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.

Michelle Frain Muldoon
HUFED Program Manager

Ashley Kaarina Taylor
HUFED Program Coordinator
This report was written by the Wallace Center at Winrock International. Authors include Michelle Frain Muldoon, Ashley Taylor, Nessa Richman and John Fisk. Additional support for this document was provided by Cheryl Kollin, Rachel Hynes, Margaret Tran, Tavia Benjamin and Lisa Hightower.


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Funding for this study was generously provided by the United States Department of Agriculture (USDA) through a grant from the National Institute for Food and Agriculture (NIFA) and Winrock International through its Innovations Program.

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.
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The ways we produce, process, distribute, and purchase food in this country influence our environment, economy, society, and health. The network of intertwined enterprises and organizations, large and small, that move food from farm to fork make up our food system.

The food system we have is cost efficient, well-organized, and produces an abundance of food. As a result of logistical and technological advances and the support of government programs, the cost of food in the United States (U.S.) has been reduced to the lowest level of any nation in the developed world.¹
Thirty years ago, the average U.S. household spent about 17 percent of its income on food. Today the average U.S. household spends about 11 percent. These positive attributes, however, mask unintended negative consequences that make a difference to everyone. Fresh healthful foods are more expensive than highly processed, less healthful foods on a per-calorie basis. Highly processed food is linked to obesity and diabetes; large-scale animal agriculture to drinking water contamination and antibiotic resistance; and globalization and farm sector concentration to the failure of small and mid-sized family farms and unfair labor practices. The list of concerns is long, and the costs are great.

In general, low-income communities bear the brunt of the food systems negative and unintended effects. They often lack access to healthy, affordable food. Fifty million Americans are food insecure, most of them within low-income and minority populations. They suffer in greater percentages from obesity and diet-related diseases. By 2018, it is estimated that obesity will cost Americans $334 billion in medical expenses, and 43 percent of Americans will be obese. The percentage of overweight children in the U.S. is growing at an alarming rate with one in three children considered overweight or obese. Problems are especially acute in underserved communities and vulnerable populations, including minorities, children, seniors, and veterans. With respect to health, the food system is broken and needs fixing.

In the early 1900s, nearly 40 percent of Americans lived on farms and most food eaten in the U.S. was grown locally. One hundred years later the food system offers cubes of frozen, chopped basil grown in a desert thousands of miles away from consumers which often costs less than fresh basil being sold at local farmers markets. In large part these changes occurred following World War II, when the food system shifted from local and regional sources to national and global sources due to low transportation...
costs and improvements in refrigerated trucking. In addition, the field of modern chemistry flourished and created hundreds of new food ingredients that changed the lifespan, texture, and flavor of many of the food products Americans eat every day.

Even though the current national and global food system engenders abundance, it also produces an enormous variety of cheap, highly processed, less healthy foods. The food system is a for-profit endeavor which tends to create economic externalities or side effects that are not built into the product cost but absorbed by society as a whole in various ways. These side effects need to be addressed.

The Wallace Center at Winrock International, through the Healthy Urban Food Enterprise Development (HUFED) Center, determined that in order to sustainably respond to problems in the food system, stakeholders needed to be innovative in their approaches, creating and implementing market-based and non-market-based food access solutions across the food enterprise spectrum. While the existence of good-quality retail food stores and food pantries in low-income communities is very important, it is not enough.

The HUFED hypothesis, growing out of program activities, is that food access solutions need to reach beyond physical access to healthy food (e.g., distance to store or food pantry) to include social, environmental, cultural, and other factors. In addition, the role of business or market-based solutions needs to be maximized. These market-based solutions appear to be more sustainable and offer more opportunity to low-income populations by supporting them in both entrepreneurial thinking and healthy eating.

HUFED findings show that the most innovative solutions share the following characteristics:

- They are both needs-driven and consumer-based
- They focus on non-conventional forms of social enterprise
- They are location-specific
- They build on existing assets
- They have an emphasis on selling to underserved consumers, but sometimes (or perhaps even often) also sell to consumers of higher income levels to ensure economic sustainability
- They are regional and local in scope
- They are informed by innovation and experiences across the country
- They are always learning from others in both formal and informal ways

WATERING THE SEEDS OF CHANGE

Faced with the interlinked and intractable problems presented by the current national and global food system, one could be forgiven for raising a white flag and sitting down with a bag of Locos Tacos Flavored Doritos in one hand and a Red Bull energy drink in the other. However, thousands of people in low-income communities across America chose another path. In these communities, which often lack financial capital, people draw upon other forms of capital.
Understanding, respecting, and cultivating multiple forms of capital in low-income communities is critical for community well-being. Each form of capital can be targeted and measured as an outcome of success. The Ford Foundation’s Wealth Creation in Rural Communities project created a rural development process aimed at building many forms of wealth, a method they identify as being more likely to create rural livelihoods that are sustainable over the long term. This project identified the following seven forms of community wealth:

### Seven Forms of Community Wealth

- **Financial wealth**: the stock of unencumbered monetary assets that can be invested.
- **Natural wealth**: the stock of unimpaired environmental assets (e.g., air, water, land).
- **Social wealth**: the stock of trust, relationships, and networks that support civil society.
- **Individual wealth**: the stock of skills and physical or mental health of a community.
- **Built wealth**: the stock of fully functioning infrastructure or built assets.
- **Intellectual wealth**: the stock of knowledge, innovation, creativity, or imagination in a region.
- **Political wealth**: the stock of power and goodwill held by individuals and groups that can be used to achieve desired ends.


For communities to increase their level of wealth, change needs to occur. Change happens in complex systems in three stages. First, loose networks form based on self-interest – people network together for their own benefit. This happens when an event or issue affects a number of people or families. These networks have fluid membership with people moving in and out of them based on how much they personally benefit. Second, Communities of Practice self-organize – people realize that they share common goals and that they can be in a committed relationship with members caring about their needs and the needs of others. Third, a system of influence arises and the efforts of a few pioneer become the accepted standard.

The HUFED Center, grounded in an understanding of the seven forms of community wealth and this theory of change within complex systems, created a new approach to sustainable food security for underserved communities.

The HUFED grantees featured in this report created new practices, models, and systems that benefit the communities they serve. Being part of the HUFED approach to sustainable food security for underserved communities empowered grantees to learn from their collective knowledge, as benefit from professional technical assistance provided.

The HUFED Center played host to grantees’ innovations and their inclination to share. By injecting financial, technical, and networking capacity into these community-based and community-driven initiatives, the Center gained a singular vantage point for understanding this complex and evolving field. The Center used communications technology to create new opportunities for HUFED grantees to cultivate a Community of Practice that has brought local conversations to the national level.

The Center also developed a deep understanding of innovation in this field. This report distills and communicates the Center’s findings in order to turn the efforts of these leaders into accepted standards that communities across the country can learn from, reimagine, and use to create change.

Sustainable food systems arise when agricultural producers and value chain partners thrive economically and employ environmentally sound practices, consumers of all socioeconomic levels have affordable access to healthy local and regional food, and practitioners, policymakers, and funders support innovative, enterprise-based food access solutions.
THE SOLUTIONS ARE HIDING IN PLAIN SIGHT

From grade school vegetable gardens to state-of-the-art local food processing facilities, the number and variety of food and farm projects seeded, cultivated, and grown across America in the last decade is truly amazing.

Within this multitude of projects, there is a subset that generates income. Within this subset, there is a range of profitability, from projects that are nearly 100 percent subsidized to ones that cover all of their operating costs and make a profit. Each income-generating project sets its own profitability goals based on its vision and mission. Some strive and plan for profitability, while others hope to break even, and still others do not expect to make a profit but plan to depend partially on grants and donations in perpetuity.

The enterprises featured here aim squarely at healthy food access in low-income communities and income generation for their own operations and/or new income streams for local farm and food enterprises. They are exceptionally diverse, including urban, rural, and suburban communities. They also span the food system from production and processing to aggregation/distribution and retail—sometimes all within one enterprise!

While the examples featured here work to make local farm and food enterprises profitable with a focus on low-income communities, many have diversified funding streams, offering products to people from both low-income and other populations in order to be economically viable.

Creating a typology for a complex system can be useful. This graphic representation of the range of food systems projects offers a platform for cataloguing, sorting, comparing, and analyzing the universe of revenue generating food access strategies. Within this universe there are many constellations. These can be roughly divided into four...
segments: retail, marketing, aggregation/distribution, and processing (see Table 1).

Although there are food access projects similar to these that do not include local and regional food sales as an objective (e.g., healthy corner store projects that do not encourage local food purchasing), this report focuses on the projects that do. This emphasis grows from a core belief that food access in a just and profitable food system is attained when all links in the food marketing chain, from producers to consumers, are respected and given opportunity to thrive.

While these are the basic components of any food marketing chain, local food access enterprises work to create new relationships between businesses and consumers, and new relationships between businesses and other businesses in pursuit of a healthy food system “Value Chain.”

**WHAT IS A VALUE CHAIN?**

A “value chain” is a supply chain that is designed to link supply with markets efficiently while promoting certain core values, including:

- Equity and fair pay – for farmers, farm-workers, food producers, and workers in the supply chain
- Ecological sustainability – beginning with more sustainable farming practices, but also considering the total ecological footprint of production, packaging, shipping, etc.
- Community capacity – to better meet its own food needs and to build a more self-reliant economy, primarily through locally owned infrastructure and assets
- Health and food access – for all, with a particular concern for people of limited means

*Healthy Food Systems: A Toolkit for Building Value Chains*
Recent research on value chains conducted by the Wallace Center and the United States Department of Agriculture (USDA) indicated that there are four key business practices of successful food value chains, including:

1. recruiting producers and developing producer networks
2. identifying, branding, and marketing differentiated farm products
3. managing infrastructure to transform, pack, and transport farm products
4. negotiating with buyers to secure a fair return for producers

Food Value Chains: Lessons Learned from Research and Practice

Hundreds of enterprise-based food access projects were initiated in the last ten years. Some thrived, while others failed. Each grew out of a unique set of circumstances (assets and needs), and each owes its existence to a unique set of stakeholders (community members, nonprofit organizations, government agencies, elected officials, foundations, lenders, and philanthropists).

Most new ideas need assistance in the start-up phase, both cash (e.g., tax breaks, low interest loans) and in-kind (e.g., sweat equity, targeted technical assistance). Subsidy funding may always be needed for a subset of enterprise-based food access projects in order to achieve the desired social impact. Understanding how to direct time and resources wisely to the projects that make the most difference can maximize impact on multiple bottom lines.

METHODS

The core of this report is based on 30 in-depth, one-on-one experiences that took place over months and years. Staff worked closely with practitioners, making multiple site visits, experiencing not just the carefully written applications and final reports, but also listening to people in the community talk about their successes and their struggles over time. This report is supplemented by additional research and learning, including data gleaned from peer-reviewed research; personal communications with innovators across the country; and reports in popular social, economic, and marketing publications.

Out of an understanding and respect for the uniqueness of each community, this report does not provide a set of one-size-fits-all options. Instead it provides a menu of innovations that span business-based food access strategies. Different sets of strategies will come to the foreground for each community. Through this report, the Wallace Center continues its work developing market-based solutions for “good food” – food that is healthy, green, fair, and affordable.
innovations in local food enterprise: fresh ideas for a just and profitable food system
AN INTRODUCTION

The innovations in this report are categorized into four areas of innovation:

1/ Innovations in Affordability and Profitability
2/ Innovations in Infrastructure and Logistics
3/ Innovations in Community Engagement
4/ Innovations in Marketing

Each section includes a synthesis of trends and introduces two outstanding enterprises through directed case studies.

