INNOVATIONS IN LOCAL FOOD ENTERPRISE

Fresh ideas for a just & profitable food system
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INTRODUCTION

With increasing pressures on our food system, there has never been a better time for innovation in how we feed ourselves. Between the effects of a changing climate, a growing demand for food worldwide, increases in food related disease, the rise in food insecurity among many populations in the U.S., and stressed economies across the globe, the need to challenge assumptions and reinvent our nutritional pathways has never been greater. The growing interest and on-the-ground development of local and regional food systems is a bright spot in an otherwise challenging landscape. They offer new income opportunities to small and mid-size farms, regional economic development both rural and urban, and foster greater appreciation of how food is produced and how it reaches our plates. There is growing awareness that local and regional food systems can also help meet the needs of people with restricted access to healthy and affordable food. It is these communities that often bear the greatest share of negative health impacts directly related to diet.

In this report we focus on market-based, consumer-driven solutions to overcoming difficult food access and food equity issues. The market based approach to food access and equity merges two powerful forces: first, the need and desire to make a financial return on our activities and second, the desire and value held by people in all sectors of our society that getting healthy food to all people is the right thing to do. Combining these two drivers of change can spur innovation and offer opportunity where other approaches do not.

The collection of innovative solutions presented in this report are rooted in hands-on practice and grounded in rigorous research (primary, secondary, and applied). They support systems change in underserved, high-poverty, and historically excluded communities where systems change is the only real solution. They arise from an understanding of the life cycle of community development and of the life cycle of business development. Much of the innovation we see comes from how these two can be successfully interwoven.

We hope this report will be of use to multiple audiences: If you are a practitioner, look at what is here and see what jumps out at you and what can work in your community. If you are an investor (i.e., a foundation, government agency, or lender), look to see what types of investments can make a difference in your target area. If you are a policymaker, look here to see what types of policy supports or regulatory changes you can provide to create positive change in your town/county/state/region.

John Fisk, PhD.
Director, Wallace Center at Winrock International
PREFACE
Learning from Wallace’s Healthy Urban Food Enterprise Development Center

The Healthy Urban Food Enterprise Development (HUFED) Center at the Wallace Center at Winrock International was a three year project funded by the U.S. Department of Agriculture’s National Institute for Food and Agriculture. The outcome of congressional legislation passed in the 2008 Farm Bill, the Center was created to respond to the growing need to reorganize, rethink, and transform the way food is grown, sourced, distributed, marketed, and consumed in the U.S., in order to make more healthy affordable food available in low-income areas, to increase market access for small and mid-sized agricultural producers, and to promote positive economic activities generated by attracting healthy food enterprises into underserved communities. The HUFED legislation is one of many examples of the growing national momentum to address healthy, affordable food access.

This report aggregates and distills what we have learned from the HUFED project and from the work of others creating and implementing market-based and non-market-based food access solutions in a very hands-on, practical way. It came about in response to the expressed needs of practitioners, policymakers, and funders in an effort to fill a gap in the area of market based strategies and technical assistance approaches to explicitly address food access in an otherwise expanding body of food systems knowledge.

The goal of this report is to inform, inspire, and prepare readers to innovate in their own communities and for those in decision making roles, to have this knowledge in mind as they envision and develop programs. The innovations and strategies shared in the report identify key elements that contribute to a successful business model and throughout the report case studies underscore how all communities and consumers are unique and have a unique set of assets and needs. The case studies also illustrate the importance of committed leadership and community engagement.

We at the Wallace Center have been honored to work with 30 HUFED grantees, an advisory council, and numerous others to explore and stimulate new approaches to increase access to healthy affordable foods in underserved communities across the U.S. and will continue to deepen the conversation around food access, poverty, and market-based food access solutions.

We hope that this report provides a useful resource to you, wherever you live.

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We want to thank the many people that assisted in creating and guiding the HUFED Center program and provided input to our learning process. This includes our grant making committee, our program advisors, our program evaluator, HUFED grantees, and those enterprises and organizations that are case studies in this report.
3

REINVENTING FOOD ACCESS ONE COMMUNITY AT A TIME

NEXT STEPS IN MAKING CHANGE HAPPEN

The barriers to bringing healthy local food into low-income, historically under-served communities are significant, but healthy food enterprises across the country are using innovative approaches to overcome them. When substantial barriers are overcome, significant progress and rewards often follow.

