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ASSESSING THE FEASIBILITY OF LOCAL FOOD AGGREGATION

PREPARED BY
High South Foods



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I. Introduction

As our food system continues to prioritize industrial farming operations over small family farms, many cities across the United States are looking towards food hubs to fill the gap between the profitability of small farms and regional demand for local food. While there are many successful food hubs across the country, there have been many failed efforts as well.

Throughout the opening and closing of the food hub in Louisville, Kentucky in 2014, we have seen farmers rise to the challenge of becoming experts in identifying markets, pricing competitively,

promoting their products, labeling, communicating with customers at multiple markets each week, producing a wide variety of high-quality products, purchasing liability insurance, and investing in GAP third-party audits for wholesale market access. Many small farmers and producers, however, do not have the capacity to take on these tasks and are struggling to increase their sales by growing their production and reaching new markets.

Over the last 14 years, Kentucky's agricultural production has radically shifted from being run by lucrative small farms leading the nation in tobacco production to struggling small farms attempting to reinvent their business and find their new cash crop on the same land previously used for tobacco. Farmers are struggling to have a dependable market and make the same profits they earned when producing tobacco.

Commercial buyers, regional wholesale companies, consumers, and these small-sized producers have been met with multiple barriers in their attempts to assist in the development, improvement, and expansion of local and regional food business enterprises. Some of their attempts include establishing food hubs, farmer cooperatives, selling through produce auctions, and increasing direct sales to consumers through Community Supported Agriculture (CSAs) and farmers markets. Since the closing of Louisville's food hub in 2014, we have had many conversations with farmers and local buyers about the perceived gaps in our food system. Many farms are too small or not up to regulation to produce for wholesale markets, aren't finding produce auctions worthwhile, and are focusing their energy on direct to consumer sales.

While there are many perceived notions as to what our regional food system needs to create a more direct path for small-sized food producers to sell into the wholesale

A food hub, as defined by the USDA, is "a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products."

distribution system, we wanted to see the data that proved it. When this data was nowhere to be found or outdated, we decided to conduct a feasibility study, informed by a literature review of past studies and a network of stakeholders, to find out for ourselves.

We hope this guide will help farmers, food system advocates, organizations, businesses, government entities, or whoever you may be, to conduct a feasibility study, learn from our successes and struggles, and ask the right questions that will not only lead you to better understand the capacity of your local food economy, but also strengthen the network of stakeholders in your local food system.

Who We Are

We are three local food advocates living in Louisville, Kentucky, who have worked as community organizers, program managers, and farmers and gardeners over the last 6 years. In 2016, we became equal partners in a Limited Liability Corporation we named High South Foods, LLC and began raising the funds needed to launch a research project. As we began research, we named this effort the Kentuckiana Food Aggregation Project to avoid confusion about who the new entity of High South Foods was and to present the work as a project that welcomed people to collaborate specifically around food aggregation in our region.

Rachel Brunner is the Program Manager at Common Earth Gardens, Louisville's refugee agriculture program. She studied agricultural economics, community food systems, and international agriculture at the University of Missouri and has since used a community organizing approach to support urban agriculture efforts, regional food system development, and to manage and grow local food programs, sales, and production systems in Louisville, KY, New York City, Nashville, TN, and Pittsburgh, PA.

Lilias Pettit-Scott is the Urban Agriculture Conservationist for the Jefferson County Soil and Water Conservation District. Over the past 10 years she has worked with numerous small-scale agriculture projects in an administrative capacity in Northern California and Louisville, KY. She has also worked on three specialty crop and meat production farms ranging in size from 1 acre to 40 acres. She lives in Louisville, KY on a double-lot in Schnitzelburg with a small fruit orchard and apiary.

Laura Tornes has worked in community development and network cultivation locally and internationally as a Community Food Security Coordinator, Program Assistant for International Disaster Response and Development, Neighborhood Liaison, and performance consultant. She comes to this project with expertise and experience in community food justice, facilitation, community organizing, grant reporting and accounting, and project management.