Initiatives that use the market economy to engage low-income people are the focus of HUFED. These initiatives offer low-income people healthy, local food at prices they can afford and jobs or entrepreneurial opportunities in the farm-food sector. The emphasis on market-based solutions to alleviate food access problems makes economic sustainability of particular interest. Therefore, quantitative information is highlighted as much as possible, especially within the eight case studies.
Market-based solutions are important to foundations, lenders, officials, and agencies, as well as entrepreneurs and on-the-ground practitioners. Indeed, for enterprise-based food access businesspeople, healthy income statements and balanced financial sheets are just as important as healthy food. And for investors (e.g., foundations, lenders, and government agencies) in this time of tightened budgets, socially beneficial farm and food projects which produce revenue and are fully or in large part financially sustainable are increasingly attractive.

It is important to note that the innovations described in these four sections overlap with each other. Many organizations and enterprises working in this field integrate innovations from two, three, or all four of the types featured in the sections – often within the same project.

AN OVERVIEW OF FOUR AREAS OF INNOVATION

AREA 1
INNOVATIONS IN AFFORDABILITY AND PROFITABILITY

Providing farmers with fair wages while making healthy affordable food accessible to under-served communities is a challenge. Conventional food supply chains rely on economies of scale to decrease costs per unit of products and processes, often sacrificing fair wages and healthy food production and processing methods along the way. Many factors impede the growth of sustainable local and regional production, including consumers’ perceptions that local and healthy foods are more expensive, as well as a lack of basic culinary knowledge. Regulatory challenges also create cost inefficiencies. To keep local and regional food enterprises sustainable, successful small and medium-sized food entrepreneurs find innovative ways to reduce costs along the supply chain. They create more healthful versions of old favorites while streamlining their preparation processes. They take advantage of government incentives on the demand side and more economical food safety certification options on the supply side. At the retail level, businesses develop new ways to make healthy local food an attractive and affordable option in low-income communities through innovations such as mixed class pricing and targeted marketing.

AREA 2
INNOVATIONS IN INFRASTRUCTURE AND LOGISTICS

Over the years, investments have been made to support consolidated conventional food system infrastructure at national and global levels, but few investments have been made in local and regional market infrastructure. The high cost of infrastruc-
ture, coupled with the inherent risk and lack of basic knowledge about how to rebuild a regional food system, hinder food entrepreneurs and limit their growth and reach. Lack of capital presents a considerable challenge, as do risk factors related to food safety and technology related to traceability and ordering. Sometimes mid-scale equipment is simply not available in the marketplace, which forces productivity and efficiency down as entrepreneurs “bootstrap” solutions. Innovations on this level help regional food systems grow, strengthen and build new supply chains, diversify markets, and reach larger-scale customers. Large-scale customers, like institutions, can provide consistent markets and get food to low-income populations. Intentionally addressing risk management issues, both in terms of food safety and workplace issues, lowers barriers to success. Cultivating contract buyers and other “good buyers” (those who buy consistently, are flexible, and see local food as a good marketing tool) makes a significant difference as well. When the planning processes for new regional food systems account for the food access needs of low-income consumers as a goal from the outset, they can catalyze profound positive impacts in low-income communities.

AREA 3
INNOVATIONS IN COMMUNITY ENGAGEMENT

Community engagement is, in large part, community education and advocacy. It involves gaining the community’s trust. Building relationships and gaining that trust in high poverty, historically excluded communities is difficult. Often, anyone considered an outsider is blocked from conversation. More challenges arise due to lack of consistent and adequate funding for education and training. Good education and training programs go beyond basic agricultural and food service skills development to include life skills, business skills, interview skills, and more. Sometimes, there are no leaders in the community with the necessary business skills to drive work forward, but often innate resources are there waiting to be discovered. Reaching out to community “bridge builders” and seniors who hold traditional indigenous knowledge can open many doors. Opening those doors builds respectful relationships that honor the assets within the low-income community, and releases the power of mission-driven low-income entrepreneurs who have vision, stories,
and ideas. Providing living wage jobs is an essential part of the equation. Using approaches that connect community-based change-makers and champions with technical assistance providers in mutually respectful ways – through the positive lens of fresh, healthy, and culturally-appropriate food – can facilitate meaningful and sustainable change where none seemed possible before.

**AREA 4**

**INNOVATIONS IN MARKETING**

Food marketing is a multi-billion dollar business in America. The factors that influence what people eat are complex. At a minimum they include culture, convenience, and shopping patterns along with price, advertising, and taste. In some neighborhoods (especially those in the urban core) there is a complex customer base composed of low-income residents, tourists, commuters, and other groups. There is also a delicate balance in these neighborhoods among vendors with different product mixes. Logistics in the urban core related to getting fresh products to people are complicated by storage and transportation limitations. Whether urban, suburban, or rural, understanding consumers’ buying behaviors and building and maintaining customer relationships is essential to the success of enterprise-based food access projects. For example, convenience is increasingly important to all shoppers, no matter their socioeconomic status. By supplying ready-to-eat meal options local food enterprises can overcome marketing barriers in all communities – low-income and otherwise. Successfully connecting local food to related social, cultural, and environmental benefits – can make a significant difference in marketing food products. Local food enterprises can maximize their chances of success when they understand consumer trends and know how to perform basic market research. This helps them tailor their approaches, products, and services to the consumers they want to serve in a way that builds familiarity, recognition, and preference. Customization, personalization, and one-to-one marketing are particularly relevant opportunities for local food enterprises.

*FIGURE 3* Innovative Solutions across the Food Marketing Chain.
INNOVATIONS IN AFFORDABILITY AND PROFITABILITY

Improving the availability of healthy food in low-income communities does not make a difference unless the healthy products being sold are purchased and eaten. For that to happen, they must be both desirable and properly priced. To be sustainable, local food being sold to low-income communities must also be profitable for local farmers and food entrepreneurs. The low-income consumer must purchase the food for the market to exist, and the farm/food entrepreneur must make a living in order to continue producing and selling. This equation is at the heart of one of the most complex issues facing food access and regional food system development allies today: how can consumer price and producer cost meet in ways that transition healthy, local food from a privilege to a right? Communities across the country are developing innovative answers to this question that span the marketing chain.

Strategies that assist in lowering producers’ production, processing, and distribution costs include shared processing equipment, bulk purchasing of packaging and labeling materials, and collaborative marketing and advertising. Group training and technical assistance for agricultural producers on improved production techniques can increase volume, coordinated production planning can improve marketing potential, and group certifications for programs like the Good Agricultural Practices (GAP) training program can lower the cost of complying with complex food safety requirements that evolved in response to public health challenges.

Group GAP certification is undergoing increasing study at this time. The Wallace Center is working with USDA’s Agriculture Marketing Service, the W. K. Kellogg Foundation, and the Good Natured Family Farms Food Hub on a Group GAP pilot project. This project is exploring the challenges and opportunities presented by coordinated GAP training and certification of all farms selling through a local food aggregation and distribution operation.

Food retailers can make healthy, local food more affordable through both purchasing and sales opportunities, including techniques like collective purchasing by corner stores, bodegas, and stores targeting clients of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Consumer strategies include acceptance of federal nutrition benefit program funds, federal nutrition benefit-based incentive programs, bulk purchasing discounts combined with consumer education on food preservation, flexible payment plans, membership discounts, prepay and subscription programs, and more.

PRODUCER SUPPLY STRATEGIES

Producer supply strategies are one of the best ways of lowering cost per unit of product and increasing producer margins. Lowering costs from the supply side results in equivalent increased net profits to the supplier, but it requires different strategies. Making production processes more efficient through reducing input and labor costs is one key strategy. This strategy, broadly phrased, sounds identical to the unfortunate strategies used by conventional non-values-based food businesses, but differs profoundly in both theory and practice. It includes collective buying of inputs like seeds, sharing of machine equipment, and, as described previously, sharing expenses for certifications such as GAP. It also includes the development of partnerships with other companies allowing for mutually beneficial backhauling and front-hauling schedules. For example, enterprises like DC Central Kitchen’s Fresh Start Catering and Gourmet Gorilla’s local and organic school lunches create menus with “production synergy” (where ingredients are prepped identically for more than one menu item) which results in lower costs. Strategies along these lines help to lower costs for organizations providing free food for food insecure people, including creative use of “seconds” and products that are nearing or just past their
expiration dates, and setting up donation stations for local food banks at farmers markets.19

CONSUMER INCENTIVE PROGRAMS

Incentive programs represent one of the largest and most diverse areas of innovation in affordability and profitability. These programs make food more affordable for federal nutrition benefit program recipients by increasing their purchasing power when they shop at local food retail venues like farmers markets. The programs most commonly accessed through these innovations are the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp program), WIC, the Farmers Markets Nutrition Program (FMNP), and the Seniors Farmers Market Nutrition Program (SFMNP).

These programs have, thus far, been subsidized through private, corporate, and sometimes government grants and donations. However, the current arrangement is not a sustainable market upon which a business can rely. Ongoing work on the federal policy level may create permanent incentive structures within federal nutrition benefit programs, which in turn result in more sustainable markets over time. In the future, philanthropic endowments and preventative health care programs can be positioned to support long-term incentive programs that will help change consumer behavior and provide a stable market for local agricultural producers.

Incentives can offset real and perceived risk and additional costs in terms of dollars and time. They have proven to be effective in influencing healthier food buying decisions among low-income populations. A national cluster evaluation (an analysis of data from several separate but similar programs) performed in 2012 found that $11.5 million in SNAP sales were made as a result of incentive programs from 2007 to 2011. More than half of the consumers surveyed said that the incentive program was a factor that drew them to the market. Producers at these markets also like the incentive programs, and over 70 percent of producers surveyed who sold eligible food participated in them.20

Fair Food Network in Michigan, which piloted their Double Up Food Bucks program in five Detroit markets in 2009 and expanded throughout Michigan to 75 markets by 2012, performed an evaluation which found that established incentive programs continue to grow. From 2011 to 2012, participating markets saw an overall increase of 16 percent in the total number of SNAP users at markets, a nearly 50 percent increase in SNAP dollars distributed, and a 54 percent increase in SNAP dollars redeemed.21 National incentive program operator Wholesome Wave found that in 2010, many farmers reported making changes to their operations as a result of the introduction of their incentive program, the Double Value Coupon Program (DVCP). As a result of the DVCP, 15 percent of farmers increased acreage/production, 12 percent diversified products, and almost 10 percent added hoop houses or greenhouses.22 In 2011, Wholesome Wave’s nationwide network of farmers markets, farm stands, mobile markets, and CSA programs increased farmers’ revenue by almost $2 million in federal benefit and incentive purchases, with $1,072,000 from federal food benefit redemption and $816,000 from DVCP incentives.23

These incentive programs spurred outgrowths including programs that bring healthy local food to small retail venues such as corner stores, bodegas,
and even Dollar Stores. These locations offer potential for providing better access and expanded market opportunities for local, fresh food where low-income consumers already shop. They also spurred the development of the USDA’s Healthy Incentives Pilot (HIP) program, which evaluated health and nutrition promotion in SNAP to learn if incentives provided to recipients at point-of-sale increase produce or other healthful food purchases in Hampden County, Massachusetts.

The pilot determined that an ongoing investment of less than 15 cents per person per day may result in a 25 percent increase in fruit and vegetable consumption among adults. Adults receiving the HIP incentive consumed, on average, an ounce more fruits and vegetables per day than non-participants.

Incentive programs bring millions of dollars to local farmers and millions of pounds of fresh, healthy food to federal nutrition benefit program users. They create a win-win situation for small and medium-sized farmers and low-income consumers and continue to provide a clear, mission-aligned benefit to public and private investors.

