

The Good Food Purchasing Initiative's

# Guide for Growers & Food Businesses



Selling to Your Community's Institutions



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# Welcome to the Good Food Purchasing Initiative Guide for Growers & Food Businesses!

This resource was developed by the Chicago Food Policy Action Council and partner organizations for people who are growing food or running food businesses to learn about new, emerging market opportunities being created by the Metro Chicago Good Food Purchasing Initiative (GFPI) and the Good Food Purchasing Policy resolutions adopted by the City of Chicago and Cook County.

We hope you find the information useful as you consider selling food to community nutrition programs that serve students, seniors, hospital patients, and other residents. The guide will also be useful if you are interested in selling food to food concessionaires (restaurants or caterers with public contracts) or publicly-run food festivals (e.g., Taste of Chicago).

If you are reading a hardcopy version of this guide, you can access the links in our virtual version featured on CFPAC's website: <https://bit.ly/GFPIguide>

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If you have questions or suggestions for other resources to add to this guide, please contact the Good Food Purchasing Initiative Supply Chain Development Specialist, **Dakarai Howard**, at [dakarai@chicagofoodpolicy.com](mailto:dakarai@chicagofoodpolicy.com).

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This guide was designed by Rachel Hoffman with beautiful, original collage illustrations. To learn more about Rachel's work, please visit [www.therachelhoffman.com](http://www.therachelhoffman.com).

# PART 1



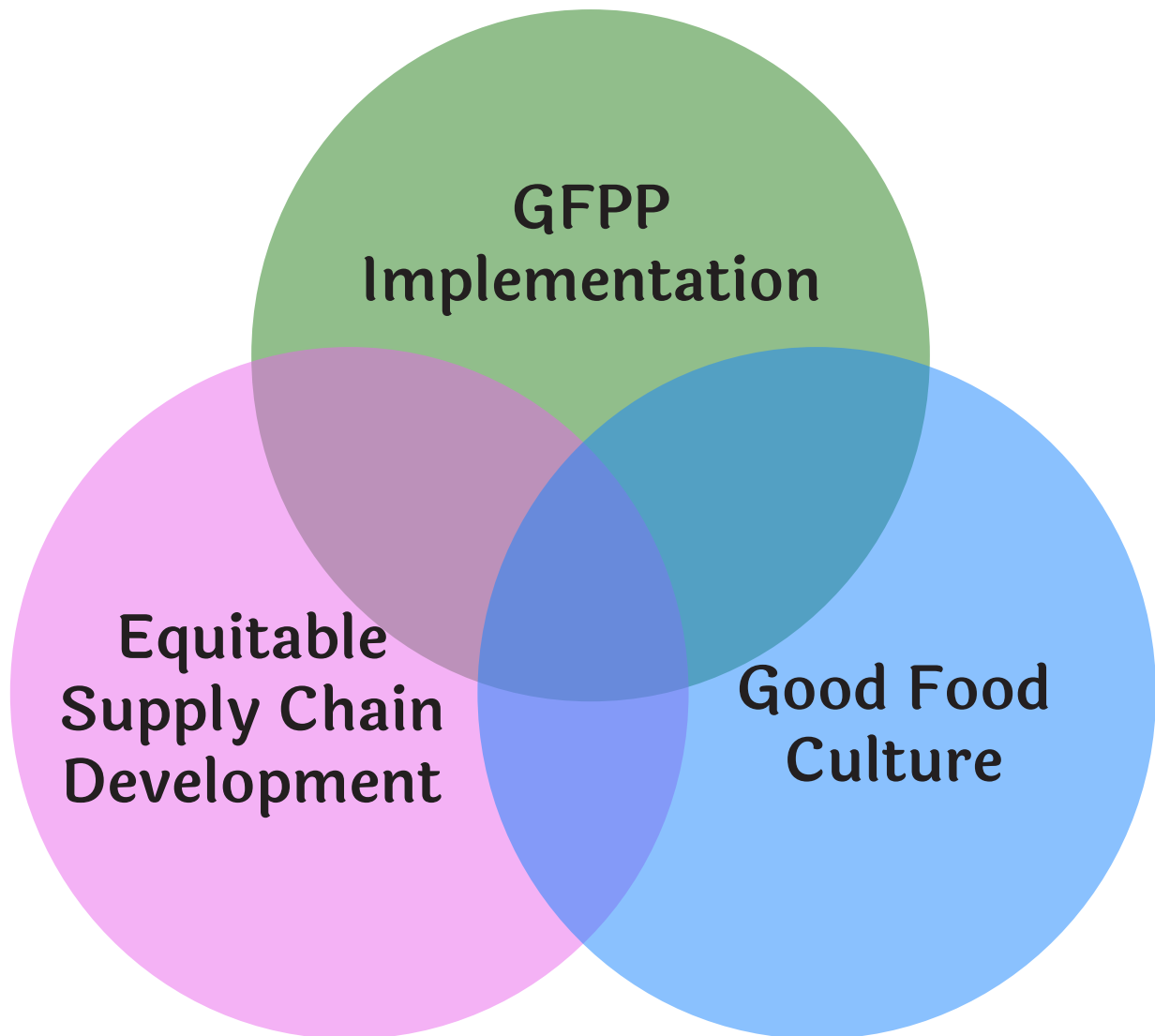
## The Good Food Purchasing Initiative of Metro Chicago (GFPI)

Access the referenced links in this section online: <https://bit.ly/gfpplinks>

# ABOUT THE GOOD FOOD PURCHASING INITIATIVE

The Good Food Purchasing Initiative of Metro Chicago (GFPI) works to ensure that our community's institutions buy food that advances a racially equitable, healthy, fair, local, humane, and sustainable food system. As institutions shift their spending to reflect community values, we can transform cafeterias into vibrant spaces where good food is accessible for all. The initiative is led by the Chicago Department of Public Health, Cook County Department of Public Health, and the Chicago Food Policy Action Council.

## GOOD FOOD PURCHASING INITIATIVE OBJECTIVES:





## **Good Food Purchasing Program (GFPP) Implementation:**

Fully implementing the Good Food Purchasing Policy with the City of Chicago, its Sister Agencies, and the Cook County Government



## **Supply Chain Development:**

Developing a racially & socially equitable regional food supply chain that can meet increasing institutional demand for good food. Supporting pathways for BIPOC food producers and food businesses to sell to public and community-based meal programs, cafeterias, and concessions.



## **Creating a Culture of Good Food in All Institutions:**

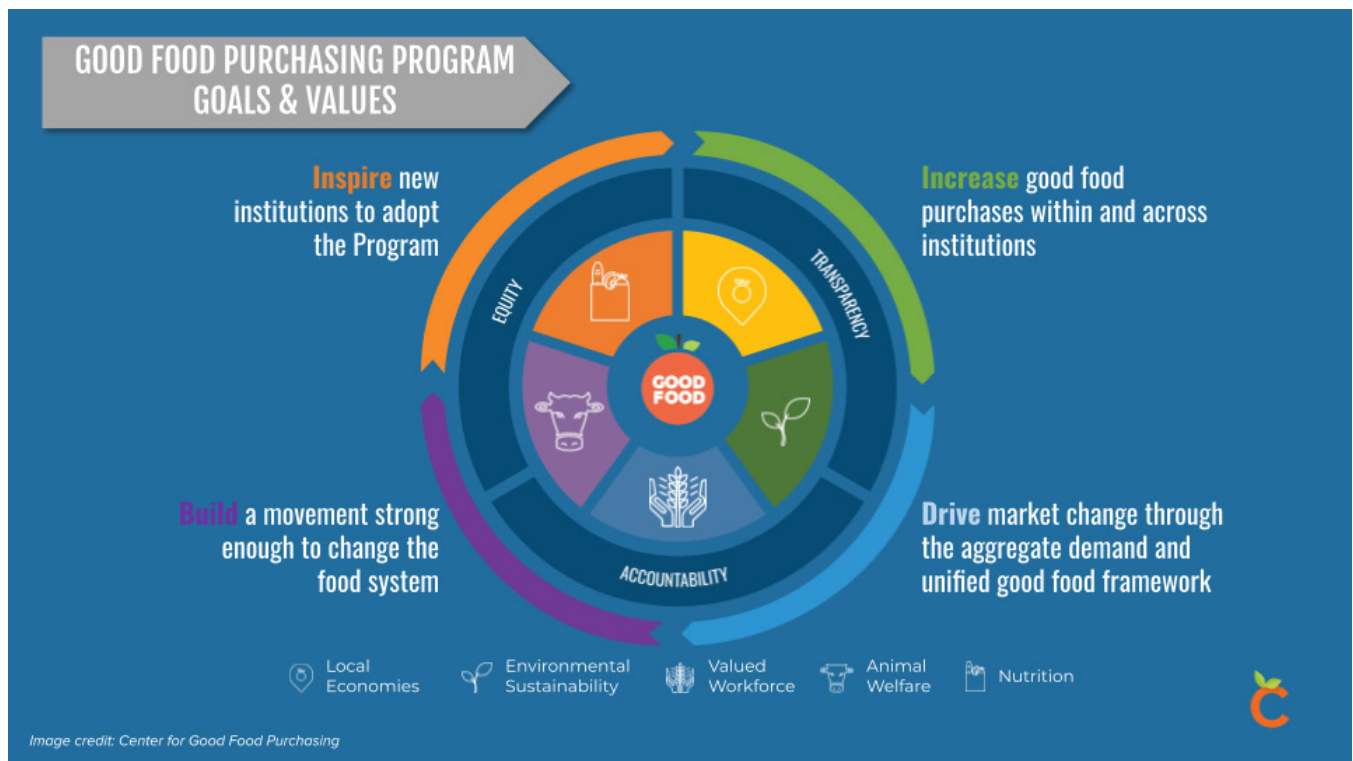
Normalizing values-based procurement across all community-based “anchor” institutions in the Chicago region, including hospitals, higher ed institutions, cultural institutions, senior living facilities, and others. Engaging both institutional food service staff and meal program recipients in building food literacy and directing Good Food Purchasing Initiative activities.



# THE GOOD FOOD PURCHASING POLICY (GFPP)

Through the **key principles of equity, transparency, and accountability**, the Good Food Purchasing Policy (GFPP) encourages large institutions to shift their purchasing practices toward five core values – Local Economies, Environmental Sustainability, Valued Workforce, Animal Welfare, and Nutrition.

Institutions that adopt GFPP utilize the [Good Food Purchasing Program](#) to guide their efforts. The program provides a flexible framework to support community-based institutions in creating goals for their food procurement around the five core values.



# GFPP ADOPTION IN CHICAGO AND COOK COUNTY

## → City of Chicago

In 2017, Chicago adopted the Good Food Purchasing Policy (GFPP), leveraging more than \$100 million in government food procurement to advance a healthier, more equitable food system. The policy directs City of Chicago departments and sister agencies to assess their current food spend and to create Good Food Action Plans to increase their healthy, sustainable, local, and fair purchasing.

The City of Chicago was the first city after Los Angeles to take the bold move of comprehensively adopting GFPP for all city-run programs that procure food. In partnership with the Mayor's Office Food Equity Council, the Chicago Department of Public Health coordinates the Chicago Good Food Task Force, which includes representatives from all departments and sister agencies that purchase food.

For a list of all **City of Chicago public institutions** that run nutrition programs, concessions, or food-related special events, please visit [PT II: Metro Chicago Institutions Adopting Good Food Standards](#).

## → Cook County

Cook County became the third local government in the U.S. to approve a resolution promoting the GFPP in May 2018. Cook County's resolution emphasizes purchasing food from business owners of color and/or from low- to moderate-income communities to build economic sustainability for all. Over time, food service vendors that supply food to Cook County government sites will meet higher Good Food Standards in each value category.

