Scaling up local foods: systems thinking about the move from direct to wholesale marketing

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Our Farms Our Future: The Next 30 Years of Sustainable Ag
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Sustainable Agriculture

Environmental Sustainability

Social Sustainability

Financial Sustainability
Sustainability as an emergent property

- Economically viable
- Socially acceptable
- Environmentally sound
Tiers of the Food System

- **Tier 4**: Global, Anonymous Aggregation and Distribution
  - Archer Daniels Midland, Cargill, Ajinomoto
- **Tier 3**: Large Volume Aggregation and Distribution
  - Sysco, Reinhart, Kroger
- **Tier 2**: Strategic Partners in Supply Chain Relationships
  - Organic Valley, Alsum Produce, food co-ops
- **Tier 1**: Direct Producer to Consumer
  - Farmers' markets, farm stands, Community Supported Agriculture (CSA)
- **Tier 0**: Personal Production of Food
  - Backyard gardens, community gardens, canning, hunting, gathering, fishing
Scaling up & profitability

- Farmers with sales < $75k are reliant on off-farm income.
- Farmers with sales $350k-$1m: half show positive returns and the top quartile are making 42% ROA.
- Farmers selling over $1m: 75% are profitable, with top quartile making 65% ROA.

Thilmany McFadden, Bauman and Jablonski, 2016 “The financial performance implications of differential marketing strategies: exploring farms that pursue local markets as a core competitive advantage”
Farmer-identified barriers to scaling up

Transportation & Labor
High Leverage Point – Opportunities to optimize both efficiency and diversity
Critical threshold in sustainable wholesale food systems: cropping diversity and food flow
Critical threshold in sustainable wholesale food systems: distance to market
The food distribution system is insufficiently organized to meet changing rural and urban settlement patterns.
For regional wholesale food shippers to gain efficiency, they need one point to transfer ownership of product. Combining regional trucking with last mile deliveries is inefficient. Terminals that operate with an explicit goal to serve small wholesale supply chains are increasingly necessary as national supply chains continue to consolidate even while extreme weather threatens those supply chains.

Sustainable wholesale food systems: Terminals and trip segments

First Mile  Over the Road  Last Mile

One shipper to one terminal, 1 or many buyers?

Image by Julia Schilling
Farmers must make money

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- Within 200 miles of single drop point
- Enough production to fill 53’ trucks
- Enough diversity for healthy soil
- Enough efficiency to streamline farm labor
- Other??

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Truckers and wholesale buyers must make money

- Regular hauling and buying contracts
- Full trucks
- 1-day runs (no overnights)
- One point of delivery
- No road congestion
- Trip-segment specific engineering
- Affordable cold storage space
- 1-truck delivery to buyer
- Wholesale market within 50 miles of buyers
Transportation summary

- Efficiency – Diversity sweet spot
- Systemic critical thresholds
  Adequate diversity for flow
  Distance to market
  First-last mile delivery
  Product quantity to fill trucks
  Infrastructure for market access
  Relationships & trust
  Small supply chains
  Independent ownership
Food Chain Labor

- **Farm labor, including the farmer’s labor & hired labor**
  - Supply chain labor, including truck drivers, warehouse workers, retail workers
  - Food service workers, including processing, restaurant labor

- **What is decent work in agriculture?**

- **What is domestic fair trade?**

- **Is farming skilled or unskilled labor?**

- **Is labor organized or unorganized?**

- **What is the role of public policy?**
FAO definition of decent work for farmers and farm workers

**full time employment** - seasonal labor, uncertain work shifts (too long or short), and no career ladder are less desirable jobs

**social protection** - health care, especially for workers who are in physical, often dangerous, jobs like agriculture

**safe working conditions and protections at work** – including a fair wage, enforcement of rules

**governance and social dialogue** - ability to have some say in what happens in the work place
Domestic Fair Trade Case Studies

1. Organic Valley and supply chain partners

2. Fight for $15 campaigns

3. CSA vegetable farms in the Upper Midwest

4. Dairy Grazing Apprenticeship

5. Milk with Dignity campaign in the Northeast

1. Good Food Procurement policies
“Low skill” ag workers

- Average national wage about $10/hour
- Midwest $11 – NE $9.20
- Livestock workers make 50% more (more hours, better pay, year round employment)
- Crop workers make less and have fewer hours
- Women farmworkers earn 54% less than men and paid 13% less – w/o children 30% less
- Other compensation?
Who determines the labor skill ladder?

• Successful business operators create the curriculum
• Unions participate in setting standard wages for journey workers
• Apprentices make half the journey worker wage
• BUT in agriculture, there is no union, and most modest size farmers don’t know their salary, and sustain substandard working conditions throughout their careers
Certifying farming skills to value farm labor

YOUR FUTURE IS THE FUTURE OF DAIRY
States with farmers interested in hosting an apprentice
National Ag Apprenticeship Learning Network

New Entry works in partnership with commercial farms and organizations coordinating apprenticeships and other on farm learning opportunities across the country to build an active learning network for Ag Apprenticeships.

To stay informed about this evolving work, please subscribe to the National Ag Apprenticeship Listserv.

The work of this network is geared towards formalizing a set of shared standards or best practices for meeting the learning goals of ag apprentices looking to gain management and production skills on commercial farms.

New Entry and partners will accomplish this goal by fostering coordination between diverse apprenticeship training programs; sharing best practices, knowledge and resources; coordinating local and regional training-of-trainer efforts for farm educators and mentors; and fostering peer-to-peer dialogue with similar programs across the country.
Coalition building for workplace conditions, negotiation strength & governance
Public policy to support labor standards
Good Food Purchasing Program
Proof of concept: Ontario Food Terminal.
Sustainable agriculture redefined

- Economically viable
- Environmentally sound
- Socially acceptable
- Healthy
- Eco-regionally appropriate
- Promotes community

Healthy Sustainable agriculture redefined
Thank you.

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