This project would not have been possible without the support and partnership of our farmer-led advisory board, the producers and buyers who participated in surveys and interviews, the Kentucky Center for Agriculture and Rural Development, Louisville and Bluegrass Farm to Table Coordinators, The Food Connection at UK, the Bluegrass Harvest program of Community Ventures, Wildflower Consulting, and Louisville Forward.

Why Now?

Throughout the years, businesses have come and gone in our region with very few finding a way to sustain their operations and build a reliable market for small family farms. At the same time, farmers and food system advocates have come together to discuss the challenges and brainstorm solutions. We participated in many of these conversations and began asking ourselves, ***“How can we take these ideas, check the assumptions against the real market, and move toward solutions?”*** We were hearing assumptions about what the problem was, but if we were going to launch a business with its main purpose being to provide reliable, wholesale market access to small-scale producers, we needed to know the facts. We needed to have conversations with producers and buyers and collect data that would support these assumptions.

About a dozen local food studies were conducted in the region that dug into issues of supply, demand, and everything in between. Many of these studies advised creating an aggregation-type business as a way to address the producers’ need to have their products marketed and sold on their behalf so they could focus on increasing production and producing a high-quality product. This informed our decision to test this advice and conduct a study to see if an aggregation business would in fact be feasible in the Kentuckiana region.

II. Preparing for a Feasibility Study

Define your Values and Framework

A community organizing philosophy drove much of our approach to this project. We set out to understand the barriers for small farmers to access the wholesale market by listening to the needs of those involved in the marketplace and setting our agenda based on feedback.

Identifying the following questions, values and vision provided a framework for our consultants when outlining our feasibility study process and for us to revisit along the way.

<h4>GUIDING QUESTIONS</h4> <p><i>What is the need?</i></p> <p><i>Who needs to be involved?</i></p> <p><i>Who else is doing work like this already and how can we collaborate instead of replicate?</i></p> <p><i>What efforts/businesses/organizations already exist?</i></p> <p><i>What information is still missing from existing data and what questions do we need to ask to fill those gaps?</i></p>	<h4>OUR VISION</h4> <p><i>An enterprise that could exist without continued infusion of external fund-raising</i></p> <p><i>Well researched business that will meet the unique needs of producers and is proven to operate beyond start-up phase.</i></p> <p><i>Producer-focused</i></p> <p><i>Understand what has been studied about the local food system and what recommendations have been made</i></p> <p><i>Research food aggregation models throughout the country. Identifying the successes and failures</i></p> <p><i>Update the data from the last food demand study completed in the Kentuckiana region to see where the current demand and supply stand 5 years later</i></p> <p><i>Engage in a producer-driven process to assess the needs of producers and identify a business model that could meet their needs</i></p> <p><i>Coordinate with all interested parties including producers, buyers and advocates/experts to understand operational and planned efforts for Kentuckiana and coordinate finding solutions together</i></p> <p><i>Open to organizational structure, including providing opportunities for producers or other stakeholders to have decision-making roles</i></p>
<h4>OUR VALUES</h4> <p><i>Incorporating the historical context of Kentucky and Southern Indiana family farms and produce successes and failures they've experienced</i></p> <p><i>Strategically strengthening the regional food system through collecting current data</i></p> <p><i>Fair treatment of producers</i></p> <p><i>Collaboration and collective problem-solving with producers and stakeholders</i></p> <p><i>Building relationships</i></p> <p><i>Understanding the problem before proposing a solution. Not assuming we know the problem but instead committing to collect data to reveal the core issues</i></p> <p><i>Learning from the past, not repeating the wheel or repeating mistakes</i></p>	

Identifying Your Goal & Guiding Feasibility Question

A feasibility study is conducted to analyze the success of a proposed business venture. You start by identifying your goal for the study and pulling the question you want the feasibility study to answer from this goal. We set a goal to focus our efforts and create a plan of action. Goals can be very broad or very specific and you can refine them as you go, but make sure to set one in the beginning to maintain your project's focus. When developing your goal, write it to reflect your values- *whose interests do you want to prioritize and guide your research? What is the problem you want to solve? How broad or specific do you want your study to be?*

The goal of the Kentuckiana Food Aggregation Project is to identify the feasibility of an aggregation business that creates a path for small-sized food producers to sell into the existing wholesale distribution system in our region. Ideally, the business would pull together products from many different farms to distribute to buyers in a way that is producer-friendly and increases the direct farm impact.