This report identifies business models that successfully attain both social and economic objectives. They generate revenues and jobs, enhance regional economies, and provide opportunities for small, medium-sized, beginning, and historically under-served food producers.
It is a snapshot of what the Wallace Center discovered through the lens of the HUFED Center, communication with myriad stakeholders and enterprises across the country, and comprehensive secondary research. These innovations represent a more direct connection between those who produce and handle our food, and the consumers who buy it, and have yielded a menu of options that support system change.

Because the food system is complex and all communities are different, there is no perfect, easily replicable model that works from one place to the next. However, there are elements of success and proven strategies that everyone can learn from. This report captures and analyzes these elements and presents them in a manner designed to be useful for community practitioners, government agencies, private and corporate foundations, and other stakeholders working on food access from both supply and demand sides.

COMMUNITY PRACTITIONERS
Communities are comprised of people, and people are different depending on age, background, race, family traditions, and more. The menu of innovations presented here serves as a toolbox of options to help communities set their next steps. Each community will have to individually determine (with support when needed) what makes sense for them. This toolbox, along with underpinning economic data and strategic analysis, enables practitioners to plan next steps and determine what is right for their particular context, and to communicate about their plans with foundations, government agencies, elected officials, and other stakeholders.

GOVERNMENT AGENCIES
Next steps for government agencies can include taking stock of agency priorities to determine if they match current needs, and then deciding how to allocate resources and create support for optimal projects. A community health task force, low-income advocacy group, or food policy council might review the report and use it as the basis for starting or continuing a discussion among a set of stakeholders. Staff might read about a project concept that community members already have in mind, and be able to cross reference it with solid data and analysis, opening doors to new partnership opportunities and networking with others doing similar work in other places. Self-assessment is also important in determining where there are synergies that can be lever-
aged within and between government agencies, and to find ways to work together to streamline resources and maximize impacts.

PRIVATE AND CORPORATE FOUNDATIONS

For foundations, next steps can include using this information to inform strategic planning processes. Foundations are always working to make sure that their “strategies of change” are supported by real-life outcomes. It can be difficult for many foundations to do significant research outside of the concrete activities of their own grant reporting and evaluation processes. This report evaluates a number of different types of projects that might be of interest. There is always so much good work to fund. This report describes what is working now to increase healthy food access and develop local and regional food systems in communities across the country, and offers innovative concepts that may fit the strategic plans of foundations in other locations.

PUBLIC-PRIVATE PARTNERSHIPS

There is often a divide between the worlds of business, philanthropy, government, and nonprofit. When the subject of the work is large and complex, like the food system, it is critical for sectors to work together to realize the multiple mutually beneficial results that public-private partnerships can bring. Stakeholders can all use partnerships to enhance their individual positioning and success.

UNDERSTANDING CROSS-CUTTING ISSUES

The innovations laid out in this report are diverse: affordability and profitability; infrastructure and logistics; community engagement; and marketing. All benefit, however, from attention paid to six cross-cutting drivers of success. These cross-cutting issues are summarized here accompanied by two or three toolkits/resource banks/research documents containing further information and next steps.

1. RESPECT FOR ALL FORMS OF COMMUNITY WEALTH

Successful food enterprises work with community stakeholders to value and leverage non-financial forms of wealth existing in communities. These forms of capital include physical, human, environmental, political, and social. All forms are necessary for communities to function, and all forms need to be managed by a community in order for that community to prosper. These forms of capital, just like financial capital, can be cared for, nurtured, and improved over time.

- Community Commons interactive mapping, networking, and learning utility: http://initiatives.communitycommons.org/About.aspx
2. POLITICAL ENFRANChISEMENT
Successful enterprises understand how local, state, and national politics and policy affect their operations and make their voices heard in the decision making processes that affect their lives. By working together on ad-hoc task forces or long-term food policy councils, food enterprises can have a voice in decisions about important issues on municipal, state, and federal levels and help to improve the social, economic, and environmental health of a target food system.