All Cook County institutions that procure food, in addition to partner organizations related to GFPP's core values, are members of the Cook County Good Food Task Force, which is coordinated by the Cook County Department of Public Health.

For a list of all **Cook County public institutions** that run nutrition programs, concessions, or food-related special events, please visit [PT II: Metro Chicago Institutions Adopting Good Food Standards](#).

## —▶ **Other Local Institutional GFPP Adoption**

The Good Food Purchasing Initiative is working with other local community institutions, like hospitals and colleges, to explore good food purchasing strategies and adopt their own GFPP policies. In 2021, the Chicago Food Policy Action Council and [Illinois Public Health Institute's Alliance for Health Equity](#), in collaboration with [Health Care Without Harm](#) and Basil's Harvest, launched the Good Food in Healthcare Cohort of seven local hospital systems who are exploring good food purchasing strategies. The Good Food Purchasing Initiative is also working with the [South Metropolitan Higher Education Consortium](#) to explore policy adoption with their member colleges.

**Do you work for a local Chicago metro area institution that wants to join the Good Food Purchasing Initiative?** Please [contact us](#) to learn more on how to get involved!

## —▶ **National GFPP Adoption**

School districts, municipal governments, hospitals, universities, and other institutions are passing Good Food Purchasing Policies all across the country. As of 2021, 57 institutions in 24 cities were enrolled in the GFPP, representing over \$1 billion in annual food spend. To learn more about other jurisdictions and anchor institutions that have adopted GFPP nationally, please visit the [Center for Good Food Purchasing's Good Food Cities website](#).

**GOOD FOOD  
PURCHASING  
MOVEMENT**



Learn more about this map from the [Good Purchasing Program's website](#).

# HOW LOCAL PRODUCERS & BUSINESSES CAN MEET THE GOOD FOOD STANDARDS

Institutions that are implementing GFPP will be looking for food products that meet the following **Good Food Standards set for Local Economies, Environmental Sustainability, Valued Workforce, Animal Welfare, and Nutrition**. Each Good Food Standard relies on best practices and existing third-party certifications for their definition. The Good Food Standards are updated every five years by a national team of food system leaders along with a wide coalition of key stakeholders.

If you're a farmer or food business in the Chicago foodshed, here is some exciting news: you likely meet the criteria for the **Local Economies Standard!** That means that institutions and their supply chain partners are incentivized to buy your products. Your products may also count in the other value categories, too, which could help open up more sales opportunities. Learn more about the basic definitions for each Good Food Standard below.

## LOCAL ECONOMIES

Supports diverse, small to mid-sized food producers in the region.



Courtesy of Real Food Media and the Center of Good Food Purchasing

→ The Local Economies definition is based on a combination of farm size (defined by gross cash farm income) and farm distance from purchasing institutions (**250 miles for produce; 500 miles for meat, eggs, and dairy**).

→ Any farm that is family-run or cooperatively owned within this radius qualifies for the Local Economies Standard. More points are awarded depending on the size of the farm. There are three levels, with definitions based on the USDA Agricultural Census.

[Click here](#) to learn more about how the USDA defines these farm sizes:

- Large farms (between \$1-5 million for produce; \$20-50 million for meat)
- Medium farms (less than \$1 million for produce; less than \$20 million for meat),
- Small farms (less than \$350,000 for produce; less than \$1 million for meat)

→ There are extra incentives for institutions to support:

- **Hyper-local farms**, located in the same county as the institution
- Food purchased from **Socially Disadvantaged, Beginning, Limited Resource, Veteran, Women, Minority, or Disabled Farmers/Ranchers**
- Farmers that are outside the region, but are Fairtrade International (FLO) or Small Producer Symbol (SPP) certified

→ Institutions get extra points for supporting local farmers, workers, and businesses in a variety of ways, such as the following:

- Signing forward contracts or memorandums of understanding (MOUs) with farmers in advance of the season
- Establishing and implementing a local hire policy, and/or financially supporting workforce development programs
- Providing funds to small farmers to obtain costly third-party certifications
- Supporting local worker-owned cooperative food businesses
- Creating a Community Benefits Agreement for new facilities
- Supporting the development of new food hubs and other infrastructure that helps smaller farmers connect to larger buyers

## ENVIRONMENTAL SUSTAINABILITY

Support producers that employ sustainable production systems that reduce or eliminate synthetic pesticides and fertilizers; avoid the use of hormones, routine antibiotics, and genetic engineering; conserve soil and water; protect and enhance wildlife habitats and biodiversity; and reduce on-farm energy and water consumption, food waste and greenhouse gas emissions. Institutions are also encouraged to redesign menu offerings so meals have lower carbon and water footprints.



*Lettuce Meetup/ Alegría en la granja is a farm volunteer event hosted by the Chicago Food Policy Action Council & various partners where Black Indigenous People of Color can learn about farming and participate in hands on activities outside. This particular event was held at Cedillo's Fresh Produce, a family-run farm located at 325 W 70th Place. For Volunteer opportunities with Cedillo's please visit: <http://cedillosfreshproduce.com/volunteer>.*

—▶ Examples of qualifying certifications for the Environmental Sustainability Standard include: USDA Organic, Animal Welfare Approved, Certified Humane, American Grassfed Alliance Certified, Seafood Watch, Protected Harvest, and Food Alliance Certified. For a complete list of qualifying certifications and how heavily they are weighted in the GFPP points system, [please visit this infographic](#).

—▶ **If a farm uses sustainable practices but does not hold a certification, their products can still qualify for this standard.** They can instead provide the institutional buyer with a signed affidavit that verifies the produce has been grown without chemical pesticides, herbicides, or any neonicotinoids. An institution or its community partners are advised to accompany the affidavit with a site visit to the farm.



## VALUED WORKFORCE

Supports suppliers that provide safe and healthy working conditions and fair compensation for all food chain workers and producers from production to consumption.



*Lettuce Meetup/ Alegría en la granja is a farm volunteer event hosted by the Chicago Food Policy Action Council & various partners where Black Indigenous People of Color can learn about farming and participate in hands on activities outside. Pictured here are Marie Claire & Bahati Aimee volunteering at Urban Growers Collective, a Black- and women-led non-profit farm in Chicago, Illinois. For volunteer opportunities with Urban Growers Collective please visit <https://urbangrowerscollective.org/volunteer/>.*

—▶ Examples of certifications that qualify farms and food businesses in the Valued Workforce Standard include Food Justice Certified, Equitable Food Initiative, Fair for Life, and Fairtrade USA. Unionized companies and worker-owned cooperatives score highest in the Valued Workforce Standard. For a complete list of qualifying certifications and how heavily they are weighted in the GFPP points system, [please visit this infographic](#).

→ Companies that have a strong social responsibility policy can also qualify for the Valued Workforce Standard.

**The policy must include the following:**

- Union or non-poverty wages
- Respect for freedom of association and collective bargaining
- Safe and healthy working conditions
- Proactive prevention of sexual harassment and assault
- Prohibition of child labor
- At least one employee benefit, like employer-paid health insurance, paid sick days, and profit sharing with employees.

→ If an institution's food vendor, or one of their food vendor's suppliers, has been found to have serious health & safety or wage & hour violations over the past three years, the institution sends a letter to that business to ask what steps they have taken to prevent future violations. An institution may cancel a contract, or require its vendor to cancel a supplier contract, if willful, repeated, and/or pervasive violations continue after the letter is sent.

## ANIMAL WELFARE

Supports suppliers that provide healthy and humane care for farm animals.



*Courtesy of Stef Funk*

—▶ Examples of certifications for animal welfare standards include; Animal Welfare approved, American Grassfed, Global Animal Partnership, Certified Humane Raised & Handled, USDA Organic, PCO certified 100% Grassfed, and more. For a complete list of qualifying certifications and how heavily they are weighted in the GFPP points system, [please visit this infographic](#).

## NUTRITION

Promote health and well-being by offering generous portions of vegetables, fruits, whole grains, and minimally processed foods while reducing salt, added sugars, saturated fats, and red meat consumption and eliminating artificial additives. Improving equity, affordability, accessibility, and consumption of high-quality culturally relevant Good Food in all communities is central to advancing Good Food purchasing practices.



*Pictured is Bweza Itaagi from Sistas in the Village farm incubating at Urban Growers Collective. to stay updated with sistas in the village please follow them on instagram @sistasinthevillage, and for more information on urban growers collective's new farmer incubation program please visit: <https://urbangrowerscollective.org/farmerincubatorprogram/>.*

—▶ While there are **no specific certifications for farms or food businesses** that would help products meet the Nutrition Standard, people who are growing fresh fruits and veggies, whole grains, and culturally relevant ingredients can promote how their products will better meet the Nutrition Standard for an institution.

—▶ Food businesses that produce healthier, minimally processed products and/or culturally important foods for local populations may also leverage the Nutrition Standard.

**Please note:** The Good Food Standards are updated every five years, and the next planned update will be released by the Center for Good Food Purchasing in 2022. While we don't anticipate any drastic changes to the Standards, we will be updating the online version of our guide (<https://bit.ly/GFPIguide>) with new information as it becomes available. To review all the current qualifying certifications, check out the [Center's overview here](#).

# PART 2



## Metro Chicago Institutions Adopting Good Food Standards

Access the referenced links in this section online: <https://bit.ly/gfpplinks>

# GOOD FOOD PURCHASING INITIATIVE PARTNER INSTITUTIONS

School districts, public institutions, higher education institutions, hospitals, and other community-based anchor institutions are adopting Good Food Purchasing Policies all across the country. **To see a full list of national cities adopting GFPP, please visit the [Good Food Cities website](#).**

In Metro Chicago, there are many institutions that are part of the local Good Food Purchasing Initiative, and more continue to join. Check out the sections below to learn more about the public institutions, hospitals, colleges and universities that are committed to shifting their food spend toward local, healthy, sustainable, fair, and humane food.



## PUBLIC INSTITUTIONS

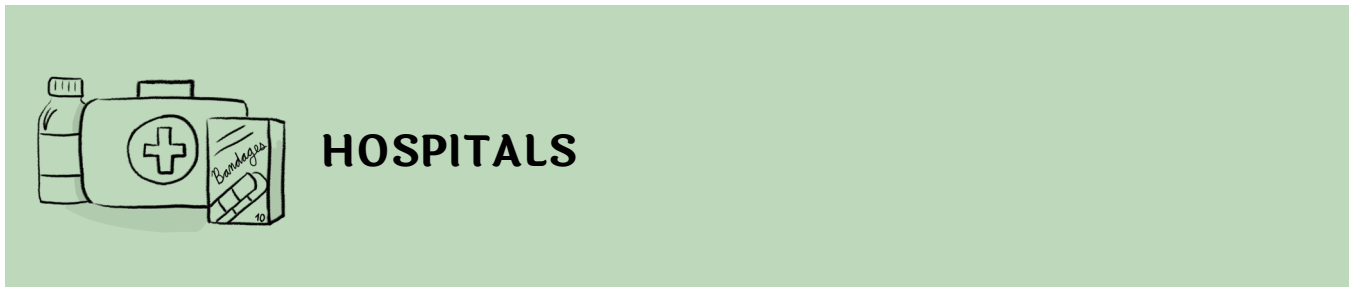
Chicago City Council, Chicago Public Schools, and Chicago Park District adopted the Good Food Purchasing Policy in 2017, followed by the Cook County Government in 2018. The City of Chicago and Cook County collectively purchase over \$118 million in food through public meal programs, and project researchers estimate that over \$300 million is purchased when vending, concessions, and special public events are included in the analysis.

