

Simply Sustainable

working to sustain western agriculture



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Western SARE "Strengthening Agriculture's Infrastructure" Conference Edition

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Western SARE Center:

V. Philip Rasmussen, Director
Utah State University
4865 Old Main Hill
Logan, Utah 84322-4865
phone: (435) 797-2257
fax: (435) 797-3344

Western SARE PDP Program:

Jim Freeburn, PDP Coordinator
2753 State Hwy 157
Lingle, Wyoming 82223
phone: (307) 837-2674
fax: (307) 837-2963

Find Western SARE online at:
www.westernsare.org



BUILDING RESILIENCY INTO AGRICULTURE'S INFRASTRUCTURE

The system that gets American food to American tables provides economic rewards to a long chain of participants. To find ways to reconfigure the nation's food system so more value stays in food-producing communities, over 215 farmers, ranchers, ag professionals, researchers, buyers, agri-business and NGO staff, and agency officials participated in the Western SARE-sponsored ***Strengthening Agriculture's Infrastructure: Adding Value, Breaking Down Barriers, Increasing Profits*** on December 3-5, 2012 in Portland Oregon. These food and farming leaders gathered to learn directly from 45 accomplished speakers, to network and consider potential partnerships, and to discover existing technical and financial resources.

Dig deeper and learn more about what challenges, solutions and opportunities were raised at the conference by checking out the video and audio from sessions, speakers' Powerpoint presentations and copies of posters that are all available for viewing and downloading at westernsare.org/infrastructure.



Cinda Williams and Cindy Lair speak at the "Strengthening Agriculture's Infrastructure" Conference

SARE celebrates its 25th anniversary in 2013. The thoughtful and meaningful dialogue prompted by this conference will help to frame the next 25 years of SARE.

Western SARE organized this sold-out educational and partnership-building conference with the goal of preparing our region's agriculture for sustainably processing, marketing and distributing high quality food in systems that:

- Draw consumers closer to food producers;
- Increase economic viability of food producers of all sizes;
- Expand the marketplace for sustainably produced food;
- Increase community food security;

- Assure abundance in the face of increasing fossil fuel costs.

In the context of this event, "infrastructure" meant the elements beyond the farm field that get food to consumers' plates. These elements include processing, distribution and marketing chains, along with the relationships and resources that make the links of those chains strong and functional.

Western SARE made hosting this event a priority because stakeholders across the Western region repeatedly stated that a lack of and barriers to adequate infrastructure was holding back the profitability of producers and hindering the development of

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MEASURING THE IMPACTS

What did the **Strengthening Agriculture's Infrastructure** conference attendees bring to this event and what did they leave with? Participants shared that they were "always looking to learn new ideas and ways to develop collaborative partnerships" and aspired to learn more about "building successful regional networks and bringing financial resources to those to effectively leverage all efforts and improve outcomes."

"Critical to all of us is how to keep programs running over the long term, past the initial grant funding."
 — post-conference evaluation comment

"These conferences are great because they energize and allow us to take these great discussions back to our communities. Most of the marketing issues are relevant to larger scale producers. Establishing cooperatives aiming at small scale producers would be great."

— post-conference evaluation comment

To effectively measure the impact of the conference and to determine if participants' expectations were met, Western SARE staff asked attendees to complete pre-and-post conference surveys. These surveys aimed to get their impressions of the event, to ascertain what people knew and learned about the conference topics, and to



assess what they intended to do with what they learned.

Based on those survey results (1), Western SARE learned that the conference was highly rated by participants. Importantly, it appears to have increased both knowledge levels and intended future actions of participants. The conference was rated a bit too general by some attendees, but that view tended to be held by a small group of people who arrived with a higher level of expertise.

Over 93% of the post-event survey respondents rated the conference very good to excellent. Fifty-six percent rated it excellent; no one rated

"Lots of good connections and motivation!"
 — post-conference evaluation comment

the conference poor or very poor.

When posed with the question "Do you anticipate any economic benefit to you as a result of what you learned at this conference," 53% of respondents said yes and 34% said it was too early to tell.

Sixty to seventy-eight percent of conference attendees who completed the



"I really enjoyed it all. Big business and small."
 — post-conference evaluation comment

pre-event survey knew nothing or were at a beginners' level on eight of the twelve conference's workshop topics. The topics about which conference attendees appeared to learn the most about were:

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¹ 144 attendees completed the pre-event survey and 97 attendees completed the post-conference survey. Recognizing that the 97 who completed the post-event survey were not necessarily a subset of the 144, the results should be viewed with some caution. Western SARE considers this a conservative interpretation of the survey data.



STRENGTHENING AGRICULTURE'S INFRASTRUCTURE

ADDING VALUE, BREAKING DOWN BARRIERS, INCREASING PROFITS

KEYNOTE SPEAKERS AND PLENARIES

SETTING THE STAGE

Two keynote speakers set the stage for the two-day conference with broad perspectives on the state of today's agricultural infrastructure: Fred Kirschenmann, distinguished fellow at the Leopold Center for Sustainable Agriculture (leopold.iastate.edu) and president of Stone Barns Center for Food and Agriculture, and Ken Meter, a food system analyst with the Crossroads Resource Center (crrworks.org).

Meter observed that in the current ag system wealth created in production communities often ends up in the financial sector.

On a similar note, Kirschenmann said that ag input suppliers realize that

"Local foods may be the best path toward economic recovery in the United States. We may be the ones building the basis of the U.S. economy."

— Ken Meter,
Crossroads Resource Center

when farmers have more money, suppliers can extract more money. And while crop prices may be increasing, said Kirschenmann, "that doesn't necessarily equate into wealth as the cost of inputs is growing rapidly."

Both speakers acknowl-

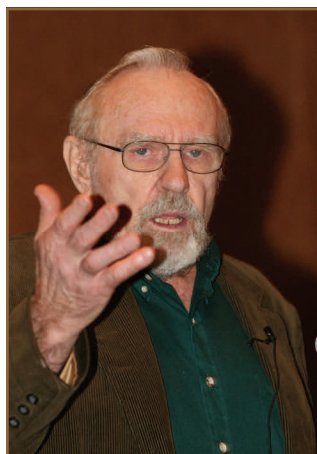
edged that the growing trend toward consuming food closer to where it's grown is having a powerful impact on the food system and putting more wealth back into growers' hands.

"A food revolution is now taking place that evolved from local food systems," said Kirschenmann. "The local food movement has started to engage consumers, and consumers are turning from passive food recipients to active food citizens." He added, "As food citizens become engaged they will become a political voice." Kirschenmann advised participants to be alert for and aware of these political opportunities.

"Local foods," said Meter, "may be the best path toward economic recovery in the United States. We (community-based food systems) may be the ones building the basis of the U.S. economy."

To illustrate dysfunction in the current ag infrastructure system, Meter cited a study of four counties in northeast Oregon. The counties had \$500 million in ag production, but at a cost of \$550 million, meaning a \$50 million loss. Of the inputs used to produce that value, \$225 million came from outside. Further, consumers in the region spent \$322 million for their food, but 90% of that food, or \$290 million, came from outside the region.

Adding up the \$50 million



Fred Kirschenmann



Ken Meter

production loss, the \$225 million loss to outside inputs, and the \$290 million spent buying outside food meant an annual loss of \$565 million.

"This story is not atypical," said Meter. But he said that small steps can begin to

"A food revolution is now taking place that evolved from local food systems. The local food movement has started to engage consumers, and consumers are turning from passive food recipients to active food citizens. As food citizens become engaged they will become a political voice."

— Fred Kirschenmann,
Leopold Center for
Sustainable Agriculture

“The emerging market in the middle is highly differentiated and includes thinking and planning for resilience. Resilience is a term that’s appearing more and more — and that’s a positive sign.”

— Fred Kirschenmann,
Leopold Center for
Sustainable Agriculture

correct the problem. For example, if consumers in the region each spent \$5 a week on local foods, it would bring in \$28 million in food income.

Meter acknowledged that direct food sales account for only 0.4% of what farms sell, but he said that direct food sales are rising rapidly, doubling in the last 15 years.

Kirschenmann said agriculture is facing another serious hurdle in the way it produces and distributes food as it nears the end of what he called “the neo-caloric era.”

To put that in perspective, he said that before the introduction of agriculture, the hunters and gathers extracted 20 calories in food for every calorie of energy expended. When agriculture came along, farmers produced 10 calories for every calorie expended.

In the neo-caloric era, which began in the 20th century, and especially after World War II, farmers doubled, tripled or even quadrupled yields. But they produced only about 1 calorie of food for 10 calories invested, and they have done it using old calories – fossil fuels, phosphorus and the like – and those will someday run in short supply.

“How will we function when we don’t have these old calories?” asked Kirschenmann. “Can I still continue to do what I’m doing when the old calories are gone, when climate changes impact our weather, when we run out of water? These are the questions we need to address.”

Kirschenmann advised harnessing the wisdom of the

past with the science of the present, for example, scaling up innovative farming techniques like permaculture. Or following the lead of Mother Nature, which farms with perennial crops whose roots penetrate 12-18 feet into the earth as opposed to annual crops, with roots only 12-18 inches deep.

Another concern that needs attention is what Kirschenmann described as agricul-

Instead of being the lowest cost supplier of an undifferentiated commodity, farmers can gain a competitive advantage by “providing the market with a unique and superior value in terms of quality, special features or after-sale services.”

— Fred Kirschenmann,
Leopold Center for
Sustainable Agriculture

ture’s “disappearing middle.” In 2007, the number of U.S. farms rose from 2.1 million to 2.2 million, but the increase came from farms above \$500,000 in revenues and those below \$5,000.

Those in between, the ones that own most of the land, are disappearing. One reason, he said, is that large buyers tend to deal with larger producers to avoid high transaction costs. It’s cheaper, for example, to buy 10 boxes from one producer than it is to buy one

box from each of 10 producers.

But for farms, bigger isn’t necessarily better. Kirschenmann cited research from Mike Duffy of Iowa State University, which found that farms reach peak efficiency at 600-900 acres – you get bigger and you begin to lose efficiency.

Instead of being the lowest cost supplier of an undifferentiated commodity, he said, farmers can gain a competitive advantage by “providing the market with a unique and superior value in terms of quality, special features or after-sale services.”

Kirschenmann listed several relatively new agriculture ventures that have gained competitive advantages in the marketplace working through producer partnerships to develop values-based supply chains. Among these are Country Natural Beef, Shepherd’s Grain, Niman Ranch, Organic Valley and Red Tomato.

Such enterprises, he said, seek cooperation rather than domination. And they’re appealing to younger producers. While today’s farmers are typically in their 60s, said Kirschenmann, the average age in these producer cooperatives is 46 and getting younger.

“The emerging market in the middle is highly differentiated and includes thinking and planning for resilience,” he said. “Resilience is a term that’s appearing more and more – and that’s a positive sign.”