The question we drew from this goal was:

Can an aggregation business meet the needs of small-sized farmers in our region to access wholesale markets and become financially sound in three years without depending heavily on grant support?

From the very beginning, we were warned that the worst thing that can happen is to go through the entire feasibility study process and realize at the end that you didn't ask the right questions to the problem you really wanted to solve. Step back and think about what question you really want to answer through the study. Is your scope too narrow? Too wide? Is the answer already shared in existing data? What gaps exist and what question still needs to be answered?

As you go through each step of the feasibility study, take time to revisit your values, vision, guiding questions, and goal before moving on to the next step. This will help make sure your decisions are aligned with your values and you are still moving toward your goal.

Choosing a Structure for your Entity

One outcome we discussed early on was identifying a for-profit business model for our business. We saw this as an opportunity to identify a model appropriate for our region that could also be replicated in other regions and become a successful and necessary part of local food systems. It was not a charitable effort we were testing. In order to apply for the Local Food Promotion Program grant through the USDA, we either needed to find a fiscal agent to manage the grant funds or to create our own entity. We brainstormed potential

fiscal agents in our region and also started researching different business structures to establish our own entity. As the grant deadline came closer, and possible fiscal agents weren't able to take us on, we created a Limited Liability Corporation, or LLC, to have our own legal entity. We took into account that it was our goal to create a business, so decided that incorporating as a for profit model would be a step in the right direction. Establishing an LLC also allowed us to equally own the business as a partnership and would go into effect in time for us to apply for funding.

Acquiring Funding

The USDA's Local Food Promotion Program (LFPP) provided the funding necessary for us to conduct a feasibility study and draft a business plan or feasible next steps. We received an LFPP planning grant. There are also funds available for the implementation of projects. The LFPP funds are available to both for-profit and nonprofit entities.

Don't let the words 'federal grant' scare you away. While it can take a bit of time to put a proposal together, there is a lot of helpful information on the USDA website and many people with experience that can help. We were fortunate to have the help of the Kentucky Center for Agriculture and Rural Development's (KCARD) grant program and an experienced grant writer friend to walk us through the process and look over our proposal before we sent it off to the USDA. Talk with your local extension office or USDA-NRCS agent and they can help you identify resources in your region to assist with the proposal.

Identifying Partners & Service Organizations

We tapped into our networks for recommendations on the experts we needed for each step of our project. We also made sure to contact at least three consultants and get bids for the feasibility study and business plan work to adhere to federal guidelines. We identified organizations and food system professionals to advise us on the study and to begin building a network of local food producers, buyers and advocates in the region. We decided to continue working with KCARD and Wildflower Consulting on contract to conduct the feasibility study, develop a business plan or feasible next steps, and evaluate the process along the way.

Assessing your Capacity

Before you begin your feasibility study, take time to assess your capacity to do the work and do it well. Pull together a strong team of smart individuals and include experts in the field as your contract workers, advisors, and partners. As with many projects, conducting a feasibility study will likely take longer than you expected and present obstacles that you

hadn't anticipated. To avoid unnecessary setbacks, give yourself significantly more time to complete the entire study so you can allow for additional time needed to build your network, develop surveys, collect data, analyze results, assess results with the network and analyze them again. Ultimately, you will develop next steps that are informed by data that participants feel comfortable and proud to be taking.



Below are some details highlighting our expectations and the realities we faced while conducting our study.

Anticipated

Labor: 3 coordinators working 10 hours per week in addition to full-time jobs

Contract: 2 contract businesses conducting and supporting our efforts with the feasibility study and evaluation of the process

Time: 6 months (15 months including initial research, network building, and obtaining funds)

Actual

Labor: 3 coordinators working 2 hours some weeks and 20 hours other weeks; all three started new full-time positions during the project's timeframe

Time: 14 months (23 months including initial research, network building, and obtaining funding)

Reasons for extending the timeline:

- An additional month needed for both producer and buyer data collection
- Feasibility analysis took 3 months longer than expected
- Results from the feasibility study required us to spend more time discussing possible next steps informed by the data collected.