SMALL RETAIL

Efforts to bring healthy local food into small retail outlets spawned a different set of innovations. In California and several other states, WIC-only stores (stores that sell only WIC food items and operate outside the regular retail market) are proliferating. Although WIC-only stores are currently concentrated in a handful of states, they account for about 40 percent of WIC food voucher redemptions in California and more than nine percent of WIC food voucher redemptions nationwide. Their share of WIC food sales is growing at a substantial rate. The WIC program provides a monthly package of vouchers for specific food items which participants exchange at stores for food. Some groups in California are actively working to bring local produce into WIC-only stores, increasing markets for local farms and access to healthy food for low-income women and children.

Other initiatives focus on bringing affordable healthy food to corner stores and bodegas prevalent in low-income communities that lack full-service supermarkets. They interview store owners to learn about barriers and explore new possibilities for increasing the inventory of fresh produce and other healthy foods being sold in these communities. These initiatives generally support small store owners through subsidized store upgrades, free healthy food marketing materials, and technical assistance in selling healthy food. They sometimes provide other incentives to store owners willing to participate, such as funding for a limited amount of initial fresh food purchases. Innovative programs work to link these stores to schools and to involve youth in marketing their new fresh and healthy options. These program results show that many low-income customers want to buy fresh fruit and vegetables if they are available where they already shop, affordable, and properly advertised.

Outcomes of healthy corner store and bodega initiatives vary widely. There seem to be a few keys to success:

1. successful advocates show corner store owners compelling information proving that selling healthy food can be profitable for them
2. successful advocates provide meaningful financial and technical assistance designed to help store owners better display and market healthy food options
3. successful advocates choose to work with store owners who already have good relationships with the community they serve.

Mobile markets take food access a step further, bringing the food to low-income consumers directly rather than to bricks-and-mortar stores. These markets operate from trucks or vans which are often retrofitted, and usually serve multiple neighborhoods on a rotating basis. Preliminary research shows that prices at mobile markets are lower than at conventional bricks-and-mortar stores. Many take SNAP and some provide incentive programming as well.
Small retail initiatives couple increased fruit and vegetable offerings with innovative loyalty marketing programs, flexible payment plans, and membership discounts aimed at low-income consumers. Some also integrate group sourcing of healthy local food as a cost-lowering strategy, which allows small stores to order in larger quantities and achieve more substantial price breaks in return.

Incentive programs of all kinds are accompanied by logistical difficulties. They require several different forms of payment (e.g., cash, federal nutrition benefit coupons and vouchers, SNAP Electronic Benefit Transfer (EBT) cards, special incentive coins or other scrip) to be used, often in single transactions. Some programs use paper coupons which require copy-protection technology, and involve farmers market managers collecting and processing coupons manually. Others, like the SNAP EBT program involve a point-of-purchase swipe machine. As other federal nutrition benefit programs such as WIC convert to electronic benefits, these swipe machines will become even more important. Logistical innovations around these difficulties include implementation of other kinds of cards, such as debit, gift, and rewards/loyalty cards initiated by local and regional food retailers in different ways. These cards, which are separate from SNAP EBT cards, are used to credit the rewards of accumulated healthy food purchases toward future healthy food purchases.

A new technological solution to the logistical challenges presented by incentive programs is being explored by the Fair Food Network in Michigan. They are working with software developers to create a “SNAP App” – a special program designed to be used on a Smartphone or other mobile device that will allow low-income shoppers to combine the purchasing power of their various means of payment into one easy and seamless transaction.

**PRICING STRATEGIES**

While price is not the only important issue for low-income consumers, it is an important one. Therefore, innovative pricing strategies present a salient way to increase access to healthy local food in low-income communities. Price is important regardless of income level; studies show that lowering the prices of fruits and vegetables in vending machines and school cafeterias by half results in a doubling in their sales. Innovative pricing strategies are frequently seen in local and regional food enterprise, especially in Community Supported Agriculture (CSA) operations and consumer food co-operatives.

CSA programs use several innovative pricing strategies. Their methods include graduated pricing schemes, where low-income consumer shares are subsidized by middle and higher-income consumer shares, and others where low-income shares are altered in size and/or composition to enable CSA program sustainability. Still other programs solicit donations to buy and distribute low-income shares. One innovative program run by the nonprofit organization Greensgrow in Philadelphia received a grant from The Reinvestment Fund to capitalize a Revolving Loan Fund (RLF) which was used specifically for financing shares for federal nutrition benefit recipients. The RLF allows SNAP users to pay up front for their shares and then pay back the RLF using their federal nutrition benefits over time.

Unfortunately, research on CSA operations shows that even at standard prices, CSA operations may not reach economic viability when the definition of economic viability includes paying the farmer a living wage. Therefore, if CSA-based food access programs create a negative impact on farm income, they will reduce already-compromised farm sustainability.

A long-standing strategy for lowering supply side costs and demand side prices is the consumer food co-operative. Many food co-ops layer several of the strategies outlined above like wholesale buying, everyday low prices for basic items, and bulk sales discounts. Some offer sliding-scale membership fees to encourage low-income participation. Although food co-ops are rooted in the counterculture of the 1960s and 70s, they still provide an excellent example of a concept that has been successfully
implemented across different geographies, demographics, and socioeconomic ranges. Food Co-ops continue to hold potential as a strategy for increasing food access in low-income communities.

Food co-ops are inveterate innovators. Many people work within the co-operative format to create new iterations of the traditional consumer-led model. For example, the online Oklahoma Food Co-op in Oklahoma City sells only food products made in Oklahoma – about 4,000 items each month. Members are both producers and consumers in the state. Consumer members order online, and then pick up at one of many locations throughout the state on the third Thursday of every month. In New Mexico, the La Montanita Food Co-op, which is a community-owned, consumer co-op with three locations in Albuquerque, Santa Fe, and Gallup, started a regional Co-op Trade Food-Shed Project. This initiative develops wholesale markets and provides product pick-up and distribution, supply delivery service, and refrigerated storage for local farmers and producers. This co-op sources over 1,100 local products from approximately 400 local producers. Twenty percent of its total purchases and sales are from these vendors.

Food co-operatives are, by definition and principle, motivated by concern for the communities they serve. They market the benefits of the products they sell, including benefits to the farmer, the local economy, and the environment along with direct benefits to the consumers themselves.
Shagbark Seed and Mill was born of a regional enterprise-based initiative to make local, sustainably-grown staple foods available to all people living in Appalachia, so it is no surprise that the twin concepts of affordability and profitability are at the foundation of its business plan. In fact, as co-founder Brandon Jaeger put it, “At first, we didn’t even know we were starting a business!” But start a business they did – one that has experienced a thirty fold increase in sales since it received its HUFED grant.
The idea was simple: grow and sell staple foods, including organic grains, beans, nuts, flour, and oil seeds, in a way that creates a model for regionally-based production, processing, and marketing of healthy products and keeps prices affordable for low-income consumers. But that simple idea was up against a staple food system that has built a cheap food portfolio of high fructose corn syrup, low protein corn, and subsidies that made fair pricing of the crops regional farmers grow cost more than the commodities food banks, schools, and low income customers were used to buying. So they came up with a brand concept they call, “Good Food for All.” Good Food for All creates economic partnerships between area food producers and regional food access programs – such as food banks, food pantries, schools, USDA Summer Food Service sites, and other groups feeding low-income populations. The program offers grains, beans, corn chips, and flours at a lower price than they offer their other customers. It also occasionally donates food when it helps with special events that raise funds for important program serving low-income people.

Shagbark Seed and Mill’s commitment to getting their products to people in their region who often lack access to healthy options is warranted. The Appalachian region, famous for the Smoky Mountains and a special blend of country and bluegrass music, is also known for its persistent lack of jobs, poor public services, and dispersed rural populations. In the county where Shagbark Seed and Mill has its headquarters, Athens Ohio, the County Jobs and Family Services agency reports a 35 percent poverty rate and a 23 percent food insecurity rate – twice the national average and more than two-and-a-half times the national average, respectively. Levels of diabetes and obesity are likewise well above national averages.

Good Food for All exists within Shagbark Seed & Mill’s profit structure as a special price class, which offers products at 17% below wholesale. Because this pricing falls below customary profit margins, they are evaluating what percentage of their sales can sustainably be offered at this rate as they watch sales and donations in this category grow from $800 in their first year to more than $6000 thus far in 2013.

Although sales were modest the first year, Shagbark Seed and Mill has discovered Good Food for All provides benefits beyond dollars: the good will the program generates has been an excellent marketing tool. Current customers – and potential future customers – are impressed with their commitment to addressing food access in their community, and this has led to improved marketability for their products in other sectors, including several Whole Foods Markets and Kroger stores. This increase in overall sales has allowed them to make capital improvements, and hire facility, farmers market, demo, and delivery staff.

A dynamic and pragmatic approach to pricing that balances affordability and profitability is leading to real structural change in the food system – and to business success for Shagbark Seed and Mill.
When it comes to innovative programming to increase profitability by cutting costs, DC Central Kitchen leads the way. This urban community kitchen in the nation’s capital feeds 10,000 people a day through partnerships with nearly 100 partner agencies and 10 public schools. But they are definitely not a run-of-the-mill soup kitchen. Their pioneering food enterprises, which include a successful in-house catering business and a partnership with corner stores to provide fresh produce, generate 60 percent of their revenue.

What’s more, the individuals they hire to prepare this food are graduates of their own culinary training program – men and women who initially came to them with histories of incarceration,
addiction, homelessness, and chronic unemployment. DC Central Kitchen’s solution to poverty, hunger, and poor health is to use food as a tool to strengthen the bodies and empower the minds of low-income people, while building strong communities along the way.

In order to keep fresh, healthy, made-from-scratch food affordable for the organizations they serve, DC Central Kitchen implemented several initiatives:

• **Synergistic menu planning.** Meal planning staff carefully designs menus to ensure that ingredients can be used for more than one item. For example, diced tomatoes might be used on pizza one day, and in salsa the next. This reduces food preparation time and cost per item.

• **Buying food at auction.** Purchasing staff attend grocery auctions, where seasonal, discontinued, and excess food items and food items that are nearing or past “sell-by” dates are available to the highest bidder for lower-than-retail prices. These items are all safe – manufacturer “sell-by” dates refer to freshness, not safety.

• **Creative use of produce “seconds.”** The biggest single expense for DC Central Kitchen is purchasing supplementary ingredients that turn donated food into balanced meals. In 2008, they took a big step toward lowering this expense by partnering with local farmers. They purchased hundreds of thousands of pounds of aesthetically challenged fruits and vegetables from local farms. These “seconds” would normally go to waste or be sold at very low prices to large processing companies. Now, DC Central kitchen buys them, costing the kitchen less and putting more money into the farmers’ pockets. Total poundage of locally sourced produce in their meals reached 22 percent in 2011.

• **Freezing fresh food for later use.** The problem with “seconds” is that they all tend to arrive at the same time. DC Central Kitchen solved this problem by freezing fresh produce at harvest time and then defrosting it for use in menu items throughout the year. They do all of their freezing in-house at their two production facilities using blast chillers. Their frozen foods are then shipped off-site to contracted freezer storage space.

DC agencies, organizations, and businesses are proud to buy from DC Central Kitchen. Corner stores in DC communities without full-service grocery stores buy fresh fruits and vegetables through DCCK’s wholesale delivery service.

In 2010, D.C. Public Schools selected DC Central Kitchen as one of two food service providers to prepare more healthful meals for schoolchildren through a pilot program in seven D.C. elementary schools.

The numbers don’t lie: with total revenue of about $13 million in 2012, DC Central Kitchen earned 64 percent through sales, while charitable donations composed the remaining 36 percent. They hired 65 employees out of their Culinary Job Training program (45 percent) to help them prepare the 10,000 meals they make each day. They invested over $156,000 in 14 local family farms and prevented $1.2 million in food waste by turning leftovers and “seconds” into 2 million balanced meals. Any way you add it up, DC Central Kitchen’s food enterprise work is making a profound difference on social, economic, and cultural levels in the nation’s capital.