RESPONSE TO KEYNOTE PRESENTATIONS

In response to Kirschenmann’s and Meter’s presentations, two entrepreneurs in the business of agricultural cooperatives, Theresa Marquez and Karl Kupers, shared some of the wisdom each has gained in the growth of their respective enterprises.

Marquez, the mission



Fred Kirschenmann, Ken Meter, Theresa Marquez, and Karl Kupers

executive for Organic Valley (organicvalley.coop), the country's largest farmer-owned organic brand, said her cooperative started building infrastructure in 1988. "We're a cooperative," she said, "but we're an unusual cooperative because we were started by farmers who hated co-ops."

Kupers is a co-founder of Shepherd's Grain (shepherdsgrain.com), a ten-year-old Pacific Northwest cooperative of wheat producers that markets to millers and bakers throughout the West. "Shepherd's grain evolved around one concept: connecting the farmers to the consumers," said Kupers. "Shepherd's Grain is all about reaching out to find people with like needs and like desires to form partnerships."

Kupers said that his observation is that monocultures often exist not only in crop production but in agriculture infrastructure and research as well.

He said that people can usually tell when something is in a rut. On the flip side, it's common to hear that something is in the groove. So, he asked, "When does a groove become a rut?"

Kupers, who has served on the Western SARE Administrative Council and as its chair, said the organization has done a great job of funding research on the production, but Western SARE needs to also focus more resources on the marketing side.

He said that connecting food systems and the culture of food can reenergize

agriculture, adding that the key is that "it's always about relationships."

Marquez agreed that people need to be educated that food and farming are connected. She calls it "the good food and farm movement." Indeed, a good place to begin building agricultural infrastructure, she said, is in talking to consumers and telling the farmers' stories.

"We have to build something different from conventional agriculture, which I call the ostrich syndrome: How do we dig people's heads out of the sand?" she asked.

Marquez also urged people to start cooking. "Teach your kids to cook. Wear them down and make them cook."

"So it all starts with agriculture. We are partnering with growers as nothing is accomplished without grower understanding, buy-in and support."

— Steve Balling,
Del Monte

MEETING THE CHALLENGES

Three leaders in their fields – a food processor, a rancher and a university researcher – described their work to portray how they're working to meet the challenges facing agriculture and its infrastructure.

The three discussed their views in the "Meeting the Challenges" panel discussion.

Steve Balling, director of agricultural and analytical services for Del Monte (delmonte.com), a \$3.8 billion multinational company, told conference attendees that his



Steve Balling, Stacy Davies, and Gail Feenstra

against "confirmation bias," which he said can drive people into an information cocoon.

"When I speak to the industry I try to turn doubters into believers. I hope to break the monoculture in this room," he said, adding, "We've learned a lot from you. I look around the room and I see the leading edge of agriculture."

Balling said that Del Monte's strategy over the past few years has focused on refining its efficiencies in distribution, packing, processing and partnerships with growers.

For example, Del Monte

has reduced by 15 percent the '400 million miles' of goods a year it sells. It's working on more recyclable packaging. And it's working to reduce waste in energy and water use, both in its own processing facilities and in concert with its partnering producers. Balling noted 70 percent of Del Monte's product footprint in stores comes from agriculture – namely in the form of water and energy used on the farm.

"So it all starts with agriculture," he said. "We are partnering with growers as nothing is accomplished without grower understanding,

"When I speak to the industry I try to turn doubters into believers... We've learned a lot from you. I look around the room and I see the leading edge of agriculture."
— Steve Balling, Del Monte

perspective isn't so different from their own. He acknowledged that some of them might wonder why he's at the conference, but cautioned

“We’re actually working to get young people into the business. Traditionally, people think farmers have to be landowners; but most successful livestock operations I know of don’t own much land. Now is a good time to get young people into livestock.”

— Stacy Davies,
Country Natural Beef

buy-in and support.”

To address the challenges of more people and less land, which puts more pressure on limited resources, Balling said that agriculture needs to address:

- Pest management. He said 99 percent of pesticides never reach their target. “We shouldn’t be broadcasting pesticides.”
- Nutrients. Half of nutrients applied never reach the plant.
- Water. Irrigation is less than 50 percent efficient, he said, adding that 95 percent of Del Monte’s tomato growers have adopted drip irrigation and reduced water use by 10 percent and increased yield by 20%.

Balling cited four key areas that can help improve agricultural infrastructure:

1. Consumer education. “We need way more food participants,” he said. “Social media are changing the dynamics and helping drive what’s being done.”
2. Agricultural subsidies should end, or at least be applied in the right places.
3. Agriculture needs to tell its story. “The more stories the better,” said Balling. “As an industry, we need to let them understand what farmers really do. There’s not a real fundamental understanding.”
4. We need to build values-based supply chains across all of agriculture – small, middle and large.

Stacy Davies, marketing director for Country Natural Beef (countrynaturalbeef.com), described how this cooperative of family operations evolved from 14 disparate ranches with a common focus in the 1980s to 70 ranches selling 1,000 head of beef a week today.

The cooperative was founded by eastern Oregon ranchers Connie and (the late) Doc Hatfield with the idea of selling naturally raised beef into consumer-driven markets. In the early years, said Davies, the 14 ranches were struggling



Connie Hatfield

economically, and they weren’t environmentally sustainable.

So they took it upon themselves to do something about it, each contributing \$400 a year to a cooperative marketing effort, which basically covered the costs for Connie Hatfield’s travel.

As it turned out, said Davies, the biggest challenge facing Country Natural Beef was its success, which caused some growing pains. That required strengthening partnerships among not only the cooperative’s ranch members but also with the partnering network of groups along the supply chain.

“Our ranchers have found feeders, packers, distributors and retailers that know what they’re doing,” he said.

Davies said partnerships were the key, and he was reminded of something that Doc Hatfield had said: “Sometimes you have to compromise to stay independent.”

Internal education and networking helped the members become more environmentally sustainable and sustainability audits by a third party provided consumer assurance.

Importantly, the ranchers themselves went to retailers to hand out samples of Country Natural Beef.

“This connection of consumers to the ranch is a very important part of our

story,” said Davies.

Through the cooperative marketing effort, Davies said that Country Natural Beef removed the commodity mentality from its product.

“If you’re production-driven, you’re a price taker,” he said, “but if you’re consumer-driven, you’re a price setter.”

In looking to the future, he sees a need for greater research and education, allowing people with capital to partner with people that have ideas.

And there’s a need to draw young people into agriculture.

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ers; but most successful livestock operations I know of don’t own much land. Now is a good time to get young people into livestock. The opportunity in agriculture is in sheep, cattle and goats.”

Gail Feenstra, food and society coordinator at the University of California’s Agricultural Sustainability Institute (asi.ucdavis.edu), offered results of studies on values-based supply chains. Such chains are wholesale marketing channels that preserve the identity of the farmer or rancher who produced the product. The chains also preserve environmental, social or community values imbedded in that produce.

Among the values a product can carry through a supply chain, said Feenstra, are whether it’s locally or

regionally produced, whether it's produced on a small or mid-size farm or ranch or whether it was organically or sustainably produced.

In values-based supply chain:

- Producers are treated as strategic partners, not just as input suppliers.
- Producers are price makers, not price takers.
- Small and mid-size producers are aggregating products.
- Information is shared across the chain.
- A product's value includes the story of the people and their production practices.

To learn what constraints these supply chains face and how to overcome them, as well to find ways to support and strengthen values-based supply chains, Feenstra and her colleagues conducted 11 case studies of food distribution networks across the West.

Among their findings:

- Expertise in distribution and prior investment in infrastructure are important for success.
- Having the right balance of small, mid-scale and large producers in distribution networks is important for financial viability.
- Producers need to take responsibility for their own stories. The ability to communicate authentic stories is critical and may trump the value of being

locally produced.

The research also found these supply chains are highly interconnected, said Feenstra,

"The next generation needs a lot of young, fresh people to help in all phases of the supply chains."

— Gail Feenstra,

*University of California
Agricultural Sustainability
Institute*

not neat concise chains but more like networks.

While supply chain values are clear, smaller producers have difficulty accessing long-term financing and short-term capital. At the same time, traditional sources of capital are not familiar with the supply chains. Still another concern is

the lack of scale-appropriate equipment and infrastructure.

Feenstra said that developing local and regional food processing, storage and distribution facilities could significantly enhance the viability of values-based supply chains.

For the future, Feenstra recommended that to improve values-based supply chains, there needs to be increased communication and education all through the chains. There needs to be more regional infrastructure development, including more feasibility studies, more business plans and new investment and financing options. And partnerships and collaborations must be cultivated.

"The next generation needs a lot of young, fresh people to help in all phases of the supply chains," she said.



Gail Feenstra, Larry Yee, and Karl Kupers

"This connection of consumers to the ranch is a very important part of our story... If you're production-driven, you're a price taker, but if you're consumer-driven, you're a price setter."

— Stacy Davies,
Country Natural Beef

THE 20-MINUTE NEIGHBORHOOD

Lisa Sedlar, a trained chef with more than 20 years in the food business, is passionate about local and healthy food. And her experience portrays some emerging trends in the business of getting food to consumers.

Fresh off her tenure as chief executive officer of Portland's New Seasons Market (newseasonsmarket.com), one of the most successful food companies in the Pacific Northwest, Sedlar has

launched her own brand of convenience stores.

"I'm bringing back the healthy corner store," Sedlar told attendees during her lunch time presentation.

"These will be small neighborhood corner stores focused on health food for grab and go. Small is the big."

Sedlar, in explaining the underpinnings of her Green Zebra Grocery convenience stores, said that the new economy demands a smaller

format and resource conservation dictates fewer trips. When coupled with higher urban densities and increased demand for eating healthy, local foods, the stores made sense.

"I'm looking at the 20-minute neighborhood," she said. "That's what my new stores are all about."

Sedlar launches her new venture after an eight-year run with New Seasons Market, first as president starting in 2005,

“As farmers age, the land will change hands, and the question is ‘What will happen to that land?’ New Seasons’ idea is to provide an outlet for local, home-grown products.”

— Lisa Sedlar,
New Seasons Market

then as chief executive officer starting in 2010. Under her guidance, New Seasons added seven new stores and introduced its own brand of locally sourced green goods.

She said New Seasons Market, which opened in 2000 with 70 employees and a handful of local vendor partners, was founded on several sustainable, values-driven principles:

- Take care of each other
- Take care of the community
- Take care of the environment
- Take care of the regional food shed
- Take the long view in business – look several years out

Under those core philosophies, New Seasons has grown in just 13 years to 2,500 employees working in a dozen stores with two more under construction. It’s gone from a handful of local partners to hundreds, and it does \$300 million a year in business.

During the recession, Sedlar said that those core values helped carry New Seasons through several challenges, including a reduction in sales.