**The following public departments and agencies are currently in the process of implementing GFPP:**

- [Chicago Public Schools](#)
- [Chicago Park District](#)
- [Chicago Department of Family & Support Services](#)
- [Chicago City Colleges](#)
- [Chicago Housing Authority](#)
- [Chicago Department of Aviation](#)
- [Chicago Department of Cultural Affairs & Special Events](#)
- [Cook County Department of Corrections](#)
- [Cook County Juvenile Temporary Detention Center](#)

- [Cook County Health & Hospital Systems](#)
- [Cook County Bureau of Asset Management](#)

Please visit the [Map of Local Institutions involved in the Good Food Purchasing Initiative](#) to learn more about each institution’s meal programs, concessions, and food-related special events.



The Good Food Purchasing Initiative, in partnership with the Illinois Public Health Institute’s Alliance for Health Equity, launched a **Good Food in Healthcare Cohort** of hospitals and healthcare facilities in summer 2021. This group of hospitals will be exploring good food purchasing strategies and long-term shifts they can make to investing in their local community food system.

**Cohort members include:**

- Advocate Aurora Health
- Cook County Health
- Loyola Medicine
- Lurie Children’s Hospital
- NorthShore University Health System (including Swedish Hospital)
- Northwestern Memorial Hospital
- Rush University Medical Center

Please visit the [Map of Local Institutions involved in the Good Food Purchasing Initiative](#) to learn more about each institution’s meal programs, concessions, and food-related special events.

**Do you work with a health system that is interested in joining the Good Food Purchasing Initiative?** [Please fill out this form.](#)





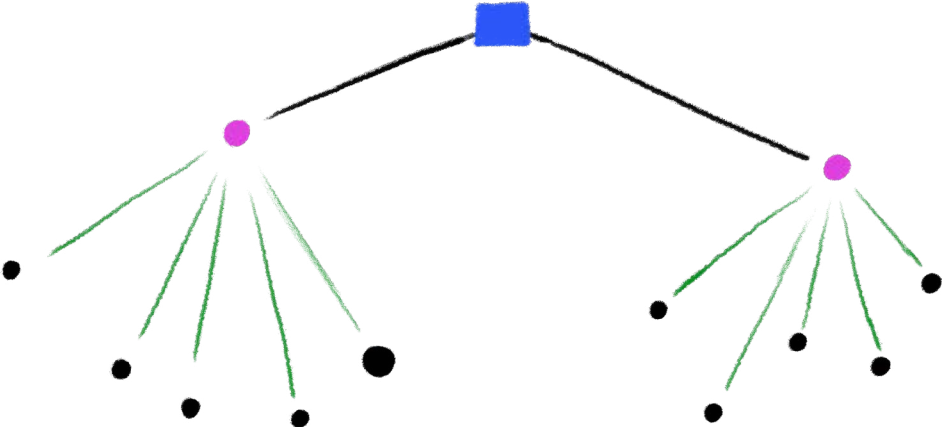
## UNIVERSITIES AND COLLEGES

The Good Food Purchasing Initiative encourages higher education institutions to adopt good food purchasing policies and practices, and project partners have been in conversation with several local colleges and universities who are interested in adopting the Good Food Purchasing Policy. The [South Metropolitan Higher Education Consortium](#), which is a member of the Cook County Good Food Task Force, has been exploring GFPP adoption with its member colleges. We will be updating information on our website as colleges and universities formally join the Good Food Purchasing Initiative.

[Real Food Challenge](#), a national organization that works with student organizers to shift university purchasing toward Real Food, also works with several different institutions in Metro Chicago. In June 2015, Northwestern University committed to Real Food Challenge's campus commitment to shift 20% of their budget to Real Food, and [Northwestern University Real Food](#) is an active student organization on campus that supports these purchasing shifts. At the national level, Real Food Challenge and the Center for Good Food Purchasing are currently collaborating with several other organizations through the [Anchors in Action Alliance](#) to align their standards for "Good Food" and "Real Food."

**If you work with a college or university that is interested in joining the Good Food Purchasing Initiative, [please fill out this form](#).**

# MAP OF LOCAL INSTITUTIONS INVOLVED IN THE GOOD FOOD PURCHASING INITIATIVE



Please check out the Chicago Food Policy Action Council’s website for a [visual map of all the institutions participating in the Good Food Purchasing Initiative of Metro Chicago!](#) The map includes information about which distributors and food service management companies are currently contracted for food with each institution. It also includes contact information and links for farmers and food businesses to learn more.

# PART 3



## Business Planning to Sell to Institutional Markets

Access the referenced links in this section online: <https://bit.ly/goodfoodbiz>

## HOW DO YOU KNOW IF SELLING TO INSTITUTIONS IS RIGHT FOR YOUR FARM?

The first step is to understand the different characteristics of market channels, or where and how you sell your farm's products. Typically, farmers use two types of market channels: direct and indirect.

Direct to consumer channels include agritourism/pick-your-own, CSA, farmers' markets, roadside stands, and online sales. Consumers in these markets are making decisions based on quality, emotion, and trust. Farmers using direct market channels typically do so because they can grow less volume and receive a higher price.

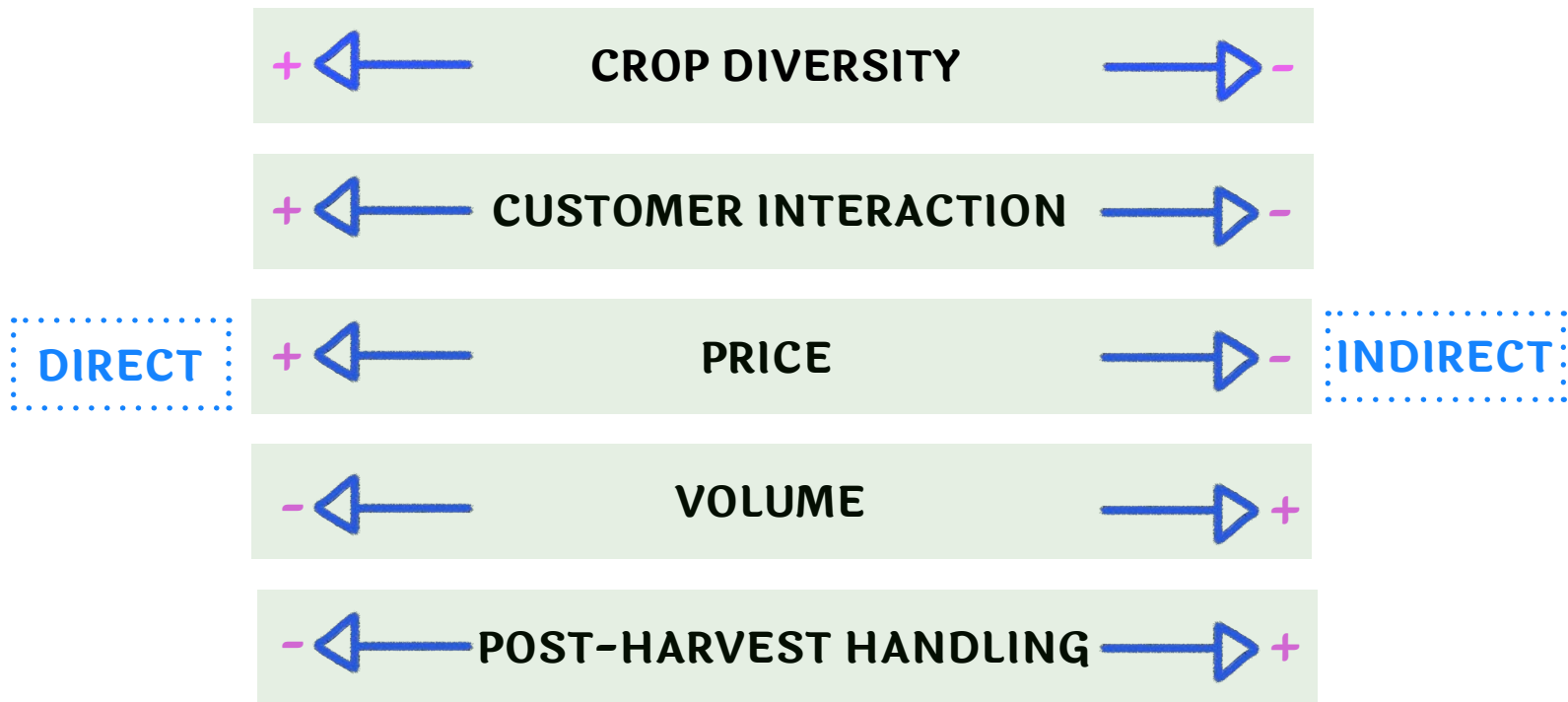


*Courtesy of The Common Market*

Indirect market channels include marketing co-ops, brokers/distributors, packing houses, wholesale buyers, institutions, and processors. Commercial buyers and regional/national sellers typically use these supply channels. Buyers in these channels are also making purchasing decisions based on quality and price, but also on quantity, accurate invoicing, delivery, storage capability, packaging, farm safety plans, 3rd-party certifications, and insurance. Emotional connection is less of a decision factor than direct market channels, although this relationship-building can still be important for institutions that are trying to align their food dollars with their values. Indirect

market customers speak a different language than direct market customers. As a seller, it is helpful to be fluent in that language to deliver what they're looking for and to meet your needs. Farmers selling to indirect market channels generally have the ability to grow greater quantities of product and are thus able to take a lower price for what they produce. So, in general, marketing channels are often perceived as accessible based on your scale of production. Larger farmers are able to take advantage of **economies of scale** while smaller farmers take advantage of **economies of scope**.

## MARKET CHANNEL CHARACTERISTICS



Guide to Market Channel Selection, Cornell Cooperative Extension 2010

# OTHER CONSIDERATIONS FOR CHOOSING A MARKET CHANNEL

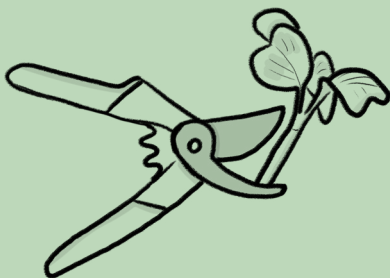
\*Adapted from [Michigan State University](#)

## LABOR



Selling in direct market channels is labor-intensive. USDA Ag Census data (2012) indicates that in every sales category, farmers with direct sales hire significantly more labor than farmers with no direct sales. For example, you might be able to add a wholesale account without adding staff, but you can't increase the number of Saturday farmers markets without adding sales labor.

## INFRASTRUCTURE



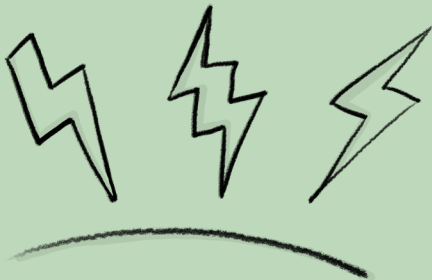
Do you have the right tools to harvest, wash, and pack large amounts of a crop? Or enough cold storage to hold a large harvest before pickup by, or delivery to, a wholesale buyer? If not, are you willing and able to invest in the necessary additional infrastructure?

## RISK



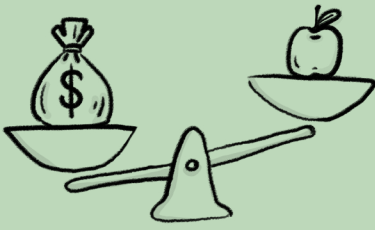
**This has two sides:** a cost and a benefit. Risk occurs at every stage in production and in every market channel. It is personal and perceived differently by every farmer. Some find it risky to have a large truckload of tomatoes rejected or bought at a low price, but others like that one phone call means the entire truckload is sold. CSA's can decrease risk by providing you with capital early in the season, but satisfying all those customers for an entire season is also risky. Farmers' markets come with a bad weather risk; you might sell very little on a rainy day. On the other hand, selling wholesale volumes can be risky if you're expected to deliver a truckload of tomatoes on a particular day, but the crop isn't ready.