• State and Local Food Policy Councils: Building a Better Food System: http://www.statefoodpolicy.org/?pageID=qanda
• National Sustainable Agriculture Coalition: http://sustainableagriculture.net/take-action/
• Policylink Research and Action Institute: http://www.policylink.org

3. ACCESS TO CAPITAL
In order to start and expand, successful enterprises access low-cost financing. This financing can help with start-up, as well as growth, reducing costs, and increasing profitability. Across the food marketing chain, access to free and low-cost capital can make an immense difference to business owners. Unfortunately, seeking funding to start or scale up a business can be daunting. There are different categories of financial support for stakeholders along the value chain, including producers, processors, distributors, wholesalers/retailers, consumers, food system intermediaries, and nonprofit organizations.

• USDA/Wallace Center Regional Food Hub Resource Guide: http://ngfn.org/resources/food-hubs/food-hubs

4. ACCESS TO TECHNICAL ASSISTANCE
Access to appropriate, free or affordable, timely services that provide assistance to food access enterprises can help enterprises address specific challenges to their growth and development. As the field matures, technical assistance resources for farms, food enterprises, and organizations interested in increasing healthy food access in low-income communities and building vibrant local and regional food systems are vital in several specific areas which include business planning, marketing, and cold chain infrastructure development.

• The New American Foodshed Guide: http://foodshedguide.org/
• Start 2 Farm: http://www.start2farm.gov/

5. NEW TECHNOLOGY
Successful food enterprises use new technology to their benefit. Marketing technology includes social media marketing (i.e., Facebook, Twitter), online buying platforms, customer management programs, as well as online searchable databases, marketplaces, and mobile applications. Operations technology includes logistics, infrastructure, and inventory management and tracking software, and programs that track and label the sources of local food.

• Small Business Administration Technology-Related Resources. Start with: http://www.sba.gov/sba-direct/article/111171
6. RISK MANAGEMENT

Food enterprises manage risk from two perspectives. From a food safety perspective, they manage the chemical, microbiological, and physical risks associated with the production, processing, distribution, marketing, and consumption of the foods they sell. From a business perspective, food enterprises need to prepare for fires, floods, and accidents in the workplace, as well as risks that can arise from their use of items provided by a food product supplier or distributor or from issues linked to employees or human resource practices.


- SBA Office of Credit Risk Management: [http://www.sba.gov/about-offices-content/1/693](http://www.sba.gov/about-offices-content/1/693)


This report provides stakeholders with experience-based direction for making meaningful, sustainable change in the field of food access and local food enterprise development.

The Wallace Center’s position as grantor and technical assistance provider through the HUFED Center allowed insight into innovations in the field. Living through our grantees’ successes and failures with them informed both our research and our analysis. The innovative solutions presented in this report are based on hands-on practice and grounded in rigorous research. We believe this type of work is especially useful in emerging fields, where there is little peer-reviewed research.

Being market-based and consumer-driven, these solutions provide sustainable community keys to build healthy local and regional food systems. Firmly grounded in financial stability, the solutions are economically viable for farmers, consumers, and everyone in-between.

If you are a practitioner, see what jumps out at you, assess what can work in your community, and move to make it happen.

If you are an investor look to see what types of investments can make a difference in your target area, use these findings to inform your theory of change, and fund market-based projects that increase healthy food access and enterprise.

If you are a policymaker, assess what types of policy supports or regulatory changes you can advocate for to create positive change in your target area, use the case studies and syntheses to support your work, and go forward in advocating for them.
ENDNOTES


4 University of North Carolina School of Medicine. (2011, April 26). Link between high-fat diet and type 2 diabetes clarified.


16 More information about GAP can be found on the USDA AMS website at http://www.ams.usda.gov/AMSv1.0/GAPGPHAuditVerificationProgram


40 Ibid.

41 See http://www.farmtoschool.org for contact information for state representatives.


46 The Wallace Center at Winrock International. (2011). 2010 and


53 Ibid.


65 Ibid.