“Sales were down, so we had to decide about labor,” she recalled. “We asked the board of directors, ‘Will you absorb about \$875,000 if we can get labor in line within one quarter?’ I told them I’d ask staff members to fix the

problem.”

Sedlar said many employees, in the spirit of taking care of each other, volunteered to work fewer hours so others could keep their jobs. “Our staff fixed the problem, and we didn’t have to lay anyone off,” she said.

Sedlar said that many companies, as they get larger, lose the bottom-up flow of ideas and opinions. To avoid that, New Seasons created work groups that represented each store to provide a voice in company operations. And she adopted a “get out of jail free” policy in which employees would “never get in trouble saying yes to a customer.” “Sales went up after that policy was put in place,” she said.

Noting that the average age of a farmer in Oregon is

“We’re all in this together. We need to get on the same page as to what we want our regional agriculture to look like.”

— Lisa Sedlar,
New Seasons Market

60, Sedlar said New Seasons is concerned about the aging farm population.

“As farmers age, the land will change hands, and the question is ‘What will happen



Lisa Sedlar

to that land?’ New Seasons’ idea is to provide an outlet for local, home-grown products.” As a result of that philosophy, one-third of the stores’ 10,000 items now come from Oregon, Washington or Northern California.

Asked how rookie producers could get their foot in the retail door, Sedlar advised sprucing up their communications skills. For example, when visiting a retailer, let them know how you grow and when you grow it. And show them what your product looks like – bring them samples.

“We’re all in this together,” Sedlar concluded. “We need to get on the same page as to what we want our regional agriculture to look like.”

USDA’S RESEARCH FOCUS

The concerns that face U.S. agriculture, whether food security or water scarcity, are common among countries around the world, and the solutions to those concerns may well evolve from collaboration.

In making that observation during her lunchtime presentation, Ann Bartuska, deputy undersecretary for USDA’s Research, Education and Economics mission area (ree.usda.gov), noted that issues surrounding health and

food security are front and center on the USDA radar as well as on the minds of people in countries around the world.

On the domestic front, she said that USDA research priorities include food loss and food waste, which comes to 40% of the food produced in the United States.

“If we can recapture one-half of that 40% loss, we’ll be way ahead,” she said.

Bartuska said another priority is addressing the big question of how to connect

rural America with urban America – how to bring agriculture into the big cities, and how to get food to where the people are. The growth of farmers markets, up from 1,755 in 1994 to 6,132 by 2010, has played a small but important role in cultivating that rural-urban connection, she said.

Another research focus is water use and how we look at water allocation. And still another is the relationship between food and health,

USDA research priorities include food loss and food waste, which comes to 40% of the food produced in the United States. "If we can recapture one-half of that 40% loss, we'll be way ahead."

— Ann Bartuska,
Deputy Undersecretary,
USDA Research,
Education and Economics

which she said is being looked at by several federal agencies, including USDA, the National Institutes of Health and the U.S. Department of Health and

Human Services.

"Our investment in sustainable research and development will be maintained," said Bartuska. "We're trying to take advantage of what we do and to leverage private and non-profit investment."

She also acknowledged the contribution of SARE. Noting that SARE conducts science-based research, Bartuska said, "Partnership research has been in the lifeblood of SARE for 25 years. It doesn't exist in that many places. We need to take a step back at USDA to see if we are structured well enough to deliver the goods for the future."

Bartuska added that: "Western SARE's listening sessions (seven conferences held around the West's far-

flung region between October 2007 and March 2010) fit well into that partnership model."



Ann Bartuska

WORKSHOP TOPIC 1: WHAT IS NEEDED FOR FUTURE GROWTH IN REGIONAL PROCESSING

NICHE LIVESTOCK PROCESSING

For U.S. livestock producers, finding suitable outlets for their production has been a challenge, especially for small producers in remote locations.

Darin Saul, associate director of the Office of Community Partnerships at the University of Idaho, said that small-scale ranchers are limited in marketing value-added meat



Darin Saul

products by a lack of available USDA-inspected processing facilities within a reasonable driving distance. As a result, they typically sell their livestock at auction, with few options for branding their products to participate in higher value markets.

Saul is a leader of an interdisciplinary team working on a

USDA Agriculture and Food Research Initiative grant designed to assess livestock producer options (bit.ly/15GVwma). He showed results of a survey designed to assess the interest of producers in northern Idaho and eastern Washington in local processing.

Asked the importance of developing more local livestock processing options, 28% of survey respondents said that it is moderately important while 60% said it is very important. Asked what kind of processing facility would be most useful, 42% said a USDA-inspected processing plant, while 49% expressed interest in a USDA-inspected on-farm or mobile slaughter unit.

Ninety-six percent of those surveyed said they do not currently participate in a marketing cooperative, and of those, 84% said they would be interested in participating in one.

The study area, which includes four counties in eastern

Washington and 10 in northern Idaho, has two USDA-inspected plants and 10 or more custom exempt plants. Saul said cooler space and labor are bottlenecks in these existing facilities, and some owners are nearing retirement.

With cattle, sheep, hog and goat numbers in the study area totaling approaching 100,000 head, and with strong producer interest, it appears that there is potential for more USDA-inspected slaughter and processing in the area.

"The University of Idaho will provide support for any business plans, proposals or other needs that may evolve," said Saul.

One new meat processing plant, Century Oak Packing Company (centuryoakpacking.com), is located on Lonely Lane Farm in Oregon's northern Willamette Valley. The plant came under USDA inspection in February 2012.

Mike Kloft and his wife

Results of a survey sent to producers in northern Idaho and eastern Washington showed that 28% of respondents felt that developing more local livestock processing options was moderately important, while 60% said that it was very important. Asked what kind of processing facility would be most useful, 42% said a USDA-inspected processing plant, while 49% expressed interest in a USDA-inspected on-farm or mobile slaughter unit.

When asked about regulatory or policy barriers, all three members of the panel said there weren't any and that USDA and HACCP were not a problem. Bruce Dunlop stated, "It does take time. But you just budget the time to do it right."

Patty sell 100% grass-fed beef and heritage pork raised with no antibiotics or added hormones on Lonely Lane Farms, a family owned and operated sustainable farming operation founded in 1939.

Kloft became aware of a need and demand for more processing facilities, and his decision-making process included where to locate the niche processing facility and whether to build from scratch or remodel an existing facility.

Once the decision was made to get into processing, he said several challenges had to be overcome, including how to deal with USDA and Oregon Department of Agriculture



Mike Kloft

regulations and address HACCP protocols. Other challenges were construction and design of

the facility and training employees.

Combining the farm and the plant into a vertically integrated operation enables Century Oak Packing to process and add value to the Lonely Lane Farm meats as well as co-pack for other local producers.

"We assist farms and ranches looking to sell high-quality USDA-inspected products directly to consumers, restaurants, grocery stores, buying clubs," said Kloft.

Another model was presented by Bruce Dunlop, a Western-SARE grantee and member of Island Grown Farmers Cooperative, who operate a mobile slaughterhouse unit (igfmeats.com). The group's goal wasn't to build a slaughter unit, but instead began with the goals of expanding and strengthening farmers' economic opportunities, while making better use of the land in San Juan County that was basically fallow. Local consumers wanted to support local farmers and buy meat without growth hormones or antibiotics. USDA-inspected pro-

cessing was required for selling by the cut and fresh to consumers.

Dunlop outlined their successes as running full, their scheduling system of setting dates at an annual meeting for the next year, and that it is a cooperative and collaborative effort. The more collaboration, the less it



Bruce Dunlop

costs for the cooperative to do business and the better the profits for the members on their meat.

Joel Huesby of Thundering Hooves described the reasons for starting his company in 2000 as similar to those of other speakers. He and his wife were struggling to make money from the 4th generation family farm and looking for a way to sell what they raised and add value. They became the first to sell meat at the Seattle farmers market, but had to travel 90 miles away to process. There were continual issues with the packaging and labeling. Huesby noted, "When selling a premium product, you need premium processing. Everything needs to be done right."

So he started Thundering Hooves. He cautions about naming a company – "Thundering Hooves ran away

from me and I was unable to control it."

Huesby built a 53" trailer with an office and no refrigeration because he then could take it to the butcher shop. This unit cost less than \$100,000, not counting labor. By the time Thundering Hooves shut down, it was bringing in \$250,000 per month, with 75% going to wholesale markets.

What brought down the company wasn't infrastructure but inventory (cash to hold). Thundering Hooves had to buy premium cattle to meet supply, yet commodity prices spiked. That, along with family and financial issues did it in.

Lessons Huesby learned include putting slaughter and processing together, do it on a seasonal basis and don't force year-round production, and find other uses for the facility (such as a "commercial kitchen on wheels") or move it to another bioregion where processing is needed. Huesby believes that grass-fed beef should be seasonal, at least in his region.

When the full panel was asked about regulatory or policy barriers, all three said there weren't any and that USDA and HACCP (hazard analysis and critical control points) were not a problem. Dunlop stated, "It does take time. But you just budget the time to do it right."



Joel Huesby

COMMUNITY-LEVEL POULTRY PROCESSING

While consumer desire for locally produced meats, especially poultry, continues to increase across the United States, small-scale poultry producers continue to face infrastructure challenges in trying to supply enough chicken to meet the growing demand.

In 2010, USDA released a study revealing gaps in the regional food systems regarding the availability of processing facilities in relation to where poultry producers are concentrated. The findings



Janie Burns

emphasize the need for an infrastructure shift that makes those critical connections between local producer and local consumer.

But, as presented by two poultry producers, establishing local processing facilities has been anything but easy.

Janie Burns, with Homegrown Poultry (homegrownpoultry.net) in Idaho, discussed the challenges she faced to establish a permanent poultry processing facility – the first state-approved poultry processor in Idaho.

“We have two poultry plants in Idaho, eight miles from each other. But they only

capture three percent of the potential market,” said Burns. “We’d need 60 processors to even meet 10 percent of the demand. That’s why we have taken steps into processing. Because the market is requiring it.”

These two plants are “exempt” from inspection requirements under USDA regulations, meaning that they can process 20,000 birds per year maximum.

Burns shared her experiences as a farmer and as a processor in hurdling the financial challenges of construction and equipment as well as dealing with the many regulations that must be followed to process poultry on a large scale.

“We process about 20,000 birds and we are barely making a profit,” said Burns.

Burns presented an analysis that showed the cost of raising one chicken at \$11.55. Two dollars and eighty-eight cents per pound must be charged just to break even. Most producers in Boise and Sun Valley markets are charging around \$3.50/pound wholesale and \$4.75/pound retail. One example shown of a “conventional” chicken sold in the supermarket was at \$1.53/pound.

Jan Tusick of Mission Mountain Food Enterprise Center (mmfec.org) in Montana shared her experiences of establishing a mobile pro-

cessing unit for the 21-member cooperative, which included the development of a mobile processing manual and farmer training to use the unit.