## STRESS



Every market channel has its own unique stress points. And stress often comes from your perceived level of risk. No one source of stress is easier to deal with, but what you perceive as risky, and thus stressful, may change as you gain perspective and experience.

## LIFESTYLE & VALUES



Do you like or dislike face-to-face customer interaction or managing employees? Ultimately you need to balance your labor, infrastructure, risk, and stress by creating a system that works for you so you can have the lifestyle you want.

### → **TASK:**

Complete Michigan State University's [Market Channel Selection Tool](#) to explore what market channels might work for you based on your farm's unique characteristics and your personal preferences.

### → **REVIEW:**

[NCAT Marketing Tip Sheet Series](#). Pp 16-27. Tip Sheets #8-#13

## How would you begin planning to diversify your market channels?

Ultimately, it is about finding the right balance that works for you on your farm. Be aware that adding a market channel can increase the complexity of your farm system, but doing so can help you balance your risk. You may also be able to balance your profit equation by adjusting your production plans and diversifying your market channels.

So just like we diversify our crops, we can diversify our markets. And diversity tends to make systems stronger and less vulnerable to forces beyond our control. The more experienced you are and the more planning you do, the greater the likelihood a market channel diversification strategy will work for you. Following the steps below will help you to make decisions and feel more confident about those decisions. You may not get it exactly right, but you will increase your chances of success.



# 8 PLANNING STEPS FOR DIVERSIFYING MARKETS



## **1. Determine your primary motivation for adding in a wholesale or indirect market channel.**

Do you want to make more money? Are you exhausted by the grind of direct markets? Or are you motivated by knowing the food you grow will be sold to an institution that serves children, seniors, or hospital patients in your community?



## **2. Review and analyze your current farm finances. Update your balance sheet, income statement, and assess your cash flow.**

A good practice is to update your balance sheet on January 1 every year and monitor your working capital on a monthly basis. A shortage of working capital can prevent a business from taking advantage of a market opportunity.



## **3. Make sure to report all sales (including cash sales), as lenders use tax returns to verify your income.**

So if you're selling things for cash and not reporting the sales on your Schedule F or Schedule C, you may not qualify for a loan to purchase the equipment needed to manage a larger scale of production. An additional consequence (beyond the risks associated with committing tax fraud) is that your business will be undervalued. If you want to sell your business, its value will in large part be determined by earnings before interest, taxes, depreciation, and amortization (referred to as EBITDA). Verification of EBITDA comes from tax returns, not a separate set of books that show more income than was reported.



## **4. Understand your current costs of production.**

Do you know your break-even price? Pay particular attention to your labor costs. Remember, as Paul Dietmann of Compeer Financial often says, "The value of your labor is not zero." If you aren't already tracking your labor time, consider doing so to understand just how much time you spend marketing or managing specific crops. Use a [free app](#) to help you do this.



## **5. Understand your marketing costs.**

Prepare marketing budgets to compare costs and profits between the different direct and indirect market channels. Marketing costs include labor for delivery, invoicing, and selling; packaging and post-harvest handling; and processing, storage, and transportation. You should have records of all expenses for your taxes. These records can be used to calculate your marketing costs.

# COMPARISON OF MARKETING COSTS BY MARKET

<b>EXPENSE</b>	<b>FARMERS MARKETS</b> 20 weeks/40 markets	<b>INSTITUTIONAL MARKETS</b> 20 weeks
Transportation vehicle expenses	@.50/mile, 3,200 miles <b>\$1,600</b>	@.50/mile, 1,600 miles <b>\$800</b>
Labor Charges	2 people, @12hr/wk, 20 wks, @\$12/hr <b>\$5,760</b>	1 person, @4hr/wk (includes selling), 20 wks, @\$12/hr <b>\$960</b>
Supplies	@\$20/wk (bags or sacks, other supplies) <b>\$400</b>	@\$30/wk (containers, other supplies) <b>\$600</b>
Total Costs for the Season	<b>\$7,760</b>	<b>\$2,360</b>
Total Costs Allocated to Tomatoes	Percent of total sales-15% <b>\$1,164</b>	Percent of total sales-20% <b>\$345</b>
Total Costs/lb Sold	760 lbs sold <b>\$1.53</b>	800 lbs sold <b>\$0.44</b>

\*Reprinted from Fearless Farm Finances with permission

For more information, read Chapters 18 and 19 in *Fearless Farm Finances* or [watch Fearless Farm Finances online course Module 13](#) and complete the exercises.



**6. Complete an enterprise revenue projection exercise.**

This builds off the information you prepared in steps #4 (understanding production costs) and #5 (understanding marketing costs). Prepare a crop enterprise budget for the crop you are considering selling in the indirect market channel. Then compare and contrast projected earnings from different market channels for this crop. It's critical you not only know how much you can produce but how much can be sold through each market channel. Perhaps you could easily produce one additional acre of carrots, but does your intended wholesale buyer wish to purchase an acre of carrots? How many pounds of carrots can be produced in an acre? "Play" with different market channel mixes to see what your revenue might look like. Remember to plan for some crop loss (plant a little more than you intend to sell).

If you are an experienced farmer managing multiple crops and market channels, consider taking this a step beyond revenue projection by completing a [Veggie Compass](#) exercise for a deep dive into your farm's profitability. This can help you better understand which of your current crops and market channels are the most financially viable. After completing your current analysis, Veggie Compass numbers can be adjusted to help you make predictions about future profitability and alternative business scenarios.



**7. Consider the non-financial impact of making a change on you, your family, your employees, and your entire farm system.**

For example, will you need additional land to grow more carrots? Does the land you are planning to use have a hidden or non-monetary value to your current farming system? Perhaps this "unused" land is playing an important role on your farm as a pollinator buffer or is planted in cover crops every other year. What about your labor needs and availability? Who will manage the wholesale account? Is this person suited for this type of work and will they have the time to take on the additional responsibilities?



**8. Review and rewrite your business plan based on what you learn in steps 1-7.**

A business plan is a living document meant to guide your decision making. It should be reviewed and revised on a regular basis. AgPlan from the University of Minnesota's Center for Farm Financial Management has a [video series on developing a business plan](#) as well as an online template.

# RECOMMENDATIONS & TIPS FOR DIVERSIFYING MARKETS

## \*Adapted from the [University of Vermont](#)

- **1. Start small, choosing just one crop to scale up. Keep your current market channels in place.**
- **2. Invest in appropriate technology/machinery for larger-scale production.**

Especially important are wash/pack stations, coolers, storage, and refrigerated trucks with the capacity to handle your higher volume of production. [USDA's Farm Service Agency](#) (FSA) Farm Storage Facility Loan Program offers low interest loans for infrastructure investments like these. To participate in the program, the borrower must be a farmer and own the product while it is in storage. Mechanized harvesting systems may also reduce your labor costs. The [Small Business Association \(SBA\)](#) offers guaranteed loans and microloans for machinery and equipment. Some loans have lower down payments, flexible overhead requirements, and no collateral. However, the guarantee amounts tend to be lower than those from the FSA, and there are annual fees built into the interest rates. So, an SBA loan might not be the best option for farm equipment, but might work for smaller food processing operations.
- **3. Consider the cost of your delivery route.**

If your farm is planning to make the delivery itself, a large delivery to an institution at a lower price point could be combined with several smaller deliveries at higher price points (like to restaurants or food co-ops) to increase the cost efficiency of your distribution.
- **4. Consider allowing a food hub or distributor to handle your marketing and delivery to reduce your distribution costs.**
- **5. Commit to establishing a relationship with your wholesale buyer.**

This is an on-going process requiring clear, consistent, and prompt communication. Understand each other's needs.
- **6. As your bulk sales grow, you may want to hire a dedicated Sales Manager.**

- **7. Have a clear understanding of your price point or break-even cost of production.**  
What is the lowest price you are willing to accept that allows you to make a profit? For this, you need to track and understand your labor costs.
- **8. Be comfortable with negotiation.**  
If you've done your homework on your break-even cost of production, this will be easier.
- **9. To maintain good relations with your wholesale/institutional buyer, make sure you are not over-promising the amounts you can deliver on a weekly basis.**  
Be conservative in your production planning/forecasting. The buyer is depending on you. If you deliver significantly less than they need, they will have no choice but to seek other suppliers.
- **10. Develop simple marketing materials to tell your farm's unique story.**  
Emphasize the GFPP values that apply to your farm. Tailor the materials to your end user. If you are selling to a school, develop kid-friendly materials. When selling to a hospital, develop nutrition-related content. This will make you stand out to a buyer, as you will be making their job easier for them. Examples of materials include 1-minute videos, 1-page information sheets, and prepared social media posts. Use consistent branding.
- **11. Look for farmers in your region who want to do something similar and collaborate.**  
Perhaps you could sell more easily to an institution through a farmer-run food hub, or explore sharing farm equipment with other growers. Check out the [USDA Food Hub Directory](#) for a list of existing local food hubs. If you're interested in starting your own collaborative project, participate in a local network of farmers to meet others who might be interested in joining you!

**Here are some groups to check out:**

- **[Urban Stewards Action Network:](#)** USAN is an action-based transformational network of community farmers and partner organizations in the food system. The network holds a safe space for Black, Indigenous and People of Color (BIPOC) coalition building and redefining power in the Chicago region.
- **[Midwest Farmers of Color Collective:](#)** Based in Minnesota, the Midwest Farmers of Color Collective is a collective of BIPOC farmers centered on racial justice and the development of food and farming systems that honor their communities' past, present and future.

- [IL Stewardship Alliance’s Local Food Farmer Caucus](#): This resource provides information for how farmers can participate in ISA’s Local Food Farmer Caucus, where growers weigh in on ISA’s advocacy agenda, drive adoption of sustainable and diversified farming practices, speak out on the need for greater transparency in the food system, raise awareness for local supply chains, and educate decision-makers on issues that impact farmers.
- [Routes to Farm](#): Routes to Farm is a collaborative effort to make resources available to farmers who are launching or growing their farm businesses in the Chicago foodshed.
- [Advocate for Urban Agriculture’s Listserv](#): Join AUA’s listserv to communicate with other urban growers and community gardeners across the Chicago metro area.

→ **READ:**

1. [Producer Perspectives](#) a report from Farm to Institution New England to learn more about the experiences and perspectives of farmers selling to institutions in the Northeast US.
2. CFPAC is planning to compile case studies on farms and food businesses who are selling to institutions. Coming soon! Please visit the website for updates.

## FAQ'S



### Are small farmers locked out of wholesale markets due to low prices?



No. Every small farm has a unique profit equation based on how the farm is managed. The fact you are able to command a higher price in a direct market does not automatically equal profit. Small farms generally have higher labor costs as a result of selling in direct markets and managing many different crops. It might be possible for you, as a small farmer, to add in an acre of carrots that you then sell to a wholesale buyer for a lower price, without adding a significant labor cost. This additional revenue (without many additional costs) might mean you end up a more profitable farm.



### How do I determine if this is for me?



It isn't easy. You're going to need to take a deep dive into your farm finances to understand what market channels are working well for you and what they could do for you. If you aren't already tracking your labor time, consider doing so to understand just how much time you spend selling through direct market channels or managing many different crops. There are some neat [free labor tracking apps](#) that could help you do this.



