct access to markets to increase farm income and consumers have access to locally grown, fresh produce ..."

USDA notes that farmers' markets are an important source of revenue. In a 1995 survey of 772 farmers markets, more than 6,000 farmers say they sold their products only at farmers' markets. Most are small to medium operations with less than \$250,000 in annual receipts and involve farmers who work and manage their own operations.

Urban communities also are becoming more interested in farmers' markets, especially where fresh, nutritious foods are scarce. Farmers' markets are extremely popular in areas where residents participate in USDA's Women, Infants and Children (WIC) Program, use food stamps or are involved with school meals programs. USDA officials note farmers' markets purchases are often eligible for benefits under all of those programs.

"Farmers' markets help to promote nutrition education, wholesome eating habits and better food preparation as well as boost the community's economy," say USDA officials. "Customer acceptance of farmers' markets continues to rise as consumers search for fresh farm products."

Case Study: West Monroe, La., Farmers' Market

Small, local produce growers near West Monroe, La., have found success in pooling resources to operate a farmers' market. Kathy Wyatt, West Monroe community development director, has been involved with the market and has watched it grow in popularity since its creation 15 years ago.

"Growers who have joined together experience the economic benefits of sharing space," says Wyatt. "This way they get more traffic than a roadside stand, and they all can use the same scales and shellers and coolers. Really, the only economic disadvantage is the fuel cost to get here."

The West Monroe farmers' market is a cooperative effort that includes joint promotion and advertising. The market has a central location on a high-traffic street. Most farmers sell their own produce, although some work through vendors that help sell produce for farmers unable to leave their operations for a day due to a lack of manpower.

Many growers specialize in one or two crops, and only local produce can be sold in season. Produce from outside the region can be brought in when local produce is unavailable.

"For consumers, this is the only alternative for fresh-grown produce unless they grow it themselves," she says. "This is top-quality produce for little cost."

Wyatt says the keys to success are finding a good market manager to oversee operations, treating every seller fairly and assuring quality is consistent from seller to seller.

“You have to monitor quality standards, manage inventory and make sure the local foods policy is not violated,” explains Wyatt. “You also have to make sure your finances are in order, and that space rent and equipment-use fees cover the costs. You have to be able to recoup the costs.”

Customer relations also are important, she adds. Market coordinators encourage growers to make any sale a top priority, not just their own sales. Cooperation is the key to make sure every customer is satisfied.

“We have great community support,” says Wyatt. “Our facility was built by volunteer labor, supplies were donated and government agencies have been great resources for helping us find ways for growers to boost production and expand the season. If you have good suppliers and location, and a concentration of consumers, you have what it takes to build and sustain a successful market.”

Challenges Ahead: Government Regulations and Policy

Local, state and national regulations and federal policy present barriers to the creation of community-based systems and to their continued operation. They include:

- *Need for more farmer/rancher education.* “We need public financial support to educate farmers about the opportunities to pro
- *Need for federal farm policy to encourage sustainable, value-added food production.* Current federal farm programs cater to the production of commodities, notes Jerry Nagel, president, Northern Great Plains Inc., in North Dakota. They do this in a number of ways, to include federal crop support, emergency assistance and subsidized crop insurance programs. The Henry A. Wallace Center for Agricultural and Environmental Policy (WAGPOL) at Winrock International, Arlington, Va., would like to see federal agricultural policy explicitly support small and diversified farms, and economic and rural development policies that would promote agriculture as part of rural development programs and policies to stimulate agricultural enterprises. These recommendations are outlined in more detail in their recent publication, “Making Changes, Turning Local Visions into National Solutions.”
- *Need for better market access.* The Wallace Agricultural and Policy publication also stresses the need for market access in the face of consolidation and vertical integration and the need for alternative marketing channels. The report notes, “Farmers are increasingly using direct marketing strategies, including cooperative development, to maintain and increase farm income. Many of them face significant barriers to developing alternative marketing channels ... The Center proposes farmers and others need policies to facilitate development of

marketing channels for direct marketing, cooperatives, value-added activities and farmers' markets."

Challenges Ahead: Marketing

"Matching the interests of consumers who want local foods with producers who are unaware of that consumer interest requires an intricate balance," says Iowa State University's Marsha Laux. "Producers need to gauge demand and find ways to lessen waste and improve utilization while communities consider the infrastructure. Once jump-started, we can look for ways to balance local food systems."

Neil Hamilton, a law professor at Drake University, Des Moines, Iowa, tells pork producers the keys to direct marketing success are:

- Identifying what is unique about what you have to sell;
- Choosing something you like to do;
- Focusing on merchandising rather than just marketing;
- Conducting market research to identify opportunities;
- Delivering a consistent, quality product;
- Reaching the right people; and
- Developing repeat business.

Wyatt Fraas of the Center for Rural Affairs, Walthill, Neb., has worked with farmers in addressing marketing challenges. "Marketing can be successful if you address the obstacles," he says. "For example, marketing is very time consuming. You may have to overcome such factors as geography and regulations. Some markets also require a lot of volume, especially if you work with an intermediary. That takes a group of growers to develop a consistent and timely supply and may require a manager to coordinate it."

Fraas adds that even with challenges, "benefits include increased prices and income, stable markets and enjoyable relationships with partners and customers."

Sweet Potato Cooperative, a community-based food systems enterprise in Mound Bayou, Miss., was created when farmers learned they must change the way they do business or go out of business. The cooperative was formed as a non-profit group to enable Delta farmers to own the means of producing, processing, packaging, marketing and distributing sweet potatoes and other vegetables. Chairman Rogers Morris reports that the cooperative found marketing success with these strategies:

- Start small;
- Stay focused;
- Learn and teach others;
- Listen with an open ear and a notepad;
- Collaborate with key institutions; and
- Seek experienced people.