Tusick said she has run into a number of challenges,



Jan Tusick

including lack of producer involvement, excessive travel to reach the producers, equipment damage and low profit.

In a 2011 assessment, only four producers participated, two backed out of the project and one was sitting on inventory that he couldn’t sell,” said Tusick. In the end, the annual overhead was more than the annual revenue.

Tusick said their annual overhead was \$5,300 and annual revenue was \$5,250, with 3,000 birds being sold at \$1.75/pound.

These experiences show that producers want to meet local demand and are determined to succeed, but they face many challenges, including addressing farmer needs, finding financial resources, responding to the regulatory environment and developing an effective business structure.

including lack of producer involvement, excessive travel to reach the producers,

In 2010, USDA released a study revealing gaps in the regional food systems regarding the availability of processing facilities in relation to where poultry producers are concentrated. The findings emphasize the need for an infrastructure shift that makes those critical connections between local producer and local consumer.

WORKSHOP TOPIC 2: ADDING VALUE

MIXED LIVESTOCK AND CROP OPERATIONS

Across the West, producers are attempting to add value to their crops and livestock as a way to capture increased profits from their efforts.

Three operations from Wyoming, Colorado and Oregon shared their successes

in adding value, and in some cases, their mistakes. In each case, their approaches have allowed them to sell directly to consumers, capturing more of the profits from their respective enterprises.

Mike Ridenour operates Ridenour Ranch and Meadow

Maid Foods in eastern Wyoming. The ranch sells its production to Meadow Maid Foods as well as into standard commodity channels.

Meadow Maid Foods (meadowmaidfoods.com), which sells only products from Ridenour Ranch, conducts its

Motivated to preserve sheep as a vibrant part of the ranch's historic and production integrity, Imperial Stock Ranch began creating retail products from their raw commodities. As a result of their efforts, all of the lamb meat and fiber they produce is now being sold by retail customers.

marketing, sales and distribution through several venues, including community supported agriculture, farmers markets, farm sales and some wholesale to grocers.

"Separating the production side from the consumer side allows us to work effectively to track our finances and, most importantly, our profits," said Ridenour.

He shared some of the operations' success and mistakes.

For livestock, what works for Ridenour Ranch is to produce all natural and 100% grassfed beef, using virtually no vaccines. The ranch calves in the spring in sync with the forage base, and the calves are weaned naturally. Ridenour Ranch's remote location keeps it isolated from "imported" problems, a protection the ranch enhances by home raising bulls and retaining heifers.

Some of the things that haven't worked on the livestock side are pork production, which Ridenour says he might try again some day, and biological weed control, with which he's had variable results.

Processing is a challenge, with the nearest USDA facility 150 miles away, and he's had trouble scaling up, owing to a labor shortage and the continuing drought. "We've had two-and-a-half good years in the last thirteen," he said.

On vegetables, Ridenour said the operation has had

good results using cover crops, which build organic matter and tilth, save water and reduce erosion. Saving seed has helped preserve genetics, develop crops suited to the climate and soil and better resist pests and pathogens.

On the other hand, he said, heavy mulching has proved to be too expensive and labor intensive, although it might be justified in poor soils for a few years.

Finally, Ridenour expressed concern about "inept and excessive regulation," especially as it applies to compost and compost teas and organic certification.

Dawn Thilmany McFadden, a professor of agribusiness with Colorado State University (CSU), described the results of Colorado Homestead Ranches (homesteadbeef.com), an all-natural beef cooperative in Paonia, Colorado.

Thilmany explained that in 1997 five area ranches started selling freezer beef that was local, naturally grazed and raised with no feedlot antibiotics or hormones. In 2000, the group began selling meats processed in plants at Delta and Cedaredge, first through farmers markets and then through retail venues. The group opened Homestead Market in 2002 and began selling products to restaurants.

By 2010, Colorado Homestead Ranches sold 250-300 head of beef garnering sales of \$375,000.

"In 2010, the group

increased the price on many of their beef products and saw little effect on demand," said Thilmany.

In addition to its own production, the cooperative sells products for 20 other local producers of meat products, value-added products and fresh produce.

For the future, Colorado Homestead Ranches sees several challenges and opportunities. For example,



Dawn Thilmany
McFadden

continued growth in local sales demand and other niches will require more customized

processing capacity. And the cooperative may play more of a role in public-private partnerships for redeveloping the region's infrastructure.

Thilmany also discussed the concept of "values-based distribution networks" and how Colorado Homestead Ranches fits this model.

For example, the ranchers are treated as owners and strategic partners rather than simply as input suppliers. Product aggregation allows them to provide increased volumes with reduced transaction costs. The rewards and responsibilities are distributed equitably across the supply chain (sometimes a challenge) and the products are differentiated through local branding and by including the story of the business and its people as a product's value.

CSU is working now to identify how "values-based distribution networks" that involve small- and medium-scale producers are affected by access to financial capital, government regulations and policies and by business and entrepreneurial savvy. It will then try to identify how such chains enhance the financial viability of operations such as Homestead Ranches.



Jeanne Carver

In Oregon, Jeanne and Dan Carver of Imperial Stock Ranch (imperialstockranch.com), motivated to preserve sheep as a vibrant part of the ranch's historic and production integrity, began creating retail products from their raw commodities.

In addition to handcrafted lamb and beef for restaurants, Jeanne Carver has created a line of wool yarns. She has built a network of regional "textile artists" and delivered

regionally crafted apparel to both boutique and national retail markets. The effort culminated with two "headlining" appearances on the runway at Portland Fashion Week, considered the most sustainable fashion week in the world. In addition, they have hosted tours for many diverse groups including Polo Ralph Lauren, Vogue Knitting Events and Yvon Chouinard, founder of Patagonia.

As a result of their efforts,

said Carver, all the lamb meat and fiber produced on Imperial Stock Ranch is now being sold by retail customers. The fiber portion of the ranch business has been separated out to its own business for two years to better manage expenses and to ensure it stands on its own. At current growth and secured purchase contracts, sales of value-added wool product will reach over \$400,000 in 2013.

FRUIT AND VEGETABLE OPERATIONS

Four producers from around the region provided distinctive examples of their value-added enterprises.

Margaret Campos is one of four generations operating Comida de Campos (comidadecampos.com), a four-acre berry and vegetable farm in New Mexico's Rio Grande Valley.

In considering how to add value to Comida de Campos, Campos' mother suggested jams and jellies. So they



Margaret Campos

invested in a communal kitchen, which allowed them to do a variety of creative things. For example, a \$20 bucket of fresh raspberries or blackberries can be made into \$800 in jams and jellies.

Campos said the next project for Comida de Campos is to sell locally produced snacks, like salads, chips and salsa, through vending machines placed in hospitals, office buildings and, eventually, schools. She plans to call it "Los Loco's, Farm Fresh, Conveniently to You."

Campos offered her own experience adopting value-added enterprises as counsel to others considering the same:

- We don't recognize failure; a setback is education
- Every time you add something, you have to ask what you're willing to give up
- If you're already busy, and you want value-added, you have to look at the trade-offs

Wilson Banner Ranch (wilsonbannerranch.com) started more than 100 years ago in Clarkston, Washington, and grows 50 different crops on 50 acres.

Keri Wilson said the ranch started its value-added cider business in the 1980s with the purchase of a wooden screw press. Sales grew slowly until 1996, when the Food and Drug Administration announced the recall of unpasteurized apple juice sold by Odwalla. Wilson Banner Ranch survived the fresh juice scare and got its cider product certified by USDA, but Wilson said it had to go back and educate retailers to buy from

them.

"It helped that no one had ever gotten sick from our cider," she said. "They found trust and romance in a hot cup of cider, so we got back into the stores."

When the farm decided to expand the radius of cider sales from 50 to 100 miles, which included the Spokane area, it discovered that distributors "aren't set up for the little guys." Wilson began the deliveries herself, but soon found that being in the delivery business was not sustainable.

So she cultivated relationships in Spokane, which netted a positive response, and now a Spokane operation is doing the cider deliveries. What's more, that relationship has opened up sales of sweet corn, cherries and pears in the same venues.

Rockey Farms (rockeyfarm.com), a 250-acre operation in Colorado's San Luis Valley, produces 100 different varieties of potatoes sold into fresh and certified seed markets.

"We got tired of growing potatoes we don't like, so we only grow potatoes we like to eat," said Brendon Rockey, who added, "Quality is a big thing for our farm."

To achieve that quality, the farm has its own tissue culture lab, and it spends a lot of time focused feeding the soil. "We've gotten away from chemicals and add life to the

"We got tired of growing potatoes we don't like, so we only grow potatoes we like to eat. Quality is a big thing for our farm."

— Brendon Rockey,
Rockey Farms

“Part of the infrastructure comes from within, for example, being on the leading edge of marketing. It’s a personality issue.”

— Larry Thompson,
Thompson Farms



Keri Wilson and Brendon Rockey

soil,” said Rockey.

In developing its approach to fresh markets, Rockey Farms was the first farm to bring fingerling potatoes into the United States, and it offers customers bags of mixed varieties.

Larry Thompson operates Thompson Farms in a suburb of Portland, selling directly to consumers, previously through farmers markets, but now mainly through farm stands at seven area hospitals.

Playing off the comments by one conference speaker, who cited marketing on “memory, romance and trust,” Thompson said the memory



Larry Thompson

for Thompson Farms is the freshness of his products. For example, at the Saturday market, as 10 workers harvest

the produce, 20 crates are dropped off first thing in the morning, then three more crates are dropped off as the day progresses.

As for romance, Thompson said that every farm has a good story. He noted that his signature cowboy hat serves as a brand for Thompson Farms.

Trust comes from his farm’s focus on providing a consistent, high quality product.

“When you have a clientele that trusts you, you can introduce a new product and it will take off,” he said, citing the example of Christmas trees he started selling five years ago, with sales growing every year.

Agricultural infrastructure can mean different things to different people.

At the conclusion of the panel, Jerry DeWitt, past director of the Leopold Center for Sustainable Agriculture, asked them this question: What infrastructure invest-

ment has made the biggest difference in your operation?

Wilson named the Internet and the many electronic tools now available to producers as a valued piece of her infrastructure. “We can take credit cards at the market, and with Facebook, we can tell people what we’re picking right now. It’s immediate,” said Wilson. “Social media is a huge benefit.”

Noting that young people are especially adept at navigating the electronic realm, Wilson, added, “I hire young kids because I can steal their minds.”

Campos said her irrigation system and greenhouses are her most prized infrastructure improvements. “Water is precious,” she said, “And the greenhouse and cold frame allows us to sell our produce year round.”

Rockey cited his most important infrastructure investment as the improvement of his soils. He feeds his soil with cover crops, compost and fish-based products. And he uses no harsh chemicals and inorganic fertilizer. The value of his investment can be found in his product.