# PART 4



## Requirements for Institutional Markets

Access the referenced links in this section online: <https://bit.ly/key2gfpp>



# GENERAL REQUIREMENTS

This section of the guide walks you through general requirements for food producers and businesses to sell to public and private institutions. Sections cover food safety, volume and packing requirements, and certifying your business as a Minority or Women Owned Business Enterprise.



## FOOD SAFETY

### → THE FOOD SAFETY MODERNIZATION ACT (FSMA)

The United States Food and Drug Administration's [Food Safety Modernization Act \(FSMA\)](#) is a federal regulation that affects how food is grown, packed, processed, shipped, and imported into the United States. For food producers and businesses who are looking to sell beyond direct-to-consumer markets, it's important to understand how FSMA rules and guidelines may impact your operation. FSMA requires the food industry to systematically put measures in place that are proven effective in preventing contamination and the spread of foodborne illness.

#### FSMA's standards emphasize:

- **Preventative Controls for Human Food:** Establishes requirements for a written food safety plan, hazard analysis, preventive controls, monitoring, corrective actions, and verification.
- **Produce Safety Standards:** Establishes science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables grown for human consumption.
- **Sanitary Transport of Food and Feed:** Requires those who transport food to use sanitary transportation practices to ensure the safety of that food. This rule is intended to help maintain both human and animal food safety during transportation by establishing criteria for vehicle and transportation equipment conditions, as well as practices, training, and record keeping.

## → FSMA'S PRODUCE SAFETY RULE

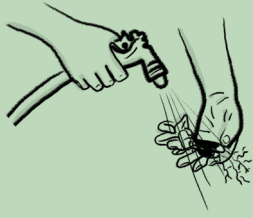
- **Remember:** All farms are responsible for the safety of the produce they grow and sell. Depending on size and type of market channel, [some fruit and vegetable growers may be subject to inspection](#) and must show proof of adherence to the requirements in the produce safety rule.
- **The Produce Safety Alliance** was established to help prepare fresh produce growers to meet the regulatory requirements included in the FSMA Produce Safety Rule. The PSA is supported through a cooperative agreement funded by the USDA and the FDA.
- **An on-farm food safety plan is not required in the FSMA Produce Safety Rule.** However, writing a comprehensive food safety plan is included in the PSA curriculum because growers lifted this up as a critical need. Writing a food safety plan is considered a best practice, and many growers also need a written farm food safety plan to meet third-party food safety certification requirements. Find more resources on writing a food safety plan for your farm on the [PSA resource page](#).



*Courtesy of Stef Funk*

## → FOOD SAFETY FOR LIVESTOCK GROWERS

- In order to sell meat or poultry products to an institution, state and federal guidelines require that meat is processed in a USDA licensed facility. If you are raising livestock for wholesale or institutional sales, find the nearest USDA licensed facility on the [US Food Safety and Inspection Service website](#).
- For more information on Meat & Poultry Inspection in Illinois, visit the IL Department of Agriculture's [Meat & Poultry Inspection website](#).
- This "[Selling Meat in Illinois](#)" factsheet from the University of IL Extension's Local Food and Small Farms Team is also a helpful resource on the different types of licenses and permits needed by different stakeholders in order to sell meat to different market channels.
- While there are no uniform guidelines, processing facilities typically expect that animals come in as clean as possible, with no visible mud or manure caked to their hides, and be free of disease or injury.
- While there are no explicit federal food safety guidelines on "pre-harvest" handling of livestock, the US Food Safety and Inspection Service provides guidance and recommendations. To learn more about limiting E.coli and salmonella for livestock producers, see page 17 of this Industry [Guideline for Minimizing the Risk of Shiga Toxin-Producing Escherichia coli \(STEC\)](#) in Beef (including Veal) Slaughter Operations.



## THIRD-PARTY FOOD SAFETY CERTIFICATIONS

In addition to considering the requirements set for growers by the Food Safety Modernization Act and other state and federal regulations, many farmers that are considering wholesale and institutional markets will need to explore a third-party food safety audit, which is typically required by distributors and buyers.

### → FOOD SAFETY CERTIFICATIONS FOR PRODUCE GROWERS

- **Good Agricultural Practices (GAP) and Good Handling Practices (GHP) are audits for specialty crop growers that verify that fruits, vegetables, and other specialty crops are produced, packed, handled, and stored to minimize risks of microbial food safety hazards.** The majority of processors and food distributors require their specialty crop growers to have GAP/GHP audits annually, although some prefer other food safety audit programs (described below).
- **GAP & GHP audits verify adherence to the recommendations made in the U.S. Food and Drug Administration’s [Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables](#) (pdf) and industry recognized food safety practices.**
- **To learn more about GAP and GHP certification, please visit the [USDA’s website](#).**
- **[Group GAP](#) is a USDA farm food safety program that provides the entire specialty crops industry the opportunity to supply and buy fruits, vegetables, and related products certified as being produced using Good Agricultural Practices (GAP).** By allowing farmers, food hubs, and marketing organizations of all sizes to band together and pool resources to achieve USDA GAP certification, GroupGAP is helping more farmers supply fresh, local produce to retail and institutional markets, and providing buyers and consumers alike with more purchasing and product options.

## Benefits for Group GAP participants include:

- Saving group members money through cost and resource sharing  
Improving group members' accountability and performance by leveraging shared resources
- Decreasing documentation and maintenance requirements of group members who operate under a single Quality Management System
- Using internal audits and shared food safety manager(s) to make member compliance easier

Interested in learning more about Group GAP in the Metro Chicago area? Reach out to Advocates for Urban Agriculture's Group GAP Coordinator, Alexandra Hachem, at [alexandra@auachicago.org](mailto:alexandra@auachicago.org).

- **While GAP and GHP are some of the most commonly accepted third-party food safety certifications, there are other food safety audit programs that buyers might require or prefer.** Other food safety auditors that certify produce growers include the [Safe Quality Food \(SQF\) Institute's Food Safety Program](#), [PrimusGFP](#), and [Global G.A.P.](#) Be sure to talk with a prospective buyer about their required food safety certifications at the outset of your relationship-building to ensure that they will accept your certification type.

## → FOOD SAFETY CERTIFICATIONS FOR LIVESTOCK AND POULTRY PRODUCERS

- **Because meat is first processed by a USDA-licensed meat processing facility, buyers typically have less food safety requirements for livestock growers directly.** However, the USDA Agricultural Marketing Service provides different voluntary audits that livestock and poultry producers may be interested in pursuing to differentiate their products and align better with Good Food Standards in GFPP. Audits include the Certified Responsible Antibiotic Use (CRAU), USDA Grass Fed Program for Small and Very Small (SVS) Producers, and One Health Certification. For a full list of the USDA's auditing services for livestock and poultry producers, please visit [their website](#).

- ➔ Different industry associations have also developed **Quality Assurance Programs** for livestock producers to follow. These certifications are voluntary, but may be recommended by certain distributors or purchasers. Examples include the [Beef Quality Assurance](#) and [Pork Quality Assurance Plus programs](#).



*Courtesy of Stef Funk*



## THIRD-PARTY CERTIFICATIONS FOR QUALITY

Looking for support with obtaining a certification that's aligned with the Good Food Standards set in Environmental Sustainability, Valued Workforce, or Animal Welfare? There are a lot of helpful resources and communities of practice for growers and food businesses to tap into.

To name a few:

### → ANIMAL WELFARE

- [A Greener World](#): Support for livestock producers who are looking to become certified with the Animal Welfare Approved label.
- [Certified Humane's Website](#): Learn about the Certified Humane program and how to join as a meat, poultry, egg, or dairy producer.
- [Food Animal Concerns Trust](#): For training and resources on pasture-based livestock best practices, and opportunities to connect with other livestock producers.
- [Global Animal Partnership](#): Learn about the Global Animal Partnership certification programs and find resources for beef, poultry, dairy, pork, and egg production.

### → ENVIRONMENTAL SUSTAINABILITY

- [Demeter Association](#): Learn about how to become a certified Biodynamic farm.
- [eOrganic Community of Practice \(Extension\)](#): Join an online community of farmers and researchers who are exploring ways to sustain organic agricultural systems.
- [Marine Stewardship Council](#): Learn about how to become a certified fishery through the Marine Stewardship Council's program.

- ➔ [National Center for Appropriate Technology's ATTRA](#): A wealth of resources for both producer growers and livestock producers on sustainable farming practices, farm to institution, and food safety.
- ➔ [Sustainable Agriculture Research & Education](#): Resources on sustainable farming practices, searchable by geographic location, content area, and media format type.
- ➔ [USDA Organic](#): Find more information about becoming a USDA-certified Organic Farm along with how to access technical assistance on the process.



*Courtesy of the Illinois Stewardship Alliance*

## ➔ VALUED WORKFORCE

- ➔ [Agricultural Justice Project](#): Learn about your farm becoming Food Justice Certified and supporting fair wages and working conditions for farmworkers.
- ➔ [CooperationWorks!](#): Find a local cooperative developer who can support your efforts to become a worker cooperative.



- ➔ **Democracy at Work Institute:** Browse many resources on becoming a worker cooperative business.
- ➔ **Equitable Food Initiative:** Learn more about how this certification works to improve conditions for farmworkers.
- ➔ **High Road Restaurants:** For restaurants, caterers, and/or meal program providers looking to join a community of practice around providing good jobs and working conditions.
- ➔ **Illinois Worker Cooperative Alliance:** Learn about trainings, support and networking for aspiring and emerging worker cooperatives in Chicago and across the state.



*Pictured are volunteers at Urban Growers Collective farm during a Lettuce Meet/alegría en la granja event hosted by The Chicago Food Policy Action Council, Urban Growers Collective, and Advocates for Urban Agriculture.*



## BECOMING AN APPROVED SUPPLIER

### → WORKING DIRECTLY WITH PUBLIC AGENCIES AND DEPARTMENTS

- At this time, most direct food-related contracting opportunities with the City of Chicago and Cook County are geared toward food service management companies and food distributors (vs individual farmers). The GFPI team is interested in exploring how to increase contracting opportunities that could open up direct relationships between farms and institutions through Farm to Institution Requests for Proposals (RFPs), which other institutions across the country like [Minneapolis Public Schools](#) have successfully developed. Chicago and Cook County have not yet developed this opportunity locally, but we will update the online version of this Guide with opportunities as they arise.
- If you manage or work for a food hub, food distribution company, or prepared meals/ food service management company, it will be helpful to understand how the City of Chicago and Cook County work with contracted food vendors.
  - The [Chicago Department of Procurement Services](#) has valuable educational resources and regularly hosts trainings for potential vendors. [Click here](#) for a description of their trainings and copies of powerpoint presentations.
  - If you're interested in becoming a contracted vendor with Cook County, check out their [Doing Business with Cook County website](#) to learn the basic information on becoming a registered vendor. The Office of the Chief Procurement Officer also hosts [educational workshops and trainings](#) for prospective vendors; reach out to [OCPO.Events@cookcountyil.gov](mailto:OCPO.Events@cookcountyil.gov) to learn more about upcoming opportunities.

- **The City and County partner on an annual Vendor Fair, where companies looking to do business with public departments and agencies can learn more about the potential opportunities.** This event is not particularly focused on food-related opportunities, but can still be a good event to attend and learn more about the procurement process. The **2020 Vendor Fair** was hosted completely online and [recordings of all sessions can be found here](#).
- **Both the City of Chicago and Cook County maintain “Buying Plans” that forecast what goods and services they will be looking for vendors for over the next year.** Unfortunately, it is not necessarily easy to search the Buying Plans for food-related solicitations, since there is no one classification or tag that covers all food-related opportunities. GFPI is working with procurement staff to explore how to make it easier for food vendors to find upcoming solicitations and prepare their bid materials. In the meantime, access the [City of Chicago Buying Plan here](#) and the [Cook County Buying Plan here](#).