DC Central Kitchen uses its increased savings to provide more and better meals to feed food-insecure populations while providing essential job training – and living-wage jobs – to individuals in the communities it serves.
INNOVATIONS IN INFRASTRUCTURE AND LOGISTICS

Improving food access typically focuses on increasing retail shopping opportunities, with a strong focus on full-service grocery stores. Solutions for a just and profitable food system, however, don’t exist only in this part of the marketing chain or in this format. Solutions exist across the spectrum of food enterprises, all across the marketing chain. This section synthesizes current innovations in food logistics and infrastructure. While the projects featured here might seem removed from the end goal of improving food access to low-income retail customers, changing the way that food is aggregated, processed, and distributed can have profound outcomes for low-income food access, local economies, and producer viability.

In the last 50 years, there has been a great deal of investment in national and global food system infrastructure, while local and regional infrastructure has atrophied. Needed local and regional food system infrastructure improvements include aggregation facilities that pool products from multiple farms for sale in multiple markets. Sometimes these facilities also offer washing, grading, cold storage, packing, and small batch processing. Other times they will coordinate these services with separate facilities. There is also a need for refrigerated trucks for distribution and retailing, and marketing mechanisms which allow for traceability so that any food product – including meat, grains, fruits, and vegetables – can be linked back conclusively to the farm where it was grown. Local food enterprises are learning to manage risk, develop stable and diversified markets, use new technologies, and meet infrastructure needs in order to grow and thrive.

Strategic partnerships and collaborations are growing across the country as a means to rebuild local and regional infrastructure and leverage existing assets. These partnerships are based on shared values, win-win relationships, and transparent business practices. They include local and regional distribution companies, producer supply co-operatives, and food hubs.

REGIONAL FOOD HUBS

A regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand. By actively coordinating these functions, food hubs provide small to mid-sized producers with wider access to institutional and retail markets and increase consumer access to fresh healthy food, including in under-served areas and low-income neighborhoods. In many cases, these markets would be difficult or impossible for producers to access on their own.

Food hubs address challenges such as lack of distribution and processing infrastructure, and offer a coordinated point of sale for marketing and promotion to decrease retail costs. Food hubs also provide producers with extensive supports, such as coordinating production planning (which helps to maximize profit by matching supply and demand), technical assistance for wholesale readiness (i.e., grading and packing standards), bulk purchasing (i.e., agricultural inputs, packing boxes, and more), and providing assistance with meeting certification standards such as GAP. In the future, food hubs will take a more active role in GAP certification by coordinating their growers into a group for food safety audits, reducing costs, and increasing compliance.

In 2012, the National Food Hub Collaboration identified 168 food hubs. Of these, 60 percent said they had been in operation for five years or less. Food hubs vary widely in scale from very small enterprises handling small volumes of food to very large distributors selling products from hundreds of suppliers or...
more. Food hubs also vary in terms of their market (some sell to consumers, others sell exclusively on the wholesale market, and others combine several outlets), their ownership models, and their product mix (some hubs sell meat exclusively, others focus on fresh produce, and others offer a wide product mix), in addition to other characteristics.

Food hubs work to assure a consistent, quality supply to consumers and a consistent market for sellers. They employ various operational strategies to benefit both sellers and buyers. Their services include shared facilities for processing, repacking, and cold storage. They also include establishment of quality standards, farmer training, and new farmer mentoring. Many food hubs offer distribution, back hauling, accounting, marketing, and sales services as well.

Food Hubs are proving to be meaningful economic development drivers. Various local, state, and regional studies report that food hubs create jobs, generate business taxes, and increase earnings throughout the region as production increases locally.
Based on a 2011 National Food Hub Collaboration survey, food hubs on average gross nearly $1 million in annual sales, with many showing double-digit and, in some cases, triple-digit annual sales growth.40

As noted above, food hubs can be a means to increase food access. Because of the significant cost and expertise needed to start and operate a food hub it is often more realistic to partner with an existing hub to expand their food access programs than to start one from scratch. If there is no hub in a given area, stakeholders can recruit existing businesses and organizations to serve key functions, rather than create a new hub. Farmers markets, public markets, local distributors, food banks, and group CSA operations can all take on food hub roles of aggregation and distribution. Creating a value-based relationship with such enterprises can help address food access.

Regional food hubs are defined less by a particular business or legal structure, and more by how their functions and outcomes affect producers and the wider communities they serve.

**FARM-TO-INSTITUTION**

Large institutions like urban school districts, universities, hospitals, and other large employers which feed many people typically purchase food from conventional national and global food service companies and food distributors. However, in the past ten years, an increasing number of large institutions gained interest in purchasing local food. While conven-

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**TABLE 2 DEFINING CHARACTERISTICS OF A REGIONAL FOOD HUB**

<table>
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<tr>
<th>CHARACTERISTICS</th>
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<tbody>
<tr>
<td>• Carry out or coordinate the aggregation, distribution, and marketing of primarily locally/regionally produced foods from multiple producers to multiple markets.</td>
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<tr>
<td>• Consider producers as valued business partners instead of interchangeable suppliers and are committed to buying from small to mid-sized local producers whenever possible.</td>
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<tr>
<td>• Work closely with producers, particularly small-scale farms, to ensure they can meet buyer requirements by either providing technical assistance, or finding partners that can provide this technical assistance.</td>
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<tr>
<td>• Use product differentiation strategies to ensure that producers get a good price for their products. Examples of product differentiation strategies include identity preservation (knowing who produced it and where it comes from), group branding, specialty product attributes (such as heirloom or unusual varieties), and sustainable production practices (such as certified organic, minimum pesticides, or “naturally” grown or raised).</td>
</tr>
<tr>
<td>• Aim to be financially viable while also having positive economic, social, and environmental impacts within their communities, as demonstrated by carrying out certain production, community, or environmental services and activities.</td>
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tional suppliers have, to some extent, responded to this market demand, this trend created opportunity for small and mid-size farms, usually through local and regional food hubs, to scale up into wholesale markets. This allowed small and mid-sized farms to provide local, fresh, minimally processed food to institutions such as public schools, private schools, universities, preschools, hospitality, catering/hotels, daycare providers, hospitals, and prisons.

Farm-to-institution programs present great opportunities for local and regional food sales, but they also present significant challenges related to infrastructure and logistics. Enough communities are doing this work now, especially in the farm-to-school sphere, that there are dedicated organizations, national and regional events, and useful online resources developed to assist communities in getting started and in overcoming obstacles to program initiation and growth. Using these resources is a key to success.

When communities are first starting farm-to-institution programs, they report that the challenges can seem daunting. They say it is difficult to know where to begin or how to connect with local farmers.
Similarly, small and medium-sized farmers say they feel overwhelmed by the seasonality of their production, their lack of capacity to meet large institutional buyers’ needs, and their lack of knowledge about how to connect with local institutional buyers. These challenges can be lessened when communities identify and initiate programs with the most receptive institutions first. A good first step for institutions to connect with farmers is by talking with them at local farmers’ markets about the opportunities for local farm-to-institution program development or by identifying suitable regional farms on web-based marketing tools (i.e., MarketMaker) and reaching out to them. Farmers can reach out to institutions and/or local processors who already work with institutions to start the ball rolling. After connections are made, farmers can make low-cost season extension investments, such as investing in hoop houses, to increase their ability to meet institutional buyers’ needs.

In terms of infrastructure, major challenges within schools include lack of staff, culinary skills, and proper storage and equipment. These challenges can be addressed through a thoughtful assessment of which products can be handled effectively based on existing staff and preparation/storage assets. They can also be addressed through careful menu planning, where more labor-intensive, local food-based dishes are paired with easy-to-prepare items for the other parts of the plate. Storage concerns can be addressed through innovative use, and perhaps retrofitting, of other community food storage facilities that may be unused or underused, such as food bank facilities.

Procurement regulations present another logistical challenge. Although many states and municipalities have passed legislative geographic preference options, farmers and food hubs often don’t understand the opportunity this presents in the
bidding process for public institutions. In addition, attitudes of school food buyers and service workers vary – some are enthusiastic about bringing in local foods, while others would prefer to continue current purchasing patterns. Working with appropriate state agencies to smooth transitions and build partnerships can help.

Finally, food safety-based challenges to starting farm-to-institution programs must be understood and addressed fully, especially since institutional feeding programs are meant to nourish especially vulnerable populations such as schoolchildren, the elderly, and patients at hospitals. If local food service directors feel ill-equipped to handle food safety issues for locally sourced products, they can contact the proper state agency for guidance or reach out to a state representative of the National Farm to School Network.\textsuperscript{41} On the producer side, farmers can reach out to local agriculture extension offices to learn about food safety self-assessment and self-audit instruments. They can also connect with the growing group of organizations and agencies working to make GAP training more affordable, such as the National GAP Network for Education and Training, or use online tools for developing on-farm food safety plans such as those developed by the FamilyFarmed.org in partnership with the Wallace Center (http://onfarmfoodsafety.org). USDA, in partnership with the Wallace Center, is currently developing a group certification option for farmers that will reduce the cost of meeting safe food production standards. See http://WallaceCenter.org for more information.

In many states, nonprofit organizations are working with networks of school food buyers and with local growers to facilitate institutional adoption of local food sourcing from early planning through implementation. Understanding and accessing these resources is a key to success.

**LOW-COST STRUCTURAL IMPROVEMENTS**

Local food enterprises across the country are re-purposing existing facilities, such as abandoned mills and vacant office parks, and with modest, low-cost improvements, incorporating them into local or regional food systems. They are doing the same with delivery vehicles built from retrofitted buses and trucks. These enterprises are also reaching out to conventional distribution channels and making new partnerships which create low-cost opportunities for more efficient transportation usage through back-hauling, front-hauling, and shared-use infrastructure. By learning what infrastructure and distribution channels already exist in a given community, existing assets can be identified and maximized. Relatively small investments in new or improved loading docks, vehicles, freezing and refrigeration equipment, and other physical improvements can make a big difference. Building bridges between existing conventional systems and new local and regional ones can be beneficial for all parties.
A forested region in far northwestern Montana near the rugged mountains of Glacier National Park – a region that resident Jan Tusick of the Lake County Community Development Center says “defines rural” – provides a beautiful backdrop for some of the most innovative regional food system infrastructure and logistics development in the country.

The Lake County Community Development Center (LCCDC) was established in 1995 to help this remote region progress economically. Building a better food system was a part of this work from the start in the form of the Mission Mountain Food Enterprise Center (MMFEC), a comprehensive service provider for value-added agriculture and specialty food businesses.
MMFEC is a regional food system development powerhouse that has succeeded in making profound changes in the way food is grown, aggregated, distributed, and sold.

MMFEC provides the knowledge infrastructure needed to incubate new food enterprises, including specialized training in food product development, regulatory compliance training, business planning and development, market research, business networking, access to financing, cooperative development, and education on food industry equipment and technologies. Scores of entrepreneurs have benefitted from their services.

MMFEC also houses a Food Processing Center which provides physical infrastructure for the incubation of specialty food businesses. It has launched a diverse set of entrepreneurs, including the creators of Amazing Grains, Flathead Lake Winery, Gluten Free Mama, and Papa Don’s Barbeque. MMFEC’s Food Processing Center contains ten modules, as well as office and conference space, including:

- Commercial kitchen: for blanching, steaming, cooking, roasting, baking, and liquid filling and labeling
- Production room: for processing, refinement, filling and packing
- Dry fill room: for producing items such as fruit pies, breads, cookies and other baked goods, seasoning blends, and dehydrated fruits, vegetables, and herbs
- Packaging room: for packaging shelf-stable, room-temperature products
- Harvest and washing area: for initial preparation of fresh fruits, vegetables, and other commodities
- USDA meat room: for cutting and packaging USDA inspected meat products
- Coolers and freezers: for packaging of refrigerated, frozen, and ambient products
- Lab and test equipment: for nutritional, allergy, product, and safety testing
- Milling room: for grinding, crushing, shaping, and cutting grains and other dry foods
- Storage warehouse: for storing shelf-stable, room-temperature products

All of these facilities are government inspected and certified. MMFEC also provides back end administrative support and up front marketing assistance.