“We have potato farmers who come to our farm for potatoes when they want to have a fancy meal,” said Rockey.

Thompson offered a different spin on his view of enhancing infrastructure: “Part of the infrastructure comes from within,” said Thompson, “for example, being on the leading edge of marketing. It’s a personality issue.”

OILSEEDS AS FOOD AND FUEL

Getting maximum value from oilseed crops, whether for energy, food or feed, has led some producers down some very creative paths. Those new paths and directions were highlighted on the panel discussion, “Oilseeds as Food and Fuel.”

Panelist Andrew Long of

Big Sandy, MT said he has been working with his father-in-law, Bob Quinn of Quinn Farm and Ranch, to make the operation more self-sufficient, particularly in energy.

In assessing the potential, which would require an oilseed crop, an oil press and a reactor, they realized a

number of downsides, including the cost of labor, waste-water disposal and the cost of acquiring and disposing of re-agents. In addition, there was the issue of inconsistent quality in small batch oil production and the cost of testing to control quality.

Their research, said Long,

led them to a German company (Elsbett) that had pioneered converting straight vegetable oil, or SVO, for use in diesel engines. Taylor Lyon, a technician at the Bio-Energy Center at Montana State University, Havre, began testing SVO in a diesel caterpillar. Lyon said the fuel economy is about the same as diesel, but there's a 10 percent decrease in power.

The plan now, said Long, is to make oilseeds a full cycle product - grow the oilseed crop, process it into culinary grade vegetable oil and sell it to restaurants for their use. The farm would then take the used oil back, clean it up and use it in diesel-engine equipment to reduce fuel costs.

Long said Quinn Farm and Ranch has now upgraded an old, unused cow barn into "The Oil Barn Montana," (theoilbarn.com) to produce and promote Montana-grown oil.

Kent Wasson, a Montana grain and cattle producer and member of the Western SARE Administrative Council,



Kent Wasson

described a 10-year-old project among six farms and ranches to add value to oilseed crops. Wasson said the project began out of concern that more than 90 percent of the crops produced in Montana leave the state.

Initially, this group of six

built a crusher to create feed supplements from oilseed crops. But that has evolved to refining canola oil for use in a number of lubricants, such as bar oil and hydraulic oil.

The group, first known as Peaks & Prairies, LLC (peaksandprairies.com), has since worked with a research group from Illinois, ultimately developing patentable products, such as an oilseed-based engine lubricant, and working to obtain exclusive licensing agreements.

"That began the roller-coaster, and as of today we're pretty solid," said Wasson. They've evolved from a batch production system for engine oils to a continuous flow system and have agreements with major lubricant companies. Wasson said a 100,000-gallon plant is expected to go online in April 2013, with a 20-million-gallon plant to be built down the road.

"When you set up a business plan, you have to be able to adapt. We've adapted in our goals, our financing and our business plan," said Wasson. "I think we're going to succeed. When you're green and biodegradable, you attract attention from all over the world."

"What I'm doing," he added, "is adding value, adding jobs and bringing kids back to the farm and ranch."

There are times, however, that the new path is fraught with difficulties.

Bret Hess, Western SARE grantee from the University of Wyoming, shared some experiences as a cautionary tale (westernsare.org/Learning-Center/From-the-Field/Camelina-s-Potential-in-the-High-Plains). He and his team were looking at replacing fallow season with an oilseed crop - Camelina. Two co-products, feed and fuel, would be produced, and due to the glycerin in the camelina used as feed, there was a potential to truck in less corn.

Hess did find that camelina co-products were suitable replacements for conventional

corn-soybean meal supplements for developing replacement beef heifers. However, there are quite a few challenges that need to be overcome.



Bret Hess

convinced four producers to grow camelina. However, a processing plant was never built. During Hess' project, the team transported the camelina outside of state for hundreds of miles to process. This clearly was not cost effective.

Their economist determined that \$5.29/acre was needed to make it worth replacing fallow. In southeast Wyoming, the value of camelina was much less.

Lastly there are limits from the FDA in how much camelina can be used in foods such as butter and there is a compound that causes concerns about thyroid problems, so Hess urged caution when thinking about creating value-added products.

Manny Encinias shared a similar story from New Mexico State University. The economy of northeast New Mexico is based on the beef cattle industry, but also needs crops to remain viable, all while under water pressures. Currently the region grows irrigated wheat and corn. As in Wyoming, a group of investors came to city leaders looking to build a large community crush and biodiesel plant. The city leaders came to New Mexico State University asking if it would work in their production environment.

Encinias also wanted to look at the use as a feed, along with potential as a crop using less water. In the three-year study, the research team learned of the difficulty achieving the levels of production seen in other

Most importantly is lack of infrastructure. Investors had come in to Wyoming and

"When you're green and biodegradable, you attract attention from all over the world. What I'm doing is adding value, adding jobs and bringing kids back to the farm and ranch."

— Kent Wasson,
Peaks & Prairies, LLC

At their annual meeting, everyone sits in a circle and all given a voice at the beginning and end of the meeting. "By creating equality at that level, we're jointly focused on the end consumer and what they want."

— Stacy Davies,
Country Natural Beef

states. Successes were that the performance of the cattle fed camelina as a replacement was good and the camelina could grow with eight inches of moisture. However, the

growers and ag industry weren't sure of the incentives to growing it or how to work with it, and the investors never did build the infrastructure needed. Lesson learned: be

sure to have contracts and assurances before planting.

WORKSHOP TOPIC 3: SUCCESSFUL MARKETING AND DISTRIBUTION MODELS

CREATING A VALUES-BASED BRAND SUCCESS

Representatives from four companies offered insights and strategies to successfully adding value through branding.

Karl Kupers of Shepherd's Grain (shepherdsgrain.com),



Karl Kupers

noted that while economic value is certainly key, there are so many other values to be aware

of. Every business needs to know what their values are and what their brand is trying to represent. Shepherd's Grain's values reflect what the other panelists discussed as well.

As mentioned by other panelists, relationships are crucial to Shepherd's Grain. Shepherd's Grain always has sought out those with similar needs and desires and then partnered with them. Kupers said he and his business partner Fred Fleming get joy from sharing the success with their partners, and value transparency and good communication along the chain.

Kupers also pointed out quality and consistency. A good story will only get you so far, you must maintain good quality. The importance of consistency is not just with the end product but with the story. Shepherd's Grain has been telling the same story for 10 years, which is instrumental in

creating trust with your buyers and partners.

Kupers warns to resist those people telling you that you need to alter or change. At times, there are lines that are not to be crossed if your brand is to grow. "As soon as you take the first step over the line, your brand is gone. Everything you worked hard to establish."

Stacy Davies, Country Natural Beef (countrynaturalbeef.com), also stressed the importance of partnerships, relationships and keeping the consumer in mind. As an example of how the company operates, at the Country Natural Beef's 25th anniversary celebration at the



Stacy Davies

Hatfield ranch, 300+ people joined together under one big tent, representing

all aspects of the beef industry. Davies says the key to their success has been by building relationships that link consumers to all parts of the production chain and then to the rancher.

The original group of ranchers were big thinkers aiming to become price setters. They started with the concept that marketing is consumer-driven. If you produce a product they want, you can set the price. The key is connecting everyone along the chain with good partner-

ships and relationships.

At their annual meeting, everyone sits in a circle and all given a voice at the beginning and end of the meeting. Everyone in the room is equal, regardless of age, gender, number of cows or role in the chain. Davies stated, "By creating equality at that level, we're jointly focused on the end consumer and what they want."

Their manner of overcoming infrastructure problems was to partner with people who are really good at what they do. Davies remains optimistic about the future of ag, seeing how a company like his can succeed at the triple bottom line.

Wheat Montana Farms (wheatmontana.com) is a farm-to-table, natural food company based in southwest Montana. Bo Maurer, director of sales and marketing for Wheat Montana Farms, described the company's marketing philosophy: "To consumers who value a



Bo Maurer

healthier lifestyle, Wheat Montana is a natural line of grain-based foods that

distinguish themselves from competition by using healthy, chemical-free ingredients grown on our family farm in Montana."

Products from the 15,000-

acre dry farm, all under the Wheat Montana brand, are sold through six deli-style restaurants in Montana, distributed as fresh bread in Montana and Northern Wyoming, sold as frozen bread using food service distributors throughout the West and sold wholesale and retail as flour and specialty grain. Also included is a line of whole grain breakfast cereals.

Maurer said the company has experienced explosive sales growth over the last five years. But not everything has been easy, and Wheat Montana has sometimes had to “learn the hard way.” For example, in using third party distribution, it sometimes lacked adequate management controls and partnered with the wrong people.

In looking at Wheat Montana’s current challenges, Maurer said much of it focuses on distribution to customers, including managing local inventory and navigating the various distributor programs. It also needs to assure broker support in new markets and proper marketing of its Wheat Montana brand.

The company has learned several lessons, including the value of managing distribution details, capitalizing on industry changes and partnering with industry experts. Maurer said Wheat Montana has also learned the importance of retail packaging and, importantly, analyzing whether

the operation’s various ventures are profitable.

Organic Valley (organicvalley.coop) is the nation’s largest organic cooperative and the largest farmer-owned organic brand.

Theresa Marquez recently switched roles to become the mission executive for Organic Valley, having served 17 years as chief marketing executive for the CROPP Cooperative as



Theresa Marquez

it grew from \$5 million in sales in 1994 to \$860 million in 2012.

The CROPP Cooperative (Cooperative Regions of Organic Producer Pools) created the more commonly known brand, Organic Valley, to market its products. It currently offers milk, cheese, juice, eggs, spreads, produce and soy as well as beef, pork

and poultry labeled under the sister brand, Organic Prairie.

Organic Valley, which is celebrating its 25th anniversary, was founded in 1988 with a group of Wisconsin farmers committed to organic agriculture as a sustainable solution for struggling family farms. Today, the company represents more than 1,800 farmers in 35 states and three Canadian provinces. The cooperative’s member/owners represent around 9% of the nation’s organic farming community.

Since Organic Valley was founded, the price its members receive has been rising at a stable and sustainable rate. In fact, one of the core principles of the cooperative has been stable, fair pricing for farmers.

Part of CROPP’s success results from the commitment to a democratic model of cooperation. Farmer-owners help determine a stable, sustainable price, which is approved by a farmer board of directors elected by the members. Most important, the cooperative defines success by how well they keep farmers on the land farming, how many farmers’ children can keep farming, how many rural communities are revitalized by a robust family farming tradition and how many consumers benefit from the high quality food.

The cooperative defines success by how well they keep farmers on the land farming, how many farmers’ children can keep farming, how many rural communities are revitalized by a robust family farming tradition and how many consumers benefit from the high quality food.

DIRECT TO RETAIL AND RESTAURANTS

Farmers and ranchers who are able to sell directly to retailers can increase their incomes by reducing the number of profit takers found along the conventional supply chain.