*Courtesy of ChiFresh Kitchen*

- ➔ **If you are a farmer, food grower, or value-added food business, a potential food contractor may be interested in listing your business as a Subcontractor on a bid for food preparation or distribution services.** Listing your farm as a Subcontractor can demonstrate their commitment to GFPP and commitment to working with local food producers, minority-owned firms, women-owned firms, veteran-owned firms, etc. It can increase the likelihood of their company being awarded a contract if they formally list these partnerships in their bid application to the City or County.
- ➔ **For more technical assistance on working with public departments and agencies, or their contracted food vendors, please contact your local Procurement Technical Assistance Center (PTAC) using the [Illinois PTAC website](#).** For Chicago-based growers and food businesses, the Illinois Hispanic Chamber of Commerce, North Business & Industrial Council, and Women’s Business Development Center all serve as local PTACs. [Find out more information here](#).

## ➔ **WORKING WITH A CONTRACTED FOOD SERVICE COMPANY OR DISTRIBUTOR**

- ➔ **Local food distributors recommend that producers contact a sales or purchasing manager to begin the relationship-building process and set up a vendor account.** During this process, suppliers meet with vendors to discuss operation details such as product, volume, pricing, delivery schedules, and availability. This process can often extend for many weeks or months before a producer can become an approved vendor or supplier, so be sure to factor in this time period. Be sure to ask the company’s representative for detailed information on the timeline for approval at the outset of your communications.
- ➔ **Before establishing contract requirements and agreements, most vendors require producers to hold some form of food safety and handling certification** (usually USDA GAP certification if you’re a produce grower; see Food Safety section for more details).
- ➔ **Looking to network with food distributors or food service management companies?** GFPI is planning to host Buyer/Supplier Networking Mixers to help build relationships across the supply chain in a pre-competitive setting. [Join CFPAC’s newsletter](#) to stay up-to-date with upcoming opportunities.

- Check out our [map of GFPP institutions](#) and their contracted food companies to learn about who the City of Chicago and Cook County partner with on food supply and services.



*Courtesy of The Common Market*

## → VOLUME AND PACKING

- **Packing food products properly is a critical step in selling to indirect market channels.** The packaging or boxes you use are the first line of defense against product damage, potential contaminants, and moisture or temperature control.
- **If you're planning to sell to institutions through a food distributor, the company may have their own specific requirements for handling post-harvest products and how they are packed into boxes or other packaging.** Ensure you have complete clarity, in writing, around product quality standards and what state the product should arrive in to the distributor. It is recommended that you photograph sample boxes of products to document how they looked when leaving your farm.



*Courtesy of ChiFresh Kitchen*

- ➔ **While not all companies request packaging in the same format, there are some generally recognized “standardized” guidelines around how to pack for indirect markets that may be useful to reference.** Check out this [Produce Pack Guide](#) from FarmsReach for tips on fruits and vegetables. For a deep dive on all the different types of packaging to consider and helpful packing definitions, this [Packaging Requirements for Fresh Fruits and Vegetables](#) from North Carolina State Extension is a great resource.
- ➔ **Minimum volumes required to sell to distributors vary.** In 2020, the Cook County Department of Public Health held a series of interviews with local food distributors currently contracted with Cook County agencies to better understand the opportunities for local farmers to work with them, including Midwest Foods, Black Dog Foods, and Cristina Foods. All distributors who were interviewed shared that there is no volume minimum for producers who want to sell to them. However, the details of the agreement are closely dependent on the specific product and the producer’s ability to supply consistently over a period of time; be sure to discuss these terms with distributors up-front.



*Courtesy of The Common Market*

## ➔ **PRODUCT LIABILITY INSURANCE**

- ➔ **Most wholesale and institutional buyers require food growers to carry product liability insurance.** Product liability insurance helps protect your farm or food business from claims that a product you made or sold caused bodily harm. The exact requirements and amount of insurance vary by the buyer, so be sure to have a discussion with the buyer about their insurance requirements from suppliers. Typically, companies require between \$1-5 million in liability insurance.
- ➔ **Where to purchase product liability insurance:** Homeowner, renter, or auto insurance companies may offer product liability insurance options. There are also companies that specialize in farm insurance, and may include product liability insurance as part of the sales package. Talk to other farmers, farm organizations, [cooperative extension educators](#), and other agricultural professionals for help on choosing the right policy. When you talk to an insurance agent, explain your farm business in detail and the type and amount of coverage your buyers require. Ask the agent what types of policies are available to protect you and your assets. An agent can also tell you about other types of insurance that covers your property, employees, and crops.

- Check out this [Insurance Checklist for Institutional Sales](#) from the MarketReady Program at the University of Kentucky Extension for a straight-forward list of considerations when it comes to insurance.
- Check out this [“Product Liability Insurance FAQ”](#) from the University of Kentucky to better understand the differences between general farm liability insurance, product liability insurance, and product recall insurance.

## → **MINORITY, VETERAN, WOMEN-OWNED AND/OR DISADVANTAGED BUSINESS CERTIFICATION**

- **The City of Chicago, Cook County, and other public entities provide incentives in the contracting process to locally-based companies that are certified as:**
  - Minority-Owned (MBE)
  - Women-Owned (WBE)
  - Veteran-Owned (VBE)
  - Service Disabled Veteran Owned (SDVBE)
  - Person with Disability Owned (PDBE- Cook County)/ Business Enterprise
  - Owned or Operated by People with Disabilities (BEPD- City of Chicago)
  - Disadvantaged Businesses (DBE- City of Chicago)
  - Airport Concession Disadvantaged Business Enterprise (ACDBE)

There are also incentives if a prospective food vendor subcontracts with another company that is certified with one of the above certifications, so it may serve as a benefit if your qualified farm or food business becomes certified. The food distributor or food service management company may list you as an official subcontractor on their bid application to help their bid application scoring.

- Visit the [City of Chicago’s homepage on certification](#) and the [Cook County’s homepage on certification](#) to learn more, apply for certification, or search the database of certified businesses in their system.
- There are specific eligibility requirements to become certified, including criteria around ownership stake, control, expertise, location of business, and size. Check out this [one-pager from the City of Chicago on the basics of](#)



certification: who is eligible, the potential benefits, and how to apply.

- ▶ **A fair warning: the certification process requires paperwork, and certifications can also cost money:** it costs \$250 to become MBE or WBE, and there's a 5-year renewal process. However, VBE, PDBE, & DBE certifications are free, and if you apply to be certified with these certifications, the fee to become MBE or WBE is waived as well.
- ▶ **A business can become certified via Cook County or the City of Chicago.** The two governments recognize each other's certifications, so you only need to get certified by one entity to use it for doing business with either.
- ▶ **There are a lot of local organizations that are available to help businesses with becoming certified!** Assist agencies include the [Chicago Minority Supplier Development Council](#), the [Women's Business Development Center](#), and the [Illinois Hispanic Chamber of Commerce](#). For a full list of Assist Agencies working with the City of Chicago, [click here](#).



*Courtesy of ChiFresh Kitchen*

# PART 5



## Identified Challenges and Opportunities

## AT THE START OF SYSTEMS OF CHANGE

Unfortunately, the modern institutional food system has been designed to prioritize price, convenience, and quantity over the welfare of food growers, the environment, animals, and meal recipients. The Good Food Purchasing Initiative is trying to change that--envisioning cafeterias where children, seniors, hospital patients, and other community members can access good food and celebrate the local community members who are growing and preparing their meals. This transformation will take time and support, and is not without many challenges for local food growers and businesses. Below are just a few of the major challenges that current GFPI participants have identified.

### ACCESS TO LAND AND WATER FOR GROWERS



*Courtesy of Real Food Media and the Center of Good Food Purchasing*

Before local food growers and producers can begin to explore institutional market opportunities, there are several fundamental needs that must be addressed first. For urban and peri-urban farmers, access to high quality land for growing food is challenging, and there are very few opportunities across Metro Chicago where a beginning farmer can identify a patient pathway

to land ownership. Affordable water access for growing crops is another issue that many urban growers within the Metro Chicago area are also confronting. Coordination amongst public officials and community partners to address barriers to land and water for growers is a critical need that must be supported to help build a resilient and scalable local food system.

## SUPPORT WITH FOOD SAFETY CERTIFICATIONS



*Courtesy of Real Food Media and the Center of Good Food Purchasing*

Because institutions rely on such long supply chains to procure their food, there has been a complex web of food safety requirements developed to prevent foodborne illness from spreading to meal recipients. These food safety standards can be difficult for small farmers to meet-- not because their farms aren't safe, but because the paperwork and sanctioned safety protocols can be time consuming and expensive to implement. Good Agricultural Practices (GAP) certification, for example, can cost hundreds of dollars per audit, and an auditor may have to visit several times if a farmer needs to become certified in multiple crops.

Hospitals, schools, and senior meal programs understandably want to ensure that they are doing whatever they can to prevent the populations they serve from getting sick, but the regulatory

landscape provides yet another hurdle for small farmers who want to sell to community-based institutions. The USDA has responded to this challenge by developing a “Group GAP” model, whereby one entity can certify multiple farms within their network. For Chicago growers, [Advocates for Urban Agriculture](#) is currently exploring how they can support this Group GAP model locally.

## SUPPORT WITH THIRD-PARTY GOOD FOOD CERTIFICATIONS



*Pictured is Mecca Bey of “Sistas in the Village farm” incubating at Urban Growers Collective. To stay updated with Sistas in the Village, please follow them on instagram @sistasinthevillage, and for more information on Urban Growers Collective’s new farmer incubation program please visit: <https://urbangrowerscollective.org/farmerincubatorprogram/>.*

The Center for Good Food Purchasing’s Good Food Standards are mainly based on third-party certification programs ([click here for a list of which certifications qualify](#)). For example, a product will score highest in Environmental Sustainability if it is USDA Certified Organic. A farmer’s produce can still qualify for this Good Food Standard if the farm signs an affidavit about their growing practices, but GFPP is predominantly driving demand toward **products that hold these**

**certifications.** So, farmers and food producers with certified products have a competitive advantage within the GFPP framework. However, becoming certified can be time consuming, require lengthy paperwork, and cost a lot of money to attain. GFPI implementers don't want certifications to pose a barrier for local BIPOC growers and food businesses from qualifying for the Good Food Standards or supplying an institution. GFPI is working to build more grant funding and technical support for certification processes, and also lifting up these concerns with the Center for Good Food Purchasing to ensure that the next version of the Good Food Standards respond to this issue.

## LOCAL SUPPLY CHAIN INFRASTRUCTURE



*Courtesy of Real Food Media and the Center of Good Food Purchasing*

The institutional food supply chain is characterized by high volume demand that has been served by long, complex, and highly consolidated supply chains. The economies of scale achieved by larger, corporate food businesses has pushed many medium and small-scale producers out of the supply chain. Much of the local and regional infrastructure that used to exist for smaller farmers has disappeared (if it ever existed in the first place).

If smaller and medium scale farmers are going to compete in wholesale and institutional supply chains, they need creative strategies to achieve their own economies of scale and manage logistics efficiently. Cooperative enterprises, like food hubs, offer one such strategy to help provide shared warehousing, processing, distribution, and marketing services for multiple farmers without adding new, profit-driven middlemen in between farmers and buyers. Over the past two years, Illinois Institute of Technology researchers have been exploring the feasibility of a cooperatively run food hub, owned and operated by BIPOC growers, that could serve institutional market channels. The study is anticipating to publish their results in Spring 2022; please [join the GFPP Coalition](#) to stay informed on updates.