LCCDC strives to meet its goal of building a thriving and sustainable local economy through the work of MMFEC. The businesses it supports are successfully making and selling source-verified, value-added agricultural products that are grown, processed, and packaged in Montana. LCCSC helps them sell to cafeterias, feeding programs, grocery stores, and restaurants throughout the state, while providing essential storage for dry, perishable, and cold/frozen agricultural products.

In 2011-2012, MMFEC developed a Farm-to-Institution program. It worked with Western Montana Growers Cooperative (WMSG), a regional marketing and producer cooperative, and three local school districts on the pre-planning, production, and processing of five fruit and vegetable products. The project focused on purchasing fruit and vegetable “seconds.” MMFEC cut carrots and wedged apples for the Fresh Fruit and Vegetable Snack Program (FFVP), and pitted and froze sweet cherries, wedged and froze apples, and blanched and froze squash cubes for the school breakfast and lunch program.

In a rural area where comprehensive regional food system components otherwise would not exist, the Mission Mountain Food Enterprise Center built the aggregation, processing, distribution, marketing, and support infrastructure that local food entrepreneurs need to keep food dollars circulating within the local economy.

Many schools are setting local food purchasing goals – goals they can meet working with us.

–Jan Tusick, Program Manager
Of the more than three million migrant farmworkers in the U.S., many can be found in the large commercial fruit and vegetable fields of California. Migrant farmworkers make low-wages and have virtually no opportunities for advancement. They usually suffer from poverty, frequent mobility, low literacy, language and cultural barriers, and impeded access to social services and primary health care. The Association of Land-Based Agriculture (ALBA), which was originally founded to transition farmworkers into farm owners, expanded into building the necessary infrastructure and logistics assistance for former migrant farmworkers – now beginning farmers – to become integral components of farm-to-school, regional food hub, and food enterprise incubation initiatives.
To assist new farmers with successfully marketing what they grow, ALBA started ALBA Organics, a regional food hub which acts as a local food aggregator and distributor. It sells local, organic, and farm-fresh produce at competitive prices to wholesale customers. ALBA Organics started by investing in an on-farm cooler, a warehouse, and delivery infrastructure. They soon outgrew that infrastructure and expanded into a second location where they both receive and ship organic produce. ALBA Organics also provides farmer-entrepreneurs with vital technical assistance on crop planning, field production, post-harvest handling/packing, as well as the marketing for distribution to a variety of customers.

ALBA Organics expands access to fresh, local, and organic fruits and vegetables through multiple sales outlets. Nearby public school districts are one key market channel. ALBA Organics sells to the Pajaro Valley Unified School District, which purchased close to $50,000 in ALBA products in the 2010-2011 school year and to the Santa Cruz School District, which now buys about 70 percent of its produce from local farms. They also sell to other institutional food programs, grocery stores, supermarkets, and restaurants.

Their investments are directly linked to food access in multiple ways. For example, many of the students in the public schools they serve qualify for federal free and reduced-price lunch programs. In addition, ALBA runs farmers’ market incentive programs for families relying on SNAP through the CalFresh Program (formerly known as food stamps) and works in partnership with the Community Alliance of Family Farmers (CAFF) to run a Harvest-of-the-Month program that distributes 500 boxes of local food, along with recipes and teaching aids, to teachers at participating schools every year.

ALBA Organics has not stopped with aggregation and distribution. ALBA is also investing in turning former farmworkers into value-added food product entrepreneurs. Together with El Pájaro Community Development Corporation, ALBA initiated a food enterprise incubator program, leasing a 30,000-square-foot food processing facility which will both expand its warehouse space and create a new Commercial Kitchen Incubator.

These enterprise-based efforts are part of ALBA’s overall earned-income strategy. Things are going well in terms of earned income so far – their aggregation-distribution operation enjoys a 40 to 60 percent annual growth rate, and they achieved sales exceeding $3 million in 2011.

In an effort to help farmworkers transition from low-paying, dead-end manual labor, ALBA Organics invested in regional food system infrastructure for food aggregation, distribution, processing, and marketing to provide farmworkers with the tools and support they need to pursue successful careers as farmers and local food entrepreneurs.
Innovations in Community Engagement

Creating positive change in low-income communities is a challenge. Persistent societal and economic problems often prevent well-intended government and nonprofit programs from meeting their goals. Creating change is a complex matter, not as simple as just putting items on a shelf, changing an ordering policy, or opening up a new full-service grocery store in a neighborhood with low access to healthy food options. Promoting change takes physical, institutional, and social interventions on the community level.44

Community engagement is, in large part, community education and advocacy. Challenges arise due to a lack of consistent and adequate funding for education and training. Good education and training programs go beyond basic agricultural and food service skill development to include life skills, business skills, interview skills, and more. Reaching out to those within the community who have skills to contribute can make a difference on both social and programmatic levels. This work builds respectful relationships that honor the assets within the low-income community. This, in turn, creates greater access to the non-financial community capital held in these neighborhoods. It is essential to provide living wage jobs and cultivate connections through in-person outreach. Using approaches that connect community-based change-makers and champions with technical assistance providers in mutually respectful ways – through the positive lens of fresh, healthy, and culturally-appropriate food – can facilitate meaningful and sustainable change where none seemed possible before.

When community engagement works well, economic development activities improve economic opportunities and outcomes. Stimulating business activity in a low-income neighborhood can enhance the quality of life, and if the opportunities are numerous and outcomes significant enough, they can encourage neighborhood revitalization.

But it is not enough to bring entrepreneurial businesses into a low-income community. In fact, circumstantial evidence points to entrepreneurial businesses creating negative sentiment on the part of some community members if it is perceived as being thrust upon residents without permission. Groups that want to work effectively in low-income communities should understand that they usually enter those communities being seen as privileged outsiders due to their affiliation with an organization, their level of education, their race, their socioeconomic status, or other characteristics. A primary goal of these

### Table 3 Outcomes of Community Economic Development

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<tr>
<td>• Expanded access to capital and stimulating asset accumulation</td>
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<tr>
<td>• Increased local access to consumer goods and services</td>
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<tr>
<td>• Expanded local entrepreneurial base</td>
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<tr>
<td>• Expanded local employment opportunities</td>
</tr>
<tr>
<td>• Giving neighborhoods more control over ownership of local resources</td>
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<tr>
<td>• Connecting residents and businesses to the regional economy</td>
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*Community Economic Development and Community Change by Héctor Cordero-Guzmán and Patricia Auspos.*
organizations’ work should be to break down the boundaries between organization staff and community members, in order to fully engage community members at all levels of project conceptualization, planning, and implementation.

The Crossroads Community Food Network in Langley Park, Maryland has been operating a farmers market and nutrition education program in a low-income, minority neighborhood on the edge of Washington, D.C. since 2008. Shortly after their inception, they hired community member Rosa Sanchez to perform SNAP outreach to farmers market shoppers. Her outstanding work resulted in many extremely needy families gaining food security and choosing to purchase healthy foods with their federal benefits. In early spring 2013, Crossroads undertook a “World Café,” a conversation-based, community-led leadership process. A trained facilitator led a diverse set of community stakeholders through a series of small group conversations directed at solving tough hunger and healthy food access challenges in their community. The results of the World Café were derived from these conversations, and will be used to form the organization’s strategic planning processes.

The community itself should be an integral part of economic development efforts from the ground up in order to maximize chances of success. Working with people in the community who act as bridge builders and leaders, like Rosa Sanchez, is essential to reaching people and building trust.

In terms of marketing and food enterprise success, a food enterprise’s story and mission are of great value. It is important for any business to articulate how and why they got started and what makes them stand out from their competitors. For example, the Taos Food Center in New Mexico incubated over 40 local food businesses and helped market them under the Center’s dedicated “OSO Good Foods” brand. This brand ties both the products and the businesses
to the culture, economy, and food traditions of the Native American, Hispanic, and land-based people of the area.46

Businesses that are rooted in low-income communities transcend empty promises in retail marketing and serve as a primary tool for building community identity and contributing to community economic, social, and individual health.46 When communities become involved in building local and regional food systems from the ground up, healthy eating becomes something that residents do, not just something they buy. It alters the community’s identity, laying the groundwork for sustainable, systemic change.

In working to develop food systems in this way, a community asset-based approach is needed. This approach is both demand-driven and anchored by participation and support by community organizations and individual residents of the community being served. An asset-based approach depends on the identification and leveraging of existing non-financial wealth in the community or community capital. It requires looking beyond the number of dollars in the community to include assets such as existing buildings, equipment, and other assets held by community members.

There are often untapped opportunities for working with churches, barbershops, and after-school centers. Assets exist throughout communities, from the physical features of old mill buildings, playgrounds, parking lots, and abandoned factories to the untapped knowledge of residents who are currently or are retired machinists, farmers, cooks, or tinkerers. Assets also include social connections of people who can effectively connect people with resources in the community.

An asset-based outlook can take elements commonly thought of as negatives or drains on the community, such as youth in detention, people in prison or on

### Table 4: **Two Primary Forms of Non-Financial Community Capital**

<table>
<thead>
<tr>
<th>Form of Capital</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical capital</strong></td>
<td>• Tangible resources, including school and hospital cafeterias, vacant public land, church kitchens, libraries, vacant storefronts, recreation centers, and unused buildings.</td>
</tr>
<tr>
<td></td>
<td>• Physical capital generally depreciates over time and requires maintenance.</td>
</tr>
<tr>
<td></td>
<td>• Physical capital also includes equipment like computers, printers, refrigerators, ovens, mixers, drying racks, trucks, refrigerators, and freezers.</td>
</tr>
<tr>
<td><strong>Social capital</strong></td>
<td>• Lives in community residents.</td>
</tr>
<tr>
<td></td>
<td>• People like stay-at-home parents with cooking and canning skills, business owners who care about community improvement, church leaders who are interested in community food security, young people ready to invest their time and energy in their future, unemployed residents with farming, food processing, marketing, graphic design or equipment repair expertise.</td>
</tr>
<tr>
<td></td>
<td>• Unlike physical capital, the value of social capital increases with use.</td>
</tr>
</tbody>
</table>

*Regional Food Hub Resource Guide, USDA AMS, April 2012*
parole, vacant lots, and people with developmental disabilities, and turn them into assets in the form of skilled workers, entrepreneurs, salespeople, and community ambassadors. These people can then support positive, community-based projects like urban farms, food business incubators, and community gardens. In Providence, Rhode Island, youth in the juvenile justice system make branded Harvest Kitchen applesauce and other food products with local produce and sell it at farmers markets across the state through a partnership between the state and a nonprofit organization, Farm Fresh Rhode Island.47 In Washington, DC, HUFED grantee DC Central Kitchen runs a culinary job training program that launches new careers for homeless people while running a successful catering business that uses local produce from multiple area farms.48

Simple techniques such as meeting people where they are (i.e., setting up food businesses in locations where people already congregate and offering products that are familiar and desired) can make a big difference. Working with the community allows a business to learn about untapped market places, including non-traditional shopping venues where people frequently go such as churches, metro shops, transit stations, retirement homes, and barbershops. This can also reduce travel costs for consumers and make shopping for healthy local food more convenient and accessible.

Community assets can be leveraged to address the root cause of food insecurity, not just its symptoms. This involves integrating those being served into the process, and creating an enabling environment for multi-sectorial collaboration. An integrated, assets-based approach assumes all of a community’s assets are interconnected and collaboration leads to leveraged resources, shared risks, improved return on investment, and long term positive impacts.