Gail Feenstra, food and society coordinator at the Agricultural Sustainability Institute (asi.ucdavis.edu) and University of California Sustainable Agriculture Research and Education

Program, described how one retailer, the Sacramento Natural Foods Cooperative, is working with producers.

The 40-year-old operation, which started as a buying club in 1972 and became a cooperative in 1973, sells only organic, with \$26 million a year in sales, \$2 million of that in produce.

The Co-op (sacfoodcoop.com) is committed to sourcing locally, defined as being within

a 200-mile radius. The bulk of its produce is purchased from Veritable Vegetable, a regional distributor, which itself buys from more than 40 growers in the Co-op’s sourcing area. The Co-op also buys direct from other producers.

Many of these producers have built relations over time with the Co-op, which assists the producers in developing product branding. The Co-op also works with the producers

Among the things learned from these relationships with producers is that there is success in long-term commitments, especially in helping medium and small producers build brand loyalty among consumers.



Gail Feenstra

on point-of-purchase kiosks and labels, inviting farmers to be in the store to tell their stories.

Among the things learned from these relationship with producers is that there is success in long-term commitments, especially in helping medium and small producers build brand loyalty among consumers.

Denise Breyley, who has worked for Whole Foods Market (wholefoods.com) on both coasts for 13 years, said she loves her job as she is able to travel around the



Denise Breyley

Pacific Northwest and meet the farmers and ranchers who supply fresh, locally grown food.

Breyley, who grew up on a farm in Ohio, said that Whole Foods cares deeply about where its food products come from and the people behind the products on grocery store shelves.

She described the Whole Foods "Local Producer Loan Program," in which Whole Foods provides loans to its producers to grow their businesses. The loans, at a low interest rate, range in size from \$5,000 to \$100,000.

By the spring of 2012, the company had provided more than \$7 million in loans to local producers across the country. Examples include a loan that allowed a dairy to expand its herd and another to a vegetable grower that allowed him to construct high tunnels so he could extend his growing season in the spring and fall.

Piper Davis, co-owner of the Seattle- and Portland-based Grand Central Bakery (grandcentralbakery.com) focused on making changes incrementally. She described Grand Central Bakery as a "bakery-in-the-middle" in terms of size. In 2011 their 10 retail locations and two wholesale locations generated approximately \$18 million in business; split 50-50 between retail and wholesale. They have always run this business based on their principles, but it has come in steps.

Davis feels comfortable stating that 65-70% of their



Piper Davis

replacing lousy tomatoes with locally grown delicious tomatoes. Flour is their

number one cost, and today they partner with regionally-based Shepherd's Grain.

Davis cautioned that a business cannot be run on the idea of "black and white." The infrastructure is slowly being built that allows Grand Central Bakery to increase the running of their business on the values of local and regional food.

Lisa Sedlar, former CEO of New Seasons Market (newseasonsmarket.com) who has embarked on a project to create regional convenience stores, remains optimistic about new outlets to market healthy and local foods. She highlighted the impact of New Seasons growing from one store that purchased from a handful of local farmers, ranchers and fishers to hundreds of vendors, within 10-15 years. This positive growth has also brought problems to solve.

With those handful of vendors coming to the back door of one store, distribution was easy. Now, there is a distribution nut to crack,



Lisa Sedlar

according to Sedlar. It is not sustainable for the producers or the retail store for vendors

to drive from store to store. This distribution problem must be solved for the sustainability of crops and products. Linked to this is the lack of processing plants. An example is a rancher who provides pasture-raised beef without access to regional plant who wound up with a distributor who took 35%. This raises the cost of the beef excessively and will lead to the conventional system winning out over the sustainable system. We have to solve this problem together, according to Sedlar.

food dollars stays in the region, but this has been a 15 year process. It started with

SERVING THE UNIQUE NEEDS OF TRIBAL AND REMOTE COMMUNITIES

One thing that struck Chuck Boerner, moderator of a panel discussion on serving the needs of remote and tribal communities, was just how remote some farming operations can be.

"Wow. I thought I was remote, farming tropical fruit on the Island of Maui, a two-hour drive from any population center," said Boerner, a member of the Western SARE Administrative Council and operator of Ono Farms near Hana.

Boerner contrasted that with panelist Nathan Mudd's running a 650 cow-calf ranch with his father on a remote, isolated island named Sitkinak in the Trinity Island Group south of Kodiak, Alaska, marketing their beef locally in Alaska.

Mike Ridenour, his wife and daughter own and operate a grass-fed beef ranch and sell their beef and vegetables through local food co-ops, farmers markets and their own CSA in a remote area of Wyoming.

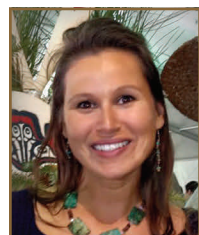
Elizabeth Campbell and Valerie Segrest are educators in a remote area of Washington State. They help heal troubled Native Americans by using cultural traditions that revolve around native foods, medicines and historical planting methods.

"Besides being located in very remote areas of the United States, these individuals have common threads among them that I took home

as lessons," said Boerner, "lessons for myself as well as my children, grandchildren and anyone who is listening."

Among those lessons, he said, is that a certain determination is needed to pursue a dream in a remote area, a determination that breeds out-of-the-box thinking.

Campbell and Segrest work with Northwest Indian College Cooperative Extension Traditional Plants and Foods Programs (nwic.edu/content/traditional-plants). They said its current programs are the Northwest Indian Treatment



Elizabeth Campbell

Center Traditional Foods and Medicines Program, the Lummi Traditional Food Project

and the Muckleshoot Food Sovereignty Project.

The traditional foods and medicines program includes a healing garden that grows traditional foods, edible berries and a medicine wheel. The site also includes a classroom and a "memorial circle," which grows plants like lavender, arnica, yarrow and camas.

Lummi Traditional Foods Project shares knowledge among Lummi families about establishing healthier lifestyles by reintroducing traditional foods and plants into their

everyday diet. The families receive locally produced healthy foods as well as hands-on traditional foods workshops and cooking classes.

The food sovereignty program,

which promotes community education and involvement and seeks fair and equitable access to healthful foods, includes a Muckleshoot tribal cooks' retreat, a tribal school orchard and the tribal college native berry garden.

Mudd, who operates Sitkinak Cattle Ranch and Alaska Meat Co. (alaskameat.com), described how his meat processing operation has become sustainable, not only in processing but also in raising livestock and marketing and distributing his beef products.

Mudd said there are a number of challenges in remote Alaska agriculture, including the cost of production, which includes the cost of boat transportation, weather extremes and inadequate services. What's more, with no livestock sale yards, no feedlots and no local processing facilities, selling the product is a challenge.

Raising and processing red meat in Alaska comes with several advantages, said Mudd. It can provide health



Nathan Mudd

benefits and food security as well as benefit the natural resources and conserve soil and

water resources. At the same time, the endeavor can create new jobs for locals and provide new products for stores to sell.

In developing his operation, Mudd said he took into consideration the cost of production and the potential return on his investment. At the same time he had to address such marketing questions as the scope, or demand, of the market, who will market the product and what makes his product distinctive.

Ridenour, who titled his

"Besides being located in very remote areas of the United States, these individuals have common threads among them that I took home as lessons — lessons for myself, as well as my children, grandchildren, and anyone who is listening."

— Chuck Boerner, ONO Farms



Valerie Segrest

“By training farmers in high-value crop selection, year-round production and aggregation methods, we’ve helped farmers increase production, reach larger markets and increase income.”

— Don Bustos,
Santa Cruz Farms

presentation, “Marketing from the Edge of Nowhere,” described what has worked for his Ridenour Ranch, Meadow Maid Foods and Foxy Herbals (meadowmaidfoods.com) operations.

For example, traveling to larger markets can mean higher prices, larger sales potential and less price

sensitivity. He said it’s important to tell an honest, sincere story, because the customers are savvy and it can provide a compelling connection.

Ridenour said open houses can work. “Yes, they’ll come from 100 miles away.” And being local and sustainable is a plus. Also, he said, remem-

ber that “the customers are always right, even when they’re not.”

He cautioned against an adversarial approach, whether with regulators, competitors or customers.

FARM TO INSTITUTION SALES

Small farms faced with the daunting task of marketing and distributing their production to institutional buyers are finding that networking and sharing the burdens can yield success.

Two former chairs of the Western Sustainable Agriculture Research and Education program, Don Bustos of New Mexico and Jim Dyer of Colorado, shared their own experiences in the values of sharing resources and services to improve farm outcomes.

Bustos, who operates Santa Cruz Farms in Espanola Valley, described the work of the American Friends Service Committee (AFSC) program, operating in New Mexico since 1976. He said the program is designed to protect land and water rights and promote economic viability of sustainable agriculture through farmer-to-farmer training, technical assistance and policy work.

One of its premier programs is the Agri-Cultura Network (agri-cultura.org), a farmer-owned collaborative located in the South Valley of Albuquerque. Formed in 2009 with AFSC, Agri-Cultura grows vegetables and fruits organically year round on a dozen plots and within passive solar cold frames, aggregating food for wholesale. It is a limited liability corporation with a bank account and joint liability insurance for farmers.

Customers include Albuquerque public schools, six local restaurants, two



Don Bustos and Jim Dyer

hotels, farmers markets and La Montanita Co-Op stores and distribution center.

In its first two years, the network grew from three farmers and one farm site to nine farmers and 16 farm sites. Food production went from seasonal to year-round with the building of eight cold frames and from no aggregation to 11,000 pounds aggregated in the first year and to 28,000 pounds in the second year.

The network farmers meet with AFSC twice a year to coordinate joint farm plans. The network coordinator makes sales and places orders. Then farmers meet weekly to divide up the orders, report production and discuss quality control issues.

The farmers drop off produce weekly at a certified kitchen, where it is cleaned, weighed, packaged, labeled

and placed in cold storage, where it is picked up by the delivery driver.

Said one farm network member, “I believe this has saved us five years of trial and error. Because of their help we are able to raise quality organic products to fund more employment, education and community involvement for people with developmental disabilities.”

Bustos said the program is reaping positive rewards.

“By training farmers in high-value crop selection, year-round production and aggregation methods,” he said, “we’ve helped farmers increase production, reach larger markets and increase income.”

Dyer is the project director of the Southwest Marketing Network (swmarketingnetwork.org), initiated to increase regional marketing expertise and

opportunities for farmers and ranchers in the Four Corners states of Arizona, Colorado, New Mexico and Utah. It seeks to develop improved markets and enterprises and to rebuild local food systems.

Dyer said that farm-to-school programs can increase community support for smaller farms and ranchers, giving them a much needed competitive advantage.

“Sales to local institutions, such as schools, is one of the easiest ways for small producers to scale up modestly while staying in the local market,” said Dyer. “For some producers, it is an investment in the vitality of their community.”