## ACCESS TO CAPITAL AND FINANCING



*Pictured are volunteers at Cedillo's Fresh Produce in Chicago, IL, during a Lettuce Meetup/Alegría en la Granja event hosted by the Chicago Food Policy Action Council and Cedillo's Fresh Produce.*

Selling to community-based institutions is not going to make sense for every farm's business model. For those farms that are interested in serving their community in this way, though, they need assistance in determining how to include this market channel in their overall business plan.

They will also likely need assistance in accessing capital to help ensure their farm is prepared to sell into larger markets.

## SUPPORT NAVIGATING INSTITUTIONAL PROCUREMENT



*Pictured are volunteers at Cedillo's Fresh Produce in Chicago, IL, during a Lettuce Meetup/Alegría en la Granja event hosted by the Chicago Food Policy Action Council and Cedillo's Fresh Produce.*

For smaller farmers that have only sold through direct-to-consumer channels, selling wholesale can be a daunting new enterprise. There are few resources tailored to small farmers about becoming an approved vendor for a food distributor or participating in a public procurement bidding process. We hope that this GFPI Guide for Food Growers and Businesses is a starting point for food producers, but we know more hands-on support and guidance is absolutely necessary. GFPI implementers are also working with institutions to explore ways to make their procurement processes easier for smaller farmers and food businesses to participate in; the onus shouldn't be on farmers to "scale up," but also for institutional meal programs to "scale down," to meet farmers where they're at.



In December 2021, GFPI implementers will be hosting a pilot “Buyer/Supplier Networking Mixer” to help build relationships between farmers, distributors, food processors, and institutional buyers. CFPAC has engaged several local partners in planning these efforts, including Urban Growers Collective, Advocates for Urban Agriculture, Illinois Stewardship Alliance, and U of IL Extension.

Partners hope to continue building more opportunities like this as we head into 2022. CFPAC has also started to coordinate meetings with regional value chain coordinators across the Upper Midwest who see potential in leveraging Chicago and Cook County’s GFPP to support GFPP-aligned producers across the region. While these efforts are a start, there is still much more coordination, training, and support needed to ensure that the procurement process is transparent and easy to navigate for food growers and businesses of all sizes.

# PART 6



## Resources & Support

## HELPFUL LINKS



### GOOD FOOD PURCHASING PROGRAM

- **[GFPP Standards](#)**: This in-depth document shares a comprehensive guide on how the Center for Good Food Purchasing determines what products count toward Local Economies, Environmental Sustainability, Valued Workforce, Animal Welfare, and Nutrition.
  - **[Qualifying Certifications for GFPP](#)**: A brief overview of which third-party labels qualify products for the Good Food Standards set in Environmental Sustainability, Valued Workforce, and Animal Welfare
  - **[Good Food Cities](#)**: Learn about how cities across the country are forming Good Food Coalitions and working to transform public food purchasing toward transparency, equity, and sustainability.
  - **[Good Food Purchasing Initiative of Metro Chicago](#)**: Check out the Chicago Food Policy Action Council’s landing page for the Metro Chicago Good Food Purchasing Initiative and learn about the latest updates, related news, and events.
  - **[Cook County’s GFPP Website](#)**: Check here for progress specifically on Cook County Government’s implementation of the Good Food Purchasing Policy.
  - **[Map of Institutions Involved in the Good Food Purchasing Initiative](#)**: Click the link to see a relationship web of all the local community institutions adopting GFPP, along with information about their currently contracted food vendors.
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## BUSINESS PLANNING RESOURCES

- [Advocates for Urban Agriculture’s Grower Resources](#): Offers an excellent suite of resources to support urban growers with managing their farms and growing their businesses.
- [Advocates for Urban Agriculture’s Grown in Chicago](#): Supports farmers with making decisions about agricultural practices and certifications
- [Compeer Financial’s Emerging Markets Team](#): Provides education, events, ag financing services, and [resources](#) for small farmers in IL, MN, and WI.
- [Fearless Farm Finances](#) by Jody Padgham, Craig Chase, and Paul Dietmann, published in 2017 by MOSES Organic: The gold standard for managing your farm finances.
- [Fearless Farm Finances \(online course\)](#): Based on the book, this free self-directed course was developed by Midwest Organic and Sustainable Education Services (MOSES) and includes videos, worksheets, and exercises.
- [Financial Risk Management for Specialty Crop Farmers](#): Written by experienced local farmers and published by The Land Connection in 2020. In addition to covering financial planning, the book addresses skills and strategies for accessing capital; considerations for accessing land; crop insurance products; basic business management practices; and strategic planning. Also available as an online course.
- [Food Finance Institute at the University of Wisconsin](#): Their mission is to make sophisticated financial technical assistance available to every growing food, beverage, and value-added farm enterprise. Access their network of trained consultants, listen to the Edible Alpha podcast, attend a training or bootcamp. Primarily for experienced businesses looking to expand.
- [Guide to Market Channel Selection](#): Written by Matthew LeRoux and published by Cornell Cooperative Extension in 2010. This guide reviews market channel characteristics and supports decision-making strategies for new farmers.

- [Iowa State University Extension Ag Decision Maker](#): Shares extensive information to help farmers make decisions. The [business development marketing section](#) covers topics such as setting prices, conducting market research, direct marketing (including sales to institutions), promotion and branding.
  - [MarketReady Producer Training Program from University of Kentucky](#): MarketReady seeks to educate food suppliers about how to succeed in today's markets - in order to keep farming. The training modules include information on packaging, pricing, insurance, marketing, and more. MarketReady will help farm vendors selling dairy, fruits, vegetables, meats, value-added products, and more create a successful business strategy.
  - [Michigan State University's Market Channel Selection Tool](#): From the Center for Regional Food Systems (2017). Covers considerations when choosing a market channel and walks you through a self-assessment to help you determine which types of markets would be best for you and your farm.
  - [NCAT Marketing Tip Sheet Series](#) by Marisa Alcorta, Rex Dufour, and Tammy Hinman; **published in 2012**: The resource includes 13 tip sheets describing various market channels and considerations associated with each approach to marketing.
  - [USDA Farm Service Agency](#): FSA's information and services include farm loan programs, financial management information, organic cost share program, conservation programs, outreach and education, and other initiatives. Learn more about the [Illinois USDA Farm Service Agency office here](#) or call them at (217) 241-6600 Ext: 2. The [Will-Cook County Farm Service Agency](#) might also be of assistance at (815) 485-0068 ext 2.
  - [Veggie Compass](#): A free analysis tool developed by the Center for Integrated Agricultural Systems at the University of Wisconsin-Madison. The tool helps farmers understand their cost of production, by product and by market channel. This enables farmers to make strategic decisions to adjust prices, reduce costs, shift market channel focus, reduce or drop unprofitable products, and expand production of their most profitable ventures.
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## FARM TO SCHOOL RESOURCES

- **[National Farm to School Network](#)**: An information, advocacy and networking hub for communities working to bring local food sourcing and food and agriculture education into school systems and early care and education environments.
  - **[Illinois Farm to School Network](#)**: Provides training, connects partners, and shares resources about all aspects of farm to school — local food sourcing, food & nutrition education, and on-site gardening. IFSN includes information on their website specifically for farmers looking to sell to schools.
  - **[USDA Office of Community Food Systems Selling Local Food to Schools Factsheet](#)**: This factsheet reviews best practices for producers to learn about how to sell local food to schools.
  - **[Farm to School Sales- Profiles of Ranches Making It Work](#)**: This publication profiles two Montana ranches that have successfully sold their beef into area schools. It outlines some of the challenges of producing, processing, and selling to schools, as well as the featured ranches' business models, equipment needs, and the ranchers' perceptions of farm-to-school sales in the future.
  - **[Farm to Institution New England \(FINE\)](#)**: Features a wealth of resources for producers interested in selling to institutions, including schools, prisons, hospitals, and colleges.
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## FARMER NETWORKS

- [Advocate for Urban Agriculture’s Listserv](#): Join AUA’s listserv to communicate with other urban growers and community gardeners across the Chicago metro area.
  - [Illinois Stewardship Alliance Local Food Farmer Caucus](#): This resource provides information for how farmers can participate in ISA’s Local Food Farmer Caucus, where growers weigh in on ISA’s advocacy agenda, drive adoption of sustainable and diversified farming practices, speak out on the need for greater transparency in the food system, raise awareness for local supply chains, and educate decision-makers on issues that impact farmers.
  - [Midwest Farmers of Color Collective](#): Based in Minnesota, the Midwest Farmers of Color Collective is a collective of BIPOC farmers centered on racial justice and the development of food and farming systems that honor their communities’ past, present and future.
  - [Routes to Farm](#): Routes to Farm is a collaborative effort to make resources available to farmers who are launching or growing their farm businesses in the Chicago foodshed.
  - [Urban Stewards Action Network](#): USAN is an action-based transformational network of community farmers and partner organizations in the food system. The network holds a safe space for Black, Indigenous and People of Color (BIPOC) coalition building and redefining power in the Chicago region.
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## FOOD SAFETY RESOURCES

- **[USDA Quality Management Systems](#)**: This guide is designed to help food and farm businesses, food hubs, and USDA GroupGAP administrators develop a basic Quality Management System to identify and meet customer requirements and to create systems for continuous improvement.
  - **[Food Safety Modernization Act](#)**: Learn more about the USDA's standards for the growing, harvesting, packing, and holding of produce for human consumption
  - **[Produce Safety Alliance](#)**: The PSA provides fundamental, science-based, on-farm food safety knowledge to fresh fruit and vegetable farmers, packers, regulatory personnel, and others interested in the safety of fresh produce.
  - **[Farm Food Safety Plan Writing Resources](#)**: The FSMA Produce Safety Rule does not require a written farm food safety plan, but writing a plan helps growers get organized and focused on produce safety, as well as prepare for buyer requirements and third-party audits.
  - **[Good Agricultural Practices Harmonized Standard](#)**: Learn more about becoming GAP certified, a voluntary third-party food safety certification, through the USDA's Agricultural Marketing Services.
  - **[GroupGAP food safety program](#)**: This resource outlines how GroupGAP makes food safety certification accessible for small and middle-sized producers by allowing farmers, food hubs, and other marketing organizations to work together to undergo GAP certification as a group. This allows group members to pool resources to implement food safety training programs and share the cost of certification. Learn more about what this means for producers by checking out the [GroupGAP For Growers resource page](#).
  - **[Path To GroupGAP Certification](#)**: Step-by-step pathways for farmers of all sizes to take advantage of GroupGAP certification.
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## SUPPORT FOR GOOD FOOD FARMING PRACTICES & CERTIFICATIONS

### ANIMAL WELFARE

- [A Greener World](#): Support for livestock producers who are looking to become certified with the Animal Welfare Approved label.
- [Certified Humane's Website](#): Learn about the Certified Humane program and how to join as a meat, poultry, egg, or dairy producer.
- [Food Animal Concerns Trust](#): For training and resources on pasture-based livestock best practices, and opportunities to connect with other livestock producers.
- [Global Animal Partnership](#): Learn about the Global Animal Partnership certification programs and find resources for beef, poultry, dairy, pork, and egg production. Government's implementation of the Good Food Purchasing Policy.