“Marketing in non-traditional ways, takes new skills,” says Wyatt Fraas. “Farmers must become knowledgeable and learn how to be more than growers. They may need to work with a quality manager, a professional who knows about creating local food systems, and the manpower issue can be a tough, but not insurmountable one to address.”

Conclusion

This paper has defined the concept of community-based food systems enterprises and outlined their benefits to farmers and ranchers, consumers, rural and urban communities, retailers and restaurateurs.

The paper also has identified and described the marketing and government policy challenges facing farmers, ranchers and rural communities in creating and expanding community-based food systems enterprises.

Community-based food systems enterprises offer hope to rural communities struggling to provide jobs and opportunities for families. As noted in this paper, these enterprises provide farmers and ranchers alternatives to low-margin commodity-based production. And, they spur economic development for rural communities while protecting the environment. It is a concept in which everyone wins.

It also is a concept that is not new. Several successful community-based food systems enterprises already exist. They serve as models to be adapted and adopted by other communities. Some have been featured as case studies in this paper.

It is the specific purpose of the W.K. Kellogg Foundation’s new Food and Society initiative to support the creation and expansion of community-based food systems enterprises that are locally owned and controlled, environmentally sound and health promoting. These are enterprises that can foster and supply large and small markets, while providing stability and equity to communities.

More information about the Food and Society initiative, as well as additional examples, can be found at www.foodandsociety.org.

Contact List

Alternative Energy Resources Organization (AERO)

Montana Food Systems Initiative

Jonda Crosby

432 N. Last Chance Gulch

Helena, MT 59601

406.443.7272

Appalachian Center for Economic Networks (ACEnet)

June Holley
94 N. Columbus Road
Athens, OH 45701
740.592.3854

Casa Nueva Restaurant and Cantina

Josh Conrad
4 West State Street
Athens, OH 45701
740.592.9724

Center for Rural Affairs

Wyatt Fraas
101 S. Tallman Street
P.O. Box 406
Walthill, NE 68067
402.846.5428

Community Involved in Sustaining Agriculture (CISA)

Linda Enerson
893 West Street
Amherst, MA 01002-5001
413.559.5338

Drake University Law School

Neil D. Hamilton
2507 University Avenue
Des Moines, IA 50311-4505
515.271.2065

Farmers' Market Trust/RISA

Duane Perry
1201 Chestnut Street
4th Floor
Philadelphia, PA 19107
215.568.0830

Food Circles Networking Project

Mary Hendrickson
Missouri University Outreach and Extension
106 Sociology
Columbia, MO 65211
573.882.3776

Indian Health Service/Crow Northern Cheyenne Indian Hospital

Crow Community Garden Project

Charlene Johnson

P.O. Box 9

Crow Agency, MT 59022

406.638.3487

Institute for Agriculture and Trade Policy (IATP)

Mark Ritchie

2105 1st Avenue South

Minneapolis, MN 55404

612.870.3400

Iowa State University Extension

Marsha Laux

204 W. Broadway Ave.

Fairfield, IA 52556

641.472.3436

Kowalski's Markets

Bob Kowalski

33 Syndicate Street

St. Paul, MN 55105

661.578.8800

Midwest Food Alliance

Jim Ennis

400 Selby Avenue, Suite T

St. Paul, MN 55102

651.265.3684

Northern Great Plains Inc.

Jerry Nagel

P.O. Box 475

Crookston, MN 56716

218.281.8453

Contact List (cont.)

Our Family Farms of Western Massachusetts

Debbie Duprey

P.O. Box 563

Bernardston, MA 01337

413.648.5481

Pathways CDC/Southeast Ark. Regional Development Council

Hurley Jones
209 East Iowa
P.O. Box 392
Dermott, AR 71638
870.538.5236

Sweet Potato Growers Corporation

Rogers Morris
106 Green
Mound Bayou, MS 38762
662.741.2992

The Food Alliance

Deborah Kane
1829 NE Alberta, Suite 5
Portland, OR 97211
503.493.1066

University of Illinois at Urbana – Champaign

Burton Swanson
412 Mumford Hall
1301 West Gregory Drive
Urbana, IL 61801
217.244.6978

USDA Farmers' Markets Web site

www.ams.usda.gov/farmersmarkets

**Henry A. Wallace Center for Agricultural
& Environmental Policy**

Agricultural Policy Project
Kate Clancy
Winrock International
1621 N. Kent St., 12th floor
Arlington, VA 22209
703.525.9430 ext. 672

West Monroe Community Development

Kathy Wyatt
2305 N. 7th Street
West Monroe, LA 71291
318.396.2600

About the Kellogg Foundation

Since its inception in 1930, the W.K. Kellogg Foundation has focused on building the capacity of people, communities and institutions to solve their own problems. Kellogg Foundation programming is guided by the organization's mission: "To help people help themselves through the practical application of knowledge and resources to improve their quality of life and that of future generations."

Programming activities center on a common vision of a world in which each person has a sense of worth; accepts responsibility for self, family, community, and societal well-being; and has the capacity to be productive.

Established programming areas include Health; Food Systems and Rural Development; Youth and Education; and Philanthropy and Volunteerism. Within these areas, attention is given to the cross-cutting themes of leadership; information systems/technology; capitalizing on diversity; and social and economic community development.

For more information about the W.K. Kellogg Foundation and its programs, contact the Foundation's Web site at: www.wkkf.org.