Dyer offered several tips for producers to consider when selling to local schools. For starters, don’t assume the challenge is too great – talk to the local schools about the possibilities.

Once the foot is in the door, start small by providing pilot meals or salad bar items. Capitalize on your niche, offering what you can grow easily and profitably. At the same time, don’t give your food away – ask a fair price.

Producers can also offer to help teach gardening or cooking as well as visit classrooms and conduct field

trips. Finally, said Dyer, take advantage of your institutional sale success by promoting yourself and your farm and making yourself available for photos or interviews.

Complementing Bustos’ and Dyer’s on-the-ground examples, Clark Seavert, Oregon State University professor and member of the Western SARE-funded Portland Foodshed Project, shared research and tools that could allow more successful farm-to-institution ventures in his region. In “Growing a Sustainable Portland Metropolitan Foodshed,” the goals were to define the Portland Metropolitan



Clark Seavert

Foodshed; identify related agricultural and economic trends; assemble a regional toolkit of strategies; work with the City of Damascus, Oregon to test the toolkit on a local level; and develop research and educational programs.

Their economic analysis showed that \$4.8 billion dollars was spent annually on food in the region and only 1.5% spent on locally-sourced food; demonstrating an opportunity to capture more dollars spent on local foods.

An example of a challenge that Seavert described was the 181-acre fresh vegetable operation that can load one truck and send it to one company in San Francisco from the Portland area faster than loading multiple trucks to distribute to different places regionally.

After identifying opportunities and gaps, the project developed tools. Producer and processor tools that can be accessed on their website include Business Education and Management, Land Use Design and Policy Issues, Market Development, and Resource Inputs (<http://smallfarms.oregonstate.edu/pdx-foodshed-project/tools-farmers-ranchers-and-processors-pdx-foodshed-project>).

“Sales to local institutions, such as schools, is one of the easiest ways for small producers to scale up modestly while staying in the local market. For some producers, it is an investment in the vitality of their community.”

*— Jim Dyer,
Southwest Marketing
Network*

MAKING DISTRIBUTION WORK FOR SPECIALTY OR LOCAL MARKETS

Getting food from producer to consumer – the chain of distribution – can offer a wide range of options for farmers and ranchers.

Workshop learned about two distinctive methods of distribution, each with its own style and advantages.

One is an employee-owned company, Charlie’s Produce, with its own cold-storage warehouses and fleet of trucks for pickup and delivery. The other, FoodHub, is an online matchmaker that links food sources with food destinations.

Diane Dempster, who has worked at Charlie’s Produce

(charliesproduce.com) for more than 20 years, is manager of Charlie’s Farmer’s Own organic program and the organic procurement specialist.

“Charlie’s is a service industry that provides a link from grower to consumer, supplying all types of produce, year round, to retail and food service institutions,” said Dempster.

Begun in 1978, Charlie’s is now the largest privately owned produce company in the Pacific Northwest, with sales in Washington, Oregon, Idaho, Montana and Alaska and five Canadian provinces.

Charlie’s buys from more than 75 conventional and organic growers, mainly in Washington and Oregon. Its private label of Washington-grown organic produce is called Farmer’s Own Organic Produce.

Charlie’s growers, selected for the quality of their production and reliability of their supplies, use packing materials the company supplies and pack the produce on their farms. The product is then picked up at the farm and sold to Charlie’s customers and other wholesalers.

Because the company is

Food-Hub is scale-neutral. In other words, producers with only a case to sell will find willing buyers, while buyers who need semi-truckload quantities can connect with large volume producers as well. It is also practice-neutral, so both conventional and organic producers can find value in membership.

employee owned, with 750 employees in Seattle and 1,000 companywide, Dempster said employees are motivated to ensure the safety and quality of its products. The buyers have an average of 20 years experience, and each year they conduct tours of their supplier farms for customers.

She said that the challenges to make system work are typical of those found in agriculture, including weather and changing climate, estimating the harvest, extending the season, use of off-grade product and maintaining prices that retailers require.

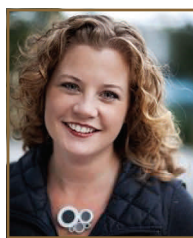
FoodHub (food-hub.org) is a project of the nonprofit Ecotrust, founded in Portland in 1991. Amanda Osborne is director of the Ecotrust Food and Farm program, which, in addition to FoodHub, includes a farm-to-school program and *Edible Portland*, a quarterly publication.

FoodHub is essentially a website that helps food professionals find and connect with local farmers, ranchers, fishers and craft producers.

It currently operates in six states – Oregon, Washington, Idaho, Montana, Alaska and

California – and has nearly 4,500 members. Of those, 38% are sellers, 40% are buyers, 20% are associates and 3% are distributors.

In addition to farmers and ranchers, sellers include



Amanda Osborne

fishers, brewers' distilleries, wineries, food processors, food manufacturers, brokers

and wholesale distributors.

Buyers cover a wide range of food purveyors, including caterers, culinary schools, grocers, healthcare facilities, resorts, chefs, schools and specialty retailers.

Associate members may include people at academic or research institutions, certifiers, government agents and members of trade associations.

Osborne noted that FoodHub is scale-neutral. In other words, producers with only a case to sell will find willing buyers, while buyers who need semi-truckload quantities can connect with large volume

producers as well. It is also practice-neutral, so both conventional and organic producers can find value in membership.

Methods of distribution range widely. For example, an Alaska fisher may freeze and ship its product by express mail, ranchers may run their own trucks into town or suppliers may rely on a mainline distributor.

Connections are made by searching through the FoodHub website, simply typing in the name of the product sought. FoodHub will return a list of every member who deals with that item, which can then be sorted and filtered by variety, member type and other attributes to find a match. In addition, members are able to provide an online business profile, allowing potential customers to get acquainted with the business.

Once a connection is made via FoodHub, buyer and seller negotiate pricing and order details, execute the transaction and coordinate the exchange of goods independently. There are no transaction fees associated with making connections on FoodHub.

WORKSHOP TOPIC 4: COMMUNITY AND PUBLIC SUPPORT

SUPPORT FOR PRODUCERS & ENTREPRENEURS BY FOOD DEVELOPMENT CENTERS

Sometimes, all it takes to help a producer take the next step in developing markets is a little helping hand.

In Montana and New Mexico, two food development centers are doing just that.

The Mission Mountain Food Processing Center (mmfec.org/) is billed as "Montana's only shared-use food processing facility." Jan Tusick, the center's director, provided an overview of Mission Mountain's scope. The center is a program of the

Lake County Community Development Corp., a regional economic development organization. The idea for the food processing center was conceived in 1999 when it was shown that western Montana farmers and ranchers needed marketing, food processing and distribution infrastructure to improve their operations.

The center, located in the heart of Ronan, Montana, and covering a quarter of a city block, was completed in 2000 and began providing a venue for the incubation of specialty

food entrepreneurs and agricultural producers seeking to add value. The center facilitates regulation for USDA-inspected meat processing, FDA-inspected fruit and vegetable processing, USDA organic certification and a commercial kitchen.

Tusick noted that the center's groundbreaking work has stimulated several operations, including SKC Field to Home, Sis's Gluten Free, Montana Coffee Traders, Uncle Bill's Sausage and Kvichak Fish Company. Western

Montana Growers Cooperative, Flathead Lake Cherry Growers Cooperative and Flathead Lake Organic Co-op have also harnessed value from the center, as have Red Robin Orchard, Thunderhead Gardens, Western Specialty Foods and Silent Creations Buffalo Products.

"The goal of the Mission Mountain Food Processing Center is to retain agricultural food dollars in Montana communities," said Tusick.

The center has several program areas, including cooperative development, food and ag enterprise development, training and education, a farm-to-institution program and processing facility infrastructure.

The farm-to-institution program, for example, partners with the Western Montana Growers Cooperative to serve fresh fruit and vegetables in four school districts. In the third quarter of 2012, it processed 7,069 pounds generating near \$8,200.

Tusick said that in its 13-year history, the center has learned several lessons, including these:

- Montana producers need support in food science.
- Education and support is required for ag

entrepreneurs.

- A network of peers is critical for success.
- It's a challenge keeping up with regulatory standards.
- Overhead costs are difficult to maintain and cover.

For the future, she said, the Mission Mountain Food Processing Center hopes to establish a regional food hub network, explore private capital investments, increase its capacity in education and training, establish a regional loan program for food and agriculture and expand the farm-to-institution program.

In northern New Mexico, where the rural community and its ties to agricultural have been weakened, the Taos County Economic Development Center is working to demonstrate sustainable livelihoods in agriculture and food-related enterprises.

At the heart of the center is the Taos Food Center (tcedc.org), Terrie Badhand and Pati Martinson, who have worked together for the past 30 years, have recently focused on food system rejuvenation and development with land-based communities.

The Taos Food Center is a 5,000-square-foot commercial kitchen that contains the equipment, services and support that can help get food

businesses started. The equipment includes dry storage, walk-in cooler, walk-in freezer space, convection ovens, fryers, steam kettles, a vacuum sealer, two commercial fruit presses, a flash pasteurizer for juice and a semi-automatic canning line that includes a filler and capper.

More than 40 local food businesses currently work out of the center, making everything from fresh traditional salsa to organic scones.

These businesses can receive support in the form of specialized training, product development, pH testing, regulatory assistance, business development and cooperative marketing assistance.

One of the center's training courses, from which 85 community members have graduated, is "The Food Sector Opportunity" program. It offers participants basics and the history and culture of food in northern New Mexico, food safety, packaging, labeling, government food regulations and specialty foods product development and marketing.

An important product that emerged from the Food Sector Opportunity Project, begun in 2000, is the "Oso Good Foods" logo, which has labels and marketing materials that the Oso Good Foods story. The Oso Good phrase was chosen to reflect the delicious and all-natural nature of northern New Mexico foods (oso is Spanish for bear, acknowledging the bears that roam the mountains near Taos).

Also emerging from the Taos County Economic Development Center is Mobile Matanza, a mobile meat processing unit, which is giving livestock growers the opportunity to increase their income through commercial meat sales.

The idea for the food processing center was conceived when it was shown that western Montana farmers and ranchers needed marketing, food processing and distribution infrastructure to improve their operations. "The goal of the Mission Mountain Food Processing Center is to retain agricultural food dollars in Montana communities."

*— Jan Tusick,
Mission Mountain Food
Processing Center*



Terrie Badhand and Pati Martinson

 INVESTING IN COMMUNITIES WITH PUBLIC AND PRIVATE FINANCING

A number of public and private support entities are springing up around the country to facilitate financial support for the types of initiatives discussed at the conference as important to strengthening agriculture's infrastructure.

Several speakers explained how these support entities are working.

Jerry DeWitt, former director of the Leopold Center for Sustainable Agriculture, described the concept of "slow money" and how it's helping



Jerry DeWitt

producers in North Carolina, where he now lives.