### ENVIRONMENTAL SUSTAINABILITY

- [Demeter Association](#): Learn about how to become a certified Biodynamic farm.
- [eOrganic Community of Practice \(Extension\)](#): Join an online community of farmers and researchers who are exploring ways to sustain organic agricultural systems.
- [Marine Stewardship Council](#): Learn about how to become a certified fishery through the Marine Stewardship Council's program.
- [National Center for Appropriate Technology's ATTRA](#): A wealth of resources for both producer growers and livestock producers on sustainable farming practices, farm to institution, and food safety.
- [Sustainable Agriculture Research & Education](#): Resources on sustainable farming practices, searchable by geographic location, content area, and media format type.

- [USDA Organic](#): Find more information about becoming a USDA-certified Organic Farm along with how to access technical assistance on the process.

## VALUED WORKFORCE

- [Agricultural Justice Project](#): Learn about your farm becoming Food Justice Certified and supporting fair wages and working conditions for farmworkers.
  - [CooperationWorks!](#): Find a local cooperative developer who can support your efforts to become a worker cooperative.
  - [Democracy at Work Institute](#): Browse many resources on becoming a worker cooperative business.
  - [Equitable Food Initiative](#): Learn more about how this certification works to improve conditions for farmworkers.
  - [High Road Restaurants](#): For restaurants, caterers, and/or meal program providers looking to join a community of practice around providing good jobs and working conditions.
  - [Illinois Worker Cooperative Alliance](#): Learn about trainings, support and networking for aspiring and emerging worker cooperatives in Chicago and across the state.
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## MINORITY, WOMEN, VETERAN, SOCIALLY DISADVANTAGED BUSINESS CERTIFICATION

- [City of Chicago Certification One-Pager](#): This one-pager covers who is eligible for different certifications, the potential benefits, and how to apply.
  - [City of Chicago Certification Website](#): Learn more about becoming certified as a business owned by a specific classified identity that can help direct Chicago's purchases toward your business.
  - [City of Chicago Assist Agencies](#): A list of agencies that provide support to local businesses looking to become certified in Minority, Women, Veteran, or Socially Disadvantaged Business Certifications.
  - [Cook County Certification Website](#): Learn more about becoming certified as a business owned by a specific classified identity that can help direct Cook County's purchases toward your business.
  - [Women's Business Development Center](#): Aims to support and accelerate business development and growth, targeting women and serving all diverse business owners, in order to strengthen their participation in, and impact on, the economy.
  - [Minority Supplier Development Council](#): Aims to certify, develop, connect, and advocate for minority suppliers as the premier supplier development organization creating sustainable and profitable relationships between minority business enterprises and major buying organizations
  - [Illinois Hispanic Chamber of Commerce](#): Provides business, economic development and entrepreneurial educational programs that enhance business practices and increase the success of Hispanic entrepreneurs.
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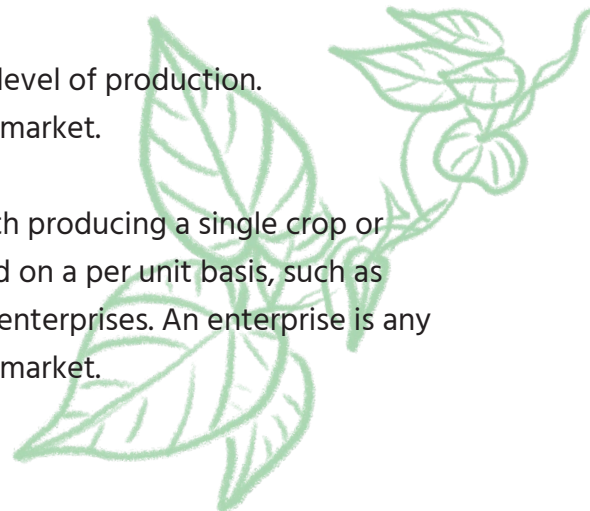


## PUBLIC PROCUREMENT SUPPORT

- **[Chicago Department of Procurement Services Workshops and PowerPoints:](#)** The Chicago Department of Procurement Services offers monthly workshops in procurement, certification, transparency, and outreach.
  - **[City of Chicago Buying Plan:](#)** A forecast of what goods and services city departments and agencies will be looking for from vendors over the next year.
  - **[Cook County Procurement Processes:](#)** This resource guide provides information outlining how Cook County procures goods and services.
  - **[Cook County Buying Plan:](#)** A forecast of what goods and services county departments and agencies will be looking for from vendors over the next year.
  - **[Procurement Technical Assistance Centers:](#)** These centers, located across Illinois, provide technical assistance on working with public departments and agencies, or their contracted food vendors. For Chicago-based growers and food businesses, the Illinois Hispanic Chamber of Commerce, North Business & Industrial Council, and Women’s Business Development Center all serve as local PTACs. [Find out more information here.](#)
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# GLOSSARY OF TERMS

- **Balance Sheet:** A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period.
- **Bid:** The documents submitted to apply for a contract.
- **Bid Package:** All the documents related to soliciting a request for goods/services.
- **Break-even price:** The amount of money, or change in value, for which an asset must be sold to cover the costs of acquiring and owning it. It also refers to the amount of money for which a product or service must be sold to cover the costs of manufacturing or providing it.
- **Competitive Bid:** Referring to projects where the buyer has to advertise the opportunity or solicit proposals from more than one vendor. Competitive bids may be required for contracts larger than a certain dollar threshold, like over \$100,000 (although it varies). This bid process is typically used to procure goods and services in the public sector.
- **Contractor:** A person or business that agrees to conduct work for another entity as specified under the terms of a contract.
- **Direct markets:** Otherwise known as direct-to-consumer market channels, these are sales outlets that end users/consumers access to purchase goods. In farming, these sale outlets include agritourism/pick-your-own, CSA, farmers' markets, roadside stands, and online sales. Some restaurants and grocery stores could be considered a direct market, but share many characteristics of an indirect market. Customers in these channels are often looking for or making purchasing decisions based on quality, emotion, and trust.
- **Economies of scope:** The cost savings gained by producing two or more distinct goods.
- **Economies of scale:** The cost savings gained from an increased level of production activity which results in a product used on the farm or sold in the market.
- **Enterprise Budget:** Includes all costs and returns associated with producing a single crop or product in a particular manner. Enterprise budgets are constructed on a per unit basis, such as per acre or per head, to facilitate comparisons among alternative enterprises. An enterprise is any activity which results in a product used on the farm or sold in the market.



# GLOSSARY OF TERMS

- **Farm Safety Plan:** A farm safety plan identifies and minimizes hazards. Having a plan helps farmers respond to hazards appropriately, and trains everyone on the farm to stay safe. Safety training enables farmers to (1) Avoid serious and fatal accidents, (2) Use pesticides and fertilizers safely, and (3) Reduce income lost to agricultural accidents.
- **Food Distributor:** A company that provides food and non-food products to restaurants, cafeterias, industrial caterers, hospitals, schools/colleges/universities, nursing homes, or anywhere food is served away from the home.
- **Food Safety Modernization Act (FSMA):** FSMA (Food Safety Modernization Act) is a U.S. food safety law signed in 2011 that focuses on preventing serious adverse health consequences by establishing a proactive and risk-based approach in food safety.
- **Food Service Management Company (FSMC):** A company that specializes in the purchasing, preparation, and/or delivery of meals for an institutional client. Although not all institutions outsource their food services, many Metro Chicago institutions have contracts with FSMCs instead of managing meal programs themselves.
- **Good Agricultural Practices (GAP) Certification:** A voluntary USDA audit program for specialty crop producers to demonstrate their compliance with food safety requirements to purchasers and retailers.
- **Global Animal Partnership (G.A.P.) Steps 1, 2, 3, 4 Certification:** A nonprofit which seeks to promote the welfare of farmed animals by rating the welfare standards of various farmed animal products.
- **Good Food Purchasing Initiative of Metro Chicago (GFPI):** The Good Food Purchasing Initiative of Metro Chicago (GFPI) works to ensure that institutional food purchasing advances an equitable, healthy, fair, local, humane, and sustainable food system while creating good food access for all.
  - **GFPI partners are working to:**
    - Fully implement the Good Food Purchasing Policy with the City of Chicago, its Sister Agencies, and Cook County Government

# GLOSSARY OF TERMS

- Develop a racially & socially equitable regional food supply chain to meet increasing institutional demand for good food; supporting pathways for BIPOC food producers and food businesses to scale operations for sales to public and community-based meal programs, cafeterias, and concessions.
- Normalize values-based procurement across all community-based “anchor” institutions in the Chicago region, including hospitals, higher ed institutions, cultural institutions, senior living facilities, and other
- **Good Food Purchasing Policy (GFPP):** With a focus on equity and transparency, GFPP shifts institutions’ food purchasing dollars toward five core values: local economies, valued workforce, animal welfare, environmental sustainability, and nutrition. In partnership with the Center for Good Food Purchasing, the City of Chicago and Cook County’s departments & agencies have adopted GFPP and are in the beginning stages of implementing the GFPP.
- **Income Statement:** An income statement is a financial statement that shows a company’s income and expenditures. It also shows whether a company is making profit or loss for a given period.
- **Indirect markets:** Indirect market channels/wholesale channels are sales outlets intermediaries use to purchase goods. In farming these sales outlets include marketing coops, brokers/distributors, packing houses, wholesale buyers, and processors. Generally these are traditional supply channels for commercial buyers and regional/national sellers not local buyers and sellers. Restaurants and grocery stores share important characteristics with wholesale channels (especially if they are larger businesses). Buyers in these channels tend to make purchasing decisions primarily based on quality, price, and on quantity, accurate invoicing, delivery, storage capability, packaging, and if you have a Farm Safety Plan, 3rd-Party Verification/Audit, and insurance.
- **Invitation for a Bid (IFB):** Buyers who know what they want will issue an Invitation for a Bid, typically a distributor will respond to the IFB and producers/food business owners may have an opportunity to subcontract via the distributor. The distributor may be awarded more points for contracting a Producer or food business owner with a certified minority/women/ veteran owned business.



# GLOSSARY OF TERMS

- **Market channel:** Or distribution channel is the way goods are transferred from the supplier, manufacturer, or grower to the end user or consumer. It is made up of people, organizations, and activities who facilitate the flow of goods.
- **Prime:** The primary contractor that wins a contract who may hire other companies as subcontractors.
- **Produce Safety Rule:** The Produce Safety rule establishes science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables grown for human consumption.
- **Request for a Proposal (RFP):** A RFP is similar to responding to essay questions about how you will provide a solution. There are several factors to be considered in the decision making process, and the buyer wants to hear the bidder's perspective. The RFP is being evaluated on more than just the price. An RFP would be issued for a food service contract that requires more than just a price quote. Administrators are including evaluation criteria in RFPs that assess how well the vendor can achieve Good Food Purchasing goals.
- **Request for Qualifications:** A potential buyer wants to review a "Capability Statement" or a "Statement of Qualification" that summarizes a vendor in one or two pages.
- **Request for a Quote:** A RFQ is usually issued before an RFP to estimate the costs for commodity type of purchases where pricing is relatively standard. Buyers are looking for the best value for the best price.
- **Subcontractor:** Subcontractors don't work directly with government agencies, but instead work for the primes who have won government contracts. Subcontractors are often small/diverse certified firms
- **Supplier Diversity & Inclusion Spend and Goals:** Public and private sector entities may publicly state that they want to spend \_\_% of their budget with diverse suppliers. They set annual goals and then monitor utilization of diverse businesses on their projects.





# GLOSSARY OF TERMS

- **Third-party verification/ audit:** A third party audit is performed by an independent party who visits the farm production area and evaluates the field and/or facility for its ability to produce safe, quality foods.
- **Working Capital:** Current assets (cash, anything that will convert to cash or be used up in the business within the next year) minus current liabilities (anything due now or that will come due within the year) equals working capital.