Successful community engagement takes many forms. Nutrition education programs can lead to cooking classes and then to vegetable gardening. Food service job training or beginning farmer training courses can lead to employment as skilled workers and then to farm or food business ownership. New food co-operatives can lead to volunteer hours and then to more healthful eating. There is no set path for increasing community engagement. However, respect for the community and understanding the challenges and opportunities presented by its people and places allows “outsiders” to co-create optimal solutions with community members.

HEALTH AND NUTRITION EDUCATION

Many organizations start working with low-income communities on food issues through health and nutrition education programs. Because this is a finite objective with clear activities and measurable outcomes it is well-understood by funders and stakeholders. These programs can take many forms, including gardens at elementary schools and healthy cooking classes associated with farmers markets, health clinics, or churches. Many innovative health and nutrition education programs are aligned with the community and are grounded in an asset-based approach. For example, the Cultural Conservancy’s Native Circle of Food program in San Francisco, California teaches youth and adults about native gardens, seed saving, and traditional foodways through workshops and public education.

Recent studies of the effectiveness of nutrition education conclude that it increases knowledge by 33 percent, improves attitudes by 14 percent, and improves behaviors by 19 percent.49 When nutrition education methods are customized to fit culture, age, and other demographic factors they are more effective. Customizing programs can be useful even when programs have different goals such as increasing fruit and vegetable intake, reducing fat intake, or limiting portion size. Shaping the programs to better fit the demographics of the audience also strengthens programs that incorporate different learning strategies, including face-to-face education, counseling, telephone motivation, computer-tailored motivation, multi-faceted community-based intervention programs, or a combination of methods.
Environmental initiatives which actually change the food environment, such as learning gardens or changing the contents of vending machines, can take place in community locations. Community locations include schools, recreation centers, and workplaces. Using central community locations for initiatives can cultivate food entrepreneurialism, as well as healthier cooking and eating.

COMMUNITY KITCHENS

Community kitchens are shared-use food processing facilities that offer specialty food processors, farmers, and caterers a low-cost way to make processed food products that they can sell to the public. Kitchen clients are charged only for the time that they use the facility. Some community kitchens also provide technical production, marketing, and business assistance in partnership with organizations that have extensive food processing, marketing, and business experience. This means they are taking on the role of business incubator in addition to offering a facility for rent.

Supporting the local economy is a primary goal of most community kitchens. They can be run by nonprofit organizations, governmental and educational institutions, and for-profit companies. Some are interested in working with local farmers, while others are focused on community economic development, and still others are focused on both of these goals. In order to be successful, community kitchens need to have clear goals, committed leadership, and solid plans for long-term profitability.

Market research is an important step in the process of developing a community kitchen’s goals. Initiators can survey potential clients and determine their equipment needs and the number of hours they want to use the kitchen. Investigating existing community facilities during the market research phase can also be helpful, as it might identify a

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TABLE 5  KEY FACTORS CONTRIBUTING TO THE SUCCESS OF COMMUNITY KITCHENS

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>FACTORS</th>
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</thead>
<tbody>
<tr>
<td>• Identify goals and needs for the community kitchen at an early stage</td>
<td>• Provide technical and marketing assistance in addition to kitchen facilities, incubators with successful clients also tend to be successful</td>
</tr>
<tr>
<td>• Offer the right equipment for the set of clients identified</td>
<td>• Plan for adequate storage, both dry and refrigerator/freezer</td>
</tr>
<tr>
<td>• Organize a group of committed leaders who will rally support for the kitchen</td>
<td>• Manage conflicts between clients over time, cleanliness, or products</td>
</tr>
<tr>
<td>• Market the kitchen to a variety of clients</td>
<td>• Try to find a stable funding source to subsidize the operation, lease the facilities, or operate as debt-free as possible</td>
</tr>
<tr>
<td>• Set rental rates close to market rates at the beginning of operation, rather than starting lower and then raising them. The latter strategy can prove devastating for clients</td>
<td>• Consider using existing community facilities such as churches or community buildings and tap into existing technical assistance resources for marketing, labeling, and insurance</td>
</tr>
<tr>
<td>• Involve local, state, and federal regulatory agencies in planning the facility, and identify start-up and long-term sources of financial support</td>
<td></td>
</tr>
</tbody>
</table>

Community Kitchens - Key Elements of Success by the Center for Integrated Agricultural Systems
building where an unused facility can be updated or expanded more cheaply than a new building can be constructed.

For a community kitchen to remain economically sustainable and serve low-income entrepreneurs, it may need some form of ongoing subsidy. Many seek grants or state bonds for start-up phases. Most also set up sliding-scale fees for clients of differing economic means. Some community kitchens develop technical assistance services, capital connections, self-owned labels, and template marketing materials for their clients in order to assist them with building clients, and to supplement rental fee income. When introduced and developed properly, a community kitchen can lead to economic opportunity, environmental sustainability, health benefits, food security, and hunger alleviation – becoming a true food enterprise incubator.50

**RETAIL FOOD CO-OPERATIVES**

Food co-operatives are retail grocery stores that are owned and operated by local residents, so they are naturally community-focused. They create employment opportunities in low-income communities and at the same time increase access to and promote consumption of healthy food. They make an overall positive economic impact while they support local food systems and environmental sustainability. Co-ops leverage the power of many buyers to negotiate reduced prices. Buying in bulk in co-ops can cost consumers substantially less than buying retail. Group purchasing also boosts convenience, availability, and quality. Co-operatives are characterized by voluntary and open membership, democratic member control, dues, and services such as education, training, and information for members.

The food co-op model, which uses a paid membership system for capitalization, can easily be scaled up from small to medium to large scale. Co-ops can start as neighborhood buying clubs with 10-15 families and no staff, formal structure, or legal entity, and grow into bricks and mortar stores. The membership model used by food co-ops is also used by independent businesses that buy collectively, including agricultural producers and large national corporations like COSTCO.51

Research shows that food co-ops provide greater benefit to communities than non-co-operative retail food stores. For example, food co-ops offer greater access to healthy food, create more jobs per square foot, return less material to the waste stream, and are more energy efficient than non-cooperative retail food stores. They also source a far greater proportion of product from local and regional businesses than their conventionally structured competitors.52 Hourly wages are slightly higher at food co-ops than at conventional grocery stores, and a higher percentage of staff are eligible for health benefits. Not surprisingly, job satisfaction among employees is quite high. Local economic impact is also higher for co-ops than conventional stores. Co-ops spend on average 12 percent of every inventory dollar on local foods, as opposed to just four percent at conventional stores.53
The passage of the North American Free Trade Agreement in 1994 was the equivalent of a death sentence to the traditions and livelihoods of women garment workers in Mexican border towns. According to Lorena Andrade of nonprofit La Mujer Obrera, women in the poor El Paso community clearly understood their status as “economic leftovers.” The community decided to see this change of fortune as an opportunity, reorienting its workforce and energies to create a new economy – one that cultivates the well-being of the community.
Direct actions and meeting immediate needs must be combined with long term plans. We as women have a right to envision a better community and we can work for it every day.

The garment industry built their community, but it was never designed with the health, well-being and enrichment of the women workers and their children in mind. So the women set about building something that made sense for them through La Mujer Obrera, a nonprofit, grassroots advocacy and development organization that focuses on issues related to the impact of globalization on the economic and social human rights of Mexican immigrant women at the U.S. Mexico border. “Once you figure out community,” says Andrade, “many doors open.”

La Mujer Obrera first created a new day care. With the children taken care of, they could focus their considerable energy on creating a new community development model, one which allows them to build a sustainable economic base rooted in fulfilling human needs in a community setting while offering permanent employment.

They next sought a physical “home base,” which they found in four abandoned garment factory buildings which they renovated to create Centro Mayapan—a collection of social enterprises that now serves as the home for programs that include a women-run day care, housing, restaurant, marketplace, museum, media, adult education, grocery store, micro-enterprise incubator, and artisan import businesses. As they considered what infrastructure they needed to build and sustain the community, they turned their attention to how best to feed themselves. Here, too, they decided to start from scratch.

Fresh, healthy, local, and culturally-appropriate food was a central element of their plans from the beginning, but at first they were impeded by a lack of agricultural production. So they started planting fruits and vegetables in their yards and in vacant urban lots, and teaching others to do the same. According to Andrade, “It all goes back to food. When you have healthy food, you will have healthy people in the community. Traditional music, festivals, and traditions will naturally follow.”

In time their success in this respect led to increased demand for fresh, traditional foods. This, in turn, cultivated new farmers. As production increased, the women of La Mujer Obrera started a farmers market in their facility called the Mayapan Farmers’ Market. Since its 2011 opening, the Mayapan Farmers’ Market has operated 8 a.m. to 5 p.m. every weekend during the harvest season and has spurred continued rebuilding of the local food system.

The group also initiated food service worker trainings, a monthly bartering table where residents can swap homemade foods with each other, and a new truck-based mobile market which serves rural, unincorporated parts of El Paso County every Monday. The markets also feature artisan goods, traditional music, a weekly newsletter with recipes and information, and free workshops for the whole family including dance, cooking, ancestral health practices, and gardening. La Mujer Obrera has created a truly engaged – and engaging – community gathering place where none existed before.

In a community that lost its economic well-being, women who were “no longer needed” as laborers came together to create their own livelihood. In the process of meeting their immediate needs, they unlocked the community’s resources to help create a new economy – one based around celebrating traditional cultural values and building opportunity for residents.
In Detroit, obesity among young people is epidemic. A 2011 survey by the U.S. Centers for Disease Control and Prevention (CDC) found that 19 percent of Detroit’s youth are obese. 21 percent of children never exercise for an hour a day, eight percent never eat fruits or vegetables, and 10 percent drink at least three servings of soda every day.

To help promote better food choices, the Detroit Black Community Food Security Network (DBCFSN) was formed. DBCFSN is a coalition of organizations and individuals in Detroit's Black community, which makes up over 80% of the city’s population, working together to build food security by influencing...
public policy, promoting urban agriculture, encouraging co-operative buying of healthy food, and introducing young people to careers in agriculture and other food-related fields.

The organization started farming on abandoned city lots in 2006. They have since grown to occupy a site the organization’s President of the Board of Directors, Kwamena Mensah, calls “a 7.5 acre self-determination project.” Together with the community they prepare and plant garden beds, and implement schedules for pest management, water, work, and harvest. In 2009, they extended their agricultural enterprise by installing a 36’ X 90’ high tunnel hoop house.

The farm’s products are sold at four farmers markets throughout the year. DBCFSN manages youth volunteers, called “food warriors,” in partnership with local schools who sell farm produce at these markets. Most of these markets participate in SNAP and WIC incentive programs. According to Mensah, “We are bringing seniors who hold cultural, historical, and indigenous knowledge together with young people who are learning the farming culture.” They start with youth, some as young as second grade, by bringing them to the farm and teaching them the basics of agriculture. Mensah explains that “even at a young age, some of that language of slavery has come to them from their parents and grandparents. We work with them to reframe farming through school visits and summer youth employment on the farm.”

Concurrent with their development of the farm, they started work to bring more healthy non-perishable food to community consumers. This work grew from dissatisfaction with retail grocery options among the city’s African American community. These stores, like those in other low-income urban neighborhoods lacked fresh produce and other healthy foods, and charged more for less selection and lower quality items.

The Ujamaa Food Co-op Buying Club started in 2008 and provides community consumers with the ability to purchase a wide variety of healthy foods, supplements, and household items at discounted prices by ordering in bulk directly from a vendor (United Natural Foods). Once a month, individual consumers log into the vendor’s web site, browse products, and choose items to order. The orders are joined together, submitted electronically, and delivered to the DBCFSN main office for pickup.

Now DBCFSN is planning a transition from buying club to bricks-and-mortar food co-operative. Their first step was to establish a community advisory committee, an essential step getting the community to “buy in” to the concept in the earliest stages of development.