The idea behind slow money is to support a change in the economy from one based on extraction and consumption to one based on preservation and restoration. All too often, said DeWitt, money is too fast, companies are too big and finance is too complex.

According to the principles of slow money, "we must slow our money down, we must bring our money back down to earth and we must learn to invest as if food, farms and fertility matter." Entrepreneurs, consumers and investors should focus on "making a living instead of making a killing."

Slow Money North Carolina (slowmoneync.org) works

through direct peer-to-peer loans. Slow Money members can make loans through The Abundance Foundation, a nonprofit, which identifies needs and then matches borrow to lender with promissory notes of 1-5 years at interest rates of 2-4%.

DeWitt reported that more than 50 loans had been made, ranging from \$1,000 to \$20,000, resulting in local investment exceeding \$600,000. Examples of loans completed include those for a chicken house, garden tiller, industrial oven, bio-bus, urban farm supplies, milling equipment, bees and a refrigerated truck.

DeWitt said 100% success has been achieved, and at least a dozen loan applications are pending.

Larry Yee, formerly a county extension director with the University of California, currently serves as co-founder and coordinating director for Food Commons, a national initiative developing a whole systems approach to regional food (thefoodcommons.org/).

Yee noted that not only does local and regional food provide economic, health, environmental, community and social benefits, local food is preferred by 86% of consumers, and the percentage of local food as a percentage of the U.S. food economy is on the rise. From less than 1% of the U.S. food economy in 2011, he said, the percentage of local and regional food has the potential to grow to 2% by 2015 and to 10% by 2020, or \$100 billion.

The Food Commons is a new business model and economic paradigm that combines certain features of trusts, co-ops, franchises and for-profit and nonprofit organizations. At the core of the Food Commons is a set of food production, distribution and marketing enterprises operating as a vertically integrated business within a

community or region.

A regional Food Commons Corporation will source products from certified Food Commons and independent producers and supply Food Commons-branded products to external customers as well as



Larry Yee

to its own retail outlets. Products that can't be viably produced locally may be sourced from

other enterprises in the national Food Commons network – and conversely, surplus local products may be sold to other Food Commons enterprises.

Each regional Food Commons system will include an operating entity, a trust to hold and steward land and other assets, and a financing arm, connected via a regional coordinating team.

Finally, a set of national organizations will protect Food Commons values, principles and brand identity and provide system-wide strategic direction, business development and support services.

Glenda Humiston, California State Director for USDA Rural Development, said the door is wide for investment opportunities in rural America.

In California, for example, her agency has provided support for business and cooperative development; community facilities and rural utilities; water, sewer and solid waste systems; and farm worker housing. Funding in fiscal year 2012 was \$1.3 billion, bringing the California portfolio to over \$7.5 billion.

Humiston said rural areas face a number of challenges, including lack of investment, limited credit access, complex and conflicting regulations, deficiencies in infrastructure and a need for training and

Larry Yee noted that not only does local and regional food provide economic, health, environmental, community and social benefits, local food is preferred by 86% of consumers, and the percentage of local food as a percentage of the U.S. food economy is on the rise.

educating workers.

At the same time, there are a number of opportunities, like the increasing demand for local and healthy food; growth in bio-energy; and the possibility of developing many new bio-based products.

And, she said, there's no reason why more equity shouldn't flow into rural areas.

"Equity capital in rural

areas is just as successful as equity capital in tech-oriented metro regions," said Humiston, citing a study of 18,000 investments that found no statistical difference between rural and metro regions measuring key variables, such as jobs created, type of industry, length of investment and performance.

She encouraged partici-

pants to utilize a recent publication titled "Access to Capital: Growing Local Businesses, Financing Entrepreneurs, Building Strong Communities" (urdev.usda.gov/Reports/CAFOR.pdf), developed by the California Financial Opportunities Roundtable in August 2012.

PUTTING USDA PROGRAMS TO WORK WITH TECHNICAL AND FINANCIAL RESOURCES

Producers looking for help to enhance agriculture infrastructure can find considerable help at the U.S. Department of Agriculture and several of its agencies, said speakers during a session titled "Putting USDA Programs to Work with Technical and Financial Resources."

Glenda Humiston, California director of USDA Rural Development (urdev.usda.gov), detailed the distribution of her agency's resources, which includes a total loan portfolio of over \$7.5 billion, \$1.3 billion in 2012 alone. She noted that Rural Development addresses things like housing, rural utilities and community facilities.

"We're becoming more innovative with our funding," said Humiston, for example by providing support for food banks and upgrades of commercial kitchens.



Glenda Humiston

The agency's business program is focusing on infrastructure to help



Lynn Voigt

cooperatives get up and running. And it's working to support the employ-

ment of agriculture value chains, which she said has the potential to create as many as 200,000 jobs in her state, with hourly wages approaching \$25 an hour.

"We're going to the countryside and attempting to build these value chains," said Humiston. "Shifting local consumption to local production equals more jobs and economic growth."

Her agency is also looking at biomass value-chain opportunities as well as ag technology clusters, increased access to capital and new and creative ways to facilitate worker retention.

Lynn Voigt, USDA Farm Services Agency executive director for Oregon (fsa.usda.gov), told attendees that his agency is charged with stabilizing farm income, helping conserve land and water resources, providing credit to new and disadvantaged farmers and ranchers and helping producers recover from economic and natural disasters.

"We help people, we facilitate change and we finance and fund the future of

agriculture," said Voigt.

He also described a voluntary FSA claims process to rectify what was perceived as unfair treatment of women and Hispanic farmers. According to Voigt, during periods in the 1980s and 1990s some women and Hispanics had loan applications denied, approved for a smaller amount or approved with restrictions.

"People felt they weren't being treated fairly," he said. "USDA has made resolution of civil rights complaints a top priority."

Rob Hedberg, national SARE director, observed that there has been significant growth in local food production and local food marketing.

"Promotion of local and regional food systems can be found in every USDA mission area," he said, whether in nutrition, food safety or in programs of the Foreign Agricultural Service.

Hedberg cited the 2009 initiative promoted by USDA's Kathleen Merrigan called "Know Your Farm, Know Your Food." Embodied in that, he said, are grant loans and support for producers, retailers and everyone in between.

He advised conference participants to visit online another USDA tool called Know Your Farm Compass (www.usda.gov/kyfcompass), which allows users to navigate across the USDA spectrum to find agencies that can provide support for producers.

"We're going to the countryside and attempting to build these value chains. Shifting local consumption to local production equals more jobs and economic growth."

— Glenda Humiston,
USDA Rural
Development

BUILDING RESILIENCY INTO AGRICULTURE'S INFRASTRUCTURE *(continued)*

... continued from page 1

strong, local and regional farming economies.

Dr. V. Philip Rasmussen, Regional Director, emphasized



V. Philip Rasmussen

that this gathering would bring together the best minds and start the discussion on agriculture

infrastructure in a way that would not just benefit agriculture but society as a whole.

Prominent keynote and plenary speakers included Fred Kirschenmann, Leopold Center for Sustainable Agriculture; Ken Meter, Crossroads Resource Center; Steve Balling, Del Monte Foods; Stacy Davies, Country Natural Beef; Gail Feenstra, UC SAREP/Agricultural Sustainability Institute; Karl Kupers, Shepherd's Grain; Theresa Marquez, Organic Valley; Lisa Sedlar, New Seasons Market; and Ann Bartuska, USDA. Their presentations set the stage for 13 break-out sessions.

Dr. V. Philip Rasmussen emphasized that this gathering would bring together the best minds and start the discussion on agriculture infrastructure in a way that would not just benefit agriculture but society as a whole.

The thirteen break-out sessions were divided among four tracks: What is Needed for Future Growth in Regional Processing; Adding Value;

Successful Marketing and Distribution Models; and Community and Public Support. These break-out sessions were designed for small groups to hear about the speakers' business, nonprofit, farm or ranch project, the challenges they faced and how they overcame them, and then to enter into deeper discussions among the full group.

Emerging themes were the importance of building relationships and partnerships, telling your story, transparency, keeping more food dollars in the community, encouraging new producers, taking risks and viewing "failure" as learning.

In wrapping up the Western SARE Infrastructure Conference last December in Portland, Rob Hedberg, director of the National SARE program concluded on an

optimistic note. "I think a lot will come out of this conference, a lot of initiatives and a lot of partnerships," said Hedberg. "We hope you will take



Rob Hedberg

these ideas and put them back into action in your communities. We're talking as much about sustainable communities as we are sustainable agriculture. This conference is going to make a difference, and it will make a difference in the SARE program and in the research and education projects that get funded."

"We're talking as much about sustainable communities as we are sustainable agriculture. This conference is going to make a difference, and it will make a difference in the SARE program and in the research and education projects that get funded."

— Rob Hedberg,
Director, National
SARE Program



MEASURING THE IMPACTS *(continued)*

... continued from page 2

- Food Development Centers
- Farm to Institution Sales
- Niche Livestock Processing
- Making Distribution Work in Specialty or Local Markets
- Investing in Rural Communities

Western SARE asked a question about what conference participants intended to do with what they learned. The behavior-based answer choices ranged from easy (reading the materials received



“Very interested to see many paths, needed and found. Knowledge and methods are always good to hear, even if not for me today.”

— post-conference
evaluation comment

at the conference) to more complex commitments, such as changing one's farming operations.

Survey results of the intentions that implied greater commitment include:

- 60% of post-conference survey respondents indicated they were very likely to pursue some of the financial assistance outlined at the conference. Another 18% said they were likely to do so.
- 39% of respondents

indicated they were going to change the farming or ranching operations as a result of what they learned at the conference. Another 43% said they were likely to make some changes.

- Of respondents who engaged in education and outreach, 46% said they were very likely to change their educational programming as a result of what they learned. Just over another third stated they were likely to make changes.
- Among those respondents who conduct research, which could include on-farm research, 47% said they were very likely to incorporate what they learned at the conference into their research. Another 38% said they were likely to do so.

The data from the pre- and post-conference surveys are helping Western SARE

“There was a great deal of discussion, but not a lot of answers. Any improvement is better than none. But it isn't enough.”

— post-conference
evaluation comment

Administrative Council and staff to determine the impact of putting time and financial resources into such an event. The Council and staff continue to discuss what emerged from this conference that is “the new agenda” on food systems and infrastructure for Western SARE. Future newsletter articles and reports from Western SARE will communicate the type of follow up the program intends to perform.

“Maybe it would be possible to have more in-depth conversations among groups of experts on specific topics on ways to really ramp up efforts in these areas, and ways to overcome some of the inertia and barriers that exist.”

— post-conference
evaluation comment

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Additional Contributors: Chuck Boerner, Stacie Clary, Al Kurki and Candace Pollock

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Western SARE Program
Utah State University
4865 Old Main Hill
Logan, UT 84322-4865