DBCFSN’s ground level work is impressive, but it does not present the whole picture of their community-building activities. The organization was also instrumental in developing a food security policy for the City of Detroit. Through a comprehensive community-led process, DBCFSN developed a draft policy that was adopted on March 25, 2008. The policy led to the development of a Detroit Food Policy Council.

By working together as a community, the Detroit Black Community Food Security Network staff, volunteers, and neighborhood stakeholders empowered themselves to grow fresh food, change the way they buy non-perishable food, and make a significant and lasting impact on the way food and agriculture policy is developed and implemented in their city.
4 INNOVATIONS IN MARKETING

Marketing is the link between what people need, or think they need, and what they decide to buy. In the context of the food system, marketing comprises the processes of creating, delivering, and communicating the value of food products to customers. It also includes ongoing management of relationships with customers. As the food system consolidated and grew to be national and global in scope, food marketing turned into more of a science than an art. Successfully marketing food on a national scale now means understanding and applying sophisticated research methods.

The unfortunate truth for local food entrepreneurs is that half of all new businesses fail in their first five years. Challenges are even higher for new food products in grocery stores, where 70 to 80 percent of all newly introduced products fail. These statistics, as dire as they sound, actually paint a rosier picture than can be expected by small independent food companies. The top 20 U.S. food companies enjoy a success rate of over 75 percent for new product introductions, while the other 20,000 U.S. food companies succeed at a rate of just over 10 percent. One major difference between large and small food companies, which partly explains the disparate success rates, is the amount of time and money spent on research and strategic marketing.

For local food enterprises that wish to increase food access for low-income people, make a profit, create jobs, improve the local economy, and protect the environment, successfully performing complex and interrelated marketing tasks can feel out of reach.

Despite this gloomy forecast, local food enterprises have several important marketing advantages. Non-traditional marketing techniques, out of reach for conventional food enterprise and retailers, can be applied by local food enterprises to great effect. For example, marketing based on personal relationships is possible in small-scale food systems, both for direct consumer sales and sales to schools and other large local markets. In addition, telling a story to sell a product is much more effective if the food enterprise is community-based and the potential consumers are in relatively close proximity to the farmers or community groups who benefit. Proximity, local ownership, and common social values provide opportunities for marketing innovations. In addition, local food enterprises can benefit from free, readily available, relevant information about current consumer trends, market research, and tips for understanding how to build consumer trust and loyalty. Finally, local food benefits from a bottom-up approach. As children are educated about the importance of fresh, healthy food in schools, they encourage their parents to buy fresh, healthy food when they shop.

Apart from the product marketing discussed in this section, there is another type of marketing dubbed “Social Marketing.” Social marketing is the systematic application of conventional marketing techniques for social good. It uses the same tools as commercial marketing in order to achieve specific behavioral goals deemed to be positive for society. This type of marketing plays an important role at the intersection of low-income food access and sustainable food enterprise. Social marketing has been used extensively in recent years to target changes in eating patterns that lead to obesity, diabetes, and other diet-related disease. It is also used to further investment in community food projects. While this report does not cover social marketing in depth, HUFED and the food enterprises featured here benefit from and value social marketing that sets the stage for local food enterprise-based products to be valued and purchased in the marketplace.

UNDERSTANDING CONSUMER TRENDS

Understanding consumer trends allows food entrepreneurs to develop products that will match current consumer needs. Trends in the food industry as a whole also apply to food businesses that seek to bring healthy food to low-income consumers. The trend toward “Fresh Convenience” is particularly salient for food enterprises seeking to develop
TABLE 6  EIGHT MAJOR TRENDS IN THE FOOD INDUSTRY FOR 2013

<table>
<thead>
<tr>
<th>SNACKING AND MINI-MEALS</th>
<th>THE STORY BEHIND OUR FOOD</th>
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<tbody>
<tr>
<td>Grocery stores and food companies will offer pre-apportioned snacks to take the guesswork out of portion sizes. More than half of Americans snack two to three times per day.</td>
<td>Consumers are reading labels selecting their foods more holistically based on all the “food factors” including taste, ingredients, source, and nutritional composition, as well as who is making their food along with an understanding of its impact on the environment.</td>
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<tr>
<th>EVOLUTION OF FROZEN FOODS</th>
<th>NEW PROTEINS</th>
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<tbody>
<tr>
<td>Frozen fruits and vegetables harvested in season and flash frozen are virtually identical nutritionally to fresh produce and can cost less.</td>
<td>A major shift is anticipated in the nation’s protein food supply away from meat-based proteins and shifting to meatless proteins like eggs, nut butters, tofu, beans, and legumes, with an increase in awareness and consumption of vegetarian and vegan meals.</td>
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<tr>
<th>THE IMPACT OF MILLENNIALS</th>
<th>SUSTAINABILITY</th>
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<tr>
<td>In 2013 supermarkets and food companies will cater more toward those born between 1982 and 2001 with foods that are flavorful and ethnically diverse. Millennials want to understand where foods are from, preparation, and how food is served.</td>
<td>39 percent of Americans feel the most “green guilt” for wasting food, almost double the number who feel guilty about not recycling.</td>
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<tr>
<th>BREAKFAST</th>
<th>HEALTH AND FOOD</th>
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<tr>
<td>Ninety percent of U.S. consumers say they eat breakfast every day and are eating breakfast foods throughout the day. Breakfast foods are typically high in protein (e.g., eggs, egg whites, yogurts, milk) and as the nation continues to focus on high protein foods, these less expensive proteins will replace higher priced meats for some meal occasions.</td>
<td>People who eat low-fat diets rich in fruits and vegetables tend to have a decreased risk of cancer and heart disease. Look for more heart-healthy antioxidant-rich foods including oily fish such as salmon, as well as green tea, sweet potatoes, dark leafy greens, popcorn, berries, and whole grains to take over supermarket shelves.</td>
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Adapted from Phil Lempert, SupermarketGuru.Com

Markets in low-income communities. This category of food products includes ready-to-eat meals made from fresh, high-quality ingredients. Convenience stores are increasingly stocking healthier foods and offering low-access neighborhoods improved healthy food access. An outgrowth of this trend is “Healthful Vending,” which refers to increasing community, student or employee access to healthier vending machine options. It has been identified as one of many important steps in the fight against obesity. Several companies are geared to provide healthful food alternatives via vending machines, which can now be found in schools, workplaces, gyms, sports arenas, airports, and hotels. Products in this category include oatmeal kits, fresh-cut fruits and vegetables with dips, and bowl salads.

PERFORMING MARKET RESEARCH

Market research is important in figuring out how to develop and sell products that will succeed in the marketplace. Local and regional food enterprises can
keep it simple, learning from available free resources, and using simple methods to collect their own data. For example, food entrepreneurs can learn what customers want through online surveys, by tracking ordering habits, and by asking about customer needs at the point of sale. This research can be done in focus groups, talking circles, and surveys which can be conducted formally or informally. Member-based retail venues, such as CSAs and buying clubs, can provide members with consumption checklists asking what food items they liked best, how they prepared their food items, if they get too much of any particular food item, and if they are interested in receiving recipe ideas with their food. All types of entrepreneurs can offer special deals, gifts, or coupons for focus group or survey participation.

In addition to determining what consumers want, simple market research can identify methods of moving consumers toward healthier food choices. Product innovations can entice consumers to buy healthier versions of traditional foods or new products that displace less nutritious options. Retail market and placement innovations, which can be guided by market research, can help enterprises be more successful in bringing healthier foods into new retail venues. These venues can include places where food has not been sold previously such as churches and community centers.

By integrating a small amount of marketing research into operations on an ongoing basis, food enterprises can create continuous feedback loops of learning, adapting, and evolving. Different forms can be useful before, during, and after launching a new product; starting a new business; or introducing products to a new consumer segment. It can help entrepreneurs make decisions about which consumers to target, which products to market, which formats to use (e.g., frozen, fresh, prepared, etc.), and which are the most appropriate sale outlets.

Market and consumer research examples within reach of local food enterprises include feasibility studies, community surveying, Geographic Information Systems (GIS) modeling (usually with assistance from a local community college or university), and consumer behavior modeling. Entrepreneurs with

**FIGURE 5 Four Ways to Build Customer Loyalty**

<table>
<thead>
<tr>
<th>COMMUNICATE WITH CUSTOMERS</th>
<th>PROVIDE GREAT CUSTOMER SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build relationships with buyers, addressing them by name, if possible, and showing interest in their lives</td>
<td>Build a reputation for reliability; address negative experiences quickly and professionally</td>
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</table>

<table>
<thead>
<tr>
<th>PROVIDE CUSTOMER INCENTIVES</th>
<th>HELP STAFF BE PART OF THE TEAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote product awareness at community locations and contribute to the community through volunteerism and charitable donations</td>
<td>Train staff well and celebrate positive customer feedback and meeting of sales goals with them</td>
</tr>
</tbody>
</table>
limited knowledge about performing market research can benefit from devoting a little time to exploring free, available resources including:

USDA’s Economic Research Service (http://www.ers.usda.gov/) which has fact sheets, reports, and maps for communities across the U.S. with information on population, income, poverty, food security, education, employment, and more; Mapping tools like PolicyMap (http://www.policymap.com/), Market Maker (http://www.marketmaker.uiuc.edu/), and USDA’s Food Compass (http://www.usda.gov/maps/maps/kyfcompassmap.htm) which are helpful in learning more about consumers and place; and Community Commons, a web-based resource that offers free access to community food access maps, community health needs assessment tools, and a wide array of topic-based reports, including food environment reports upon demand down to the county level (http://assessment.communitycommons.org).

Markets are about people involved in the exchange of goods and services and their decisions within a range of options afforded by their individual/household budgets. Understanding target consumers and what drives them, or what would motivate them, to purchase healthy food can be used to develop an informed path forward for healthy food enterprises.

**BUILDING TRUST AND LOYALTY**

Customer loyalty is critical for sustainable economic viability. Recent research reveals that in the area of consumer packaged goods, customer loyalty is a predictor of long-term profitability for a firm and is positively associated with customer retention, which is a key driver of success. This is as true for small local food enterprises as it is for large national ones.

Food enterprises can best serve the communities they want to reach by communicating with them in ways that resonate both culturally and economically. By making shopping easier for people, healthy food enterprises can help consumers feel empowered with knowledge and make good decisions.

**Specific marketing suggestions for businesses with a food access focus include:**

1. using point of purchase materials
2. implementing online tools (e.g., Eat Well Guide, an online directory where you can search local and sustainable retailers and food vendors)
3. providing educational materials and relevant and appropriate signage which is informational and uses appropriate languages
4. conducting cooking demonstrations and food samplings
5. offering recipe contests
6. providing take-home recipe cards, nutritional information, and proper food storage tips.

Enterprises can benefit from sharing their stories and explaining why and how they started their businesses and what makes their products or production systems unique. Branding of a business and its food products to make them distinguishable and stand out from competitors can make the difference between success and failure. It can also be very useful to tap into existing regional, state-wide, or local campaigns such as Buy Local chapters, or to develop new ones.

Research shows that it costs much more to gain a new customer than it does to retain an existing customer. Trust is a key factor in customer retention. Recent research has found that trust and commitment are the most important attributes of the customer relationship. Customer retention reduces costs and increases income for a business. The same techniques used for customer retention, when used in a culturally sensitive way, can effectively create new markets in historically excluded communities, where conventional marketing can make individuals feel disenfranchised.
The urban Native American population in Twin Cities, Minnesota suffers from extremely high rates of poverty and diet-related disease. Peta Wakan Tipi is an American Indian-established and run nonprofit organization whose mission is to help American Indian people achieve economic, emotional, and cultural balance. Peta Wakan Tipi set out to achieve that mission through growing, branding, and marketing fresh, culturally-appropriate fruits and vegetables. Their “home base” is the Dream of Wild Health Farm. Their farm products are grown from a unique collection of indigenous, heirloom seeds that represent a source of healthy traditions in a shattered food culture.
When Dream of Wild Health wanted to better understand their potential customers’ needs and desires, they performed market research. Using a simple community survey, they found that their target consumers usually shopped at big chain supermarkets, but that over half visited farmers markets as well. They found that 40 percent of their target consumers needed financial support in order to shop at farmers markets, and 20 percent needed transportation assistance. They also learned that 38 percent had diabetes or a family member with diabetes. These survey results informed their marketing strategy.

When they set out to market their products to their target community, they sought to do it in ways that met the needs of the American Indian population. They held traditional talking circles throughout the community to raise awareness of their programs and products. They continue to “meet people where they are” by setting up their farm stands at the American Indian Family Center and the Elders Lodge.

Marketing fresh, healthy, traditional produce in a community where many eating traditions have been supplanted has not been easy. Dream of Wild Health started marketing its organic produce at a single farmers market. When they had low participation at that farmers market, they added another market. Then, with assistance from the HUFED program, they started a mobile market program in the summer of 2011. This market rotates to four St. Paul locations twice each month, allowing families who don’t live near farmers market to access produce, recipes, and nutrition education. The mobile market accepts SNAP, WIC, and other federal nutrition benefit program benefits.

Through their marketing efforts, Dream of Wild Health increased participation at their three venues by 34 percent, and increased their farmers market income by 16 percent. They continue to work to increase small farm receipts and to simplify the logistics of selling at multiple markets through an array of additional marketing techniques, including:

• A Dream of Wild Health cookbook (updated in 2012) featuring traditional healthy Native recipes
• A cooking program (initiated in winter of 2013) teaching families in their target consumer group how to use the produce they sell;
• A health-promotion curriculum for elementary children called “In Cora’s Garden,” which is intended to improve diet and exercise choices and reduce childhood diabetes rates among urban American Indian youth; and
• Educational workshops, presentations, and hands-on garden activities in schools, all of which serve as marketing tools for the products of their food enterprise.

In 2012, Dream of Wild Health diversified even further by launching a new food enterprise as the vendor for the four-day “Indigenous Music and Movies in the Park” series. Their role at this event extended beyond selling fresh produce from their farm stand to delivering meals composed of traditional Native foods prepared from contemporary recipes. Youth involved with Dream of Wild Health served the food and staffed the farm stand at this festival.

Through simple market research and diverse marketing strategies, Dream of Wild Health is successfully reintroducing traditional American Indian ways of eating and cooking to an at-risk urban population – and making a positive impact on the health and well-being of Native adults and youths on physical, mental, and spiritual levels.

*We are reclaiming our culture through food—growing it and passing down seeds, traditional medicine, traditional crops like wild rice.*

—Patricia Deinhardt
San Francisco’s Mission District is an ethnically diverse and economically vulnerable neighborhood. It thrives in part because of the many small, informal businesses that serve the community. As is the case in many cities, food lies at the heart of daily commerce. You don’t have to look far to find hidden entrepreneurs in the kitchens of many homes. However, these entrepreneurs run into problems when they work from illegal home kitchens and operate illegal home restaurants.

La Cocina of San Francisco established a community commercial kitchen in 2005 in order to avoid these problems and support low-income San Francisco women in making a living doing what they love to do.
innovations

case study

We don’t say ‘healthy’ instead we say we are ‘creating local leaders.’ We say, ‘She’s making real Mexican food’ and it’s healthy and it’s local.

Their mission is to cultivate low-income entrepreneurs and help them grow their businesses by providing affordable commercial kitchen space, industry specific technical assistance, and access to market and capital opportunities.

La Cocina is a home for local up-and-coming food enterprises. These enterprises produce all kinds of local food products from pickles to flan. The organization has been successful. According to their 2012 annual report, they supported 39 businesses that generated $3.35 million in revenue and created 110 jobs. They also subsidized 7,548 hours of commercial kitchen rental (a $155,210 value), and provided 1,658 hours of technical assistance (a $494,676 value), including marketing assistance.

La Cocina staff understands that marketing is essential to the success of both their organization and the enterprises it supports. Their clientele consist of low-income (100 percent), female (97 percent), immigrant (72 percent), and largely non-native English speaking (64 percent) individuals who need marketing assistance in order to find markets and thrive. La Cocina connects its clients with professional volunteer graphic designers and marketing specialists, and facilitates access to new market opportunities (270 in 2012 alone).

Food entrepreneurs get help cultivating marketing opportunities at over 100 retail grocery stores, farmers markets every day of the week, “pop up” markets (one-day markets in temporary locations), and a wide array of special events and online venues.

To further assist its clients, La Cocina developed its own brand. This creates still more sales channels and events. At the popular Saturday Ferry Plaza Market, La Cocina has operated a booth since 2007. In April 2012, they began renting their booth space to program participants, resulting in a three-year wait list for businesses. In 2012, the booth generated $18,359 in sales revenue, an average of $466 per week for vendors. La Cocina decided to open a permanent kiosk in the Ferry Building in 2011, which now averages $10,550 monthly in sales revenue while telling the story of La Cocina and selling the products made by 19 of their food enterprises.

Additional marketing opportunities cultivated by the organization include a successful gift box program that sells baskets and boxes filled with products made by incubator businesses and resulted in $73,326 in sales in 2012 and catering jobs which resulted in $76,521 in sales that same year.

La Cocina attracts high-dollar tourist customers, but its vendors’ wares also appeal directly to a low-income, at-risk clientele. Because many of the foods they produce are reflective of their own place as immigrants and people of color in their communities, they have a natural audience within their own neighborhoods and others with similar demographics.

When food enterprises are ready to “graduate” from La Cocina and move to their own or larger shared kitchens, they remain part of an alumni community that provides ongoing support and opportunity, including marketing opportunity. In 2012, La Cocina earned 54 percent of its total budget of $1.6 million.

La Cocina of San Francisco helps local food enterprises, run primarily by low-income women of color, to connect to multiple profitable market channels in and around the city. These markets span the spectrum from high-dollar tourist venues to neighborhood grocery stores, corners stores, farmers markets, restaurants, and bodegas – and continue to appeal to low-income shoppers and eaters as well.
# Matrix of Innovations in Local Food Enterprise

**Fresh Ideas for a Just and Profitable Food System**

<table>
<thead>
<tr>
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<th>Examples</th>
<th>Potential Funding Sources</th>
<th>Selected Research &amp; Toolkits</th>
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</table>
| **Affordability and Profitability** | Federal nutrition benefit program fund acceptance, programs like Double-Up Bucks, Double Dollars, Double Value Coupon Programs, and other retail-based consumer incentives targeting federal nutrition benefits users | Private foundations, individual donations, donor-advised funds for incentive funds. USDA SCBG and FMPP for outreach and marketing to low-income consumers. Free technical assistance on accepting benefits is available from USDA FNS, and on incentive programs from national groups promoting these programs. | Double Up Food Bucks 2012 Report  
Healthy Food Incentives Website  
| **Small Retail**        | New retail forms like Mobile Markets and healthful vending machines, temporary “pop up” stores, and new healthy options in existing retail venues like corner stores, bodegas, and dollar stores. | Private foundations, HHS CED, USDA FMPP for direct marketing projects, USDA RBOG and RBEG for rural enterprises CDFIs for low-cost loans in low-income areas, USDA Community Food Projects. Farmer-owned can apply for USDA VAPG. US Dept of Commerce Small Business Administration. | Philadelphia Healthy Corner Store Report  
Market Makeovers Online Toolkit  
| **Pricing Strategies**  | Bulk purchasing discounts for consumers, loyalty programs, flexible payment plans, membership discounts, sliding scales, subscription programs, and promotion programs | Subsidy from private foundations, individual donations, donor-advised funds, and other/fellow customers. | Pricing Strategies and Healthy Eating  
Discounts, Education, and Healthy Eating  
| **Producer Supply Strategies** | Cost-sharing for equipment, supplies, and marketing; collective wholesale purchasing by small retail outlets like WIC-Only and convenience stores; group food safety certifications. Process improvement for greater efficiencies and reduced costs. | USDA RBOG and RBEG for rural enterprises, community foundations, private foundations. | Creating Farmer Networks Toolkit  
Cost Reduction Tips for Corner Stores  
<table>
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<tr>
<th><strong>INFRASTRUCTURE AND LOGISTICS</strong></th>
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</table>
| **Food Hubs** | Aggregation facilities with washing, grading, cold storage, packing, and small batch processing equipment, trucks for distribution, and retailing and marketing mechanisms which allow for traceability. | EDA grants, guaranteed loans from USDA Business and Industry program, financing from New Market Tax Credits. Farmer-owned can apply for USDA VAPG. | Regional Food Hubs and Food Value Chains  
Regional Food Hub Resource Guide  
| **Farm-to-Institution** | Provision of local, fresh, minimally processed food to institutions such as public schools, private schools, universities, preschools, hospitality, catering/hotels, daycare providers, hospitals, and prisons. | Hospital-based community benefits funds, health care conversion foundations, private foundations, donor advised funds, state bonds. Farmer-owned can apply for USDA VAPG. | Farm to Institution Research  
Childhood Health, Farms, and Communities  
<p>| <strong>Low-Cost Structural Improvements</strong> | Re-purposing and improving existing facilities, retrofitting busses and trucks, sharing use of conventional distribution structures. | Individual donations, USDA Community Facilities for non-profit enterprises, FMPP for direct marketing enterprises, community foundations. Farmer-owned can apply for USDA VAPG. |  |</p>
<table>
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<tr>
<th><strong>COMMUNITY ENGAGEMENT</strong></th>
<th><strong>EXAMPLES</strong></th>
<th><strong>POTENTIAL FUNDING SOURCES</strong></th>
<th><strong>SELECTED RESEARCH &amp; TOOLKITS</strong></th>
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<tr>
<td><strong>Community Kitchens</strong></td>
<td>Community-based shared-use food processing facilities. Some community kitchens also provide technical production, marketing, and business assistance.</td>
<td>USDA Community Food Projects, HHS CED, EDA loans, Community Development Block Grants. Farmer-owned can apply for USDA VAPG.</td>
<td>Community Kitchens: Key Elements of Success <a href="http://bit.ly/Community-KitchenSuccess">http://bit.ly/Community-KitchenSuccess</a></td>
</tr>
</tbody>
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## Marketing

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<tr>
<td><strong>Performing Market Research</strong></td>
<td>Feasibility studies, community surveying, GIS modeling, and consumer behavior modeling. Resources exist in USDA and elsewhere.</td>
<td>SBA office and SBDC programs across the country provide free and low-cost technical assistance and educational services for developing marketing plans. Many locations also have SCORE (Service Corps of Retired Executives) or similar services. Farmer-owned can apply for USDA VAPG.</td>
</tr>
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| **Building Trust and Loyalty** | Communicating with customers and providing great customer service. Encouraging repeat purchase(s). Customer segmentation to identify “anchors” and differentiators. Helping staff be part of the team. Promoting product awareness at community events and contribute through volunteerism and donations. Focusing on in-person marketing. | Free and low-cost resources for understanding building consumer trust and loyalty are available through federal and public interest-based sources. Farmer-owned can apply for USDA VAPG. Technology such as Salesforce and other CRM software is free or reduced cost for social enterprise. | Effects of Social Media on Brand Loyalty [http://bit.ly/SocialMediaAndBrands](http://bit.ly/SocialMediaAndBrands)  
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 ENFRANCHEMENT

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.


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.

- 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.

- USDA Risk Management Agency Resources: http://www.rma.usda.gov/
- SBA Office of Credit Risk Management: 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/GAPGHPAuditVerificationProgram


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.