III. Conducting a Feasibility Study

Our project began slowly but quickly gained momentum once we acquired funding. The LFPP planning grant provided the funds needed to complete a feasibility study for an aggregation business and determine next steps. We originally planned to complete both within 6 months of receiving the grant in order to apply to the next round of funding for implementation funds. Our timeline changed when the USDA released the RFP for the 2017 Local Food Promotion Program two months earlier than expected. To apply for the implementation funds after receiving the planning funds, the USDA required final documents to be submitted earlier than was possible for us to complete the project. Although this news changed our funding plans, we no longer had to structure our immediate next steps around the funding calendar and were able to spend more time collecting data from producers and buyers to strengthen the study. In the end, it took 12 months instead of 6 to complete the feasibility study and recommended next steps.





Goal: *Establish a network of food producers, purchasers, and partners from regional nonprofit and government organizations.*

Network Development

One of our key objectives through conducting a feasibility study was to establish a network of producers, distributors, and institutional buyers to ensure the research stayed relevant, stakeholders had a voice in the process, and to create more opportunities for producers to be connected to buyers and distributors at the end of the study, despite whatever outcomes the study may reveal. We did this through relationship building and the development of a producer advisory committee. Several regional studies we reviewed indicate the need for stronger connections between producers and buyers, yet few entities in the region are poised to build relationships of trust and streamline communication among key players. We hoped this planning project would pave the way for a needed aggregation component of the local food economy that would better link producers with buyers in mutually beneficial ways.

Who's Who in the Network?

- **Advisory Board:** Initially, we thought our advisory board would be made up of industry professionals, regional food system advocates, and producers. However, when we sat down to list those folks we would ask to join, we paused to discuss the goal of the board. One of our visions was to end up with a producer-focused entity. Our goal of developing an advisory board was to invite input during the feasibility study process and to ensure that we were asking the right questions of producers and buyers while staying relevant to the current state of our food system. After discussing these goals and vision, we decided the best way to achieve them was to have an advisory board made up of a diverse group of producers in the region. We reached out to producers who varied in race, age, experience and product. In the end, our advisory board was made up of the following:
 - Representatives from 8 different farms

- 6 men, 3 women; 2 African American, 7 Caucasian
 - All small farms; 7 producing meat and vegetables, 2 only vegetables
 - Sales Outlets: 6 farmers markets, 6 CSAs, 3 wholesale markets, 4 direct restaurant sales
- **Producers:** We compiled a list of producers from our contacts and the advisory board's contacts. KCARD provided a list of producers from their network and then pulled producer data from the list of Kentucky Proud members who had businesses within our project area. We also received producer contact information from connections with area farmers market managers and university extension agents.
 - **Buyers:** Our intent throughout this project was to build relationships with both producers and buyers in the region. When we identified the buyers for our survey, we focused initially on those currently procuring product from local farms. We focused heavily on institutional buyers. We knew from our experience and research there was a lack of local food in institutions like K-12 schools, hospitals and universities. This led us to believe there could be a significant impact on the farm economy in our region if more local food was purchased by distributors and foodservice providers supplying these institutions.
 - **Regional Food Professionals and Advocates:** Another goal during this study was to engage anyone connected to the food systems of Southern Indiana and Kentucky in order to get a comprehensive understanding of their work and the goals and struggles of the producers and buyers in their region. From the beginning of the process, we met with Louisville's Farm to Table Coordinator, the executive director of KCARD, the Bluegrass Farm to Table Coordinator, the Director of the University of Kentucky's Food Connection project, and the Director of Bluegrass Harvest, a project of Community Ventures. We continued to communicate with these professionals throughout the project and engaged agricultural economics faculty at the University of Kentucky, former Grasshoppers Distribution staff, Louisville Metro's Senior Policy Advisor to Louisville Forward, and others.



Goal: *Conduct a literature review of local food economy and food hub studies from Kentucky, Indiana, and the United States to analyze existing data, identify gaps in the data, pull recommendations for improving the Kentuckiana food economy, and inform the development of survey tools for producer and buyer feedback.*

Literature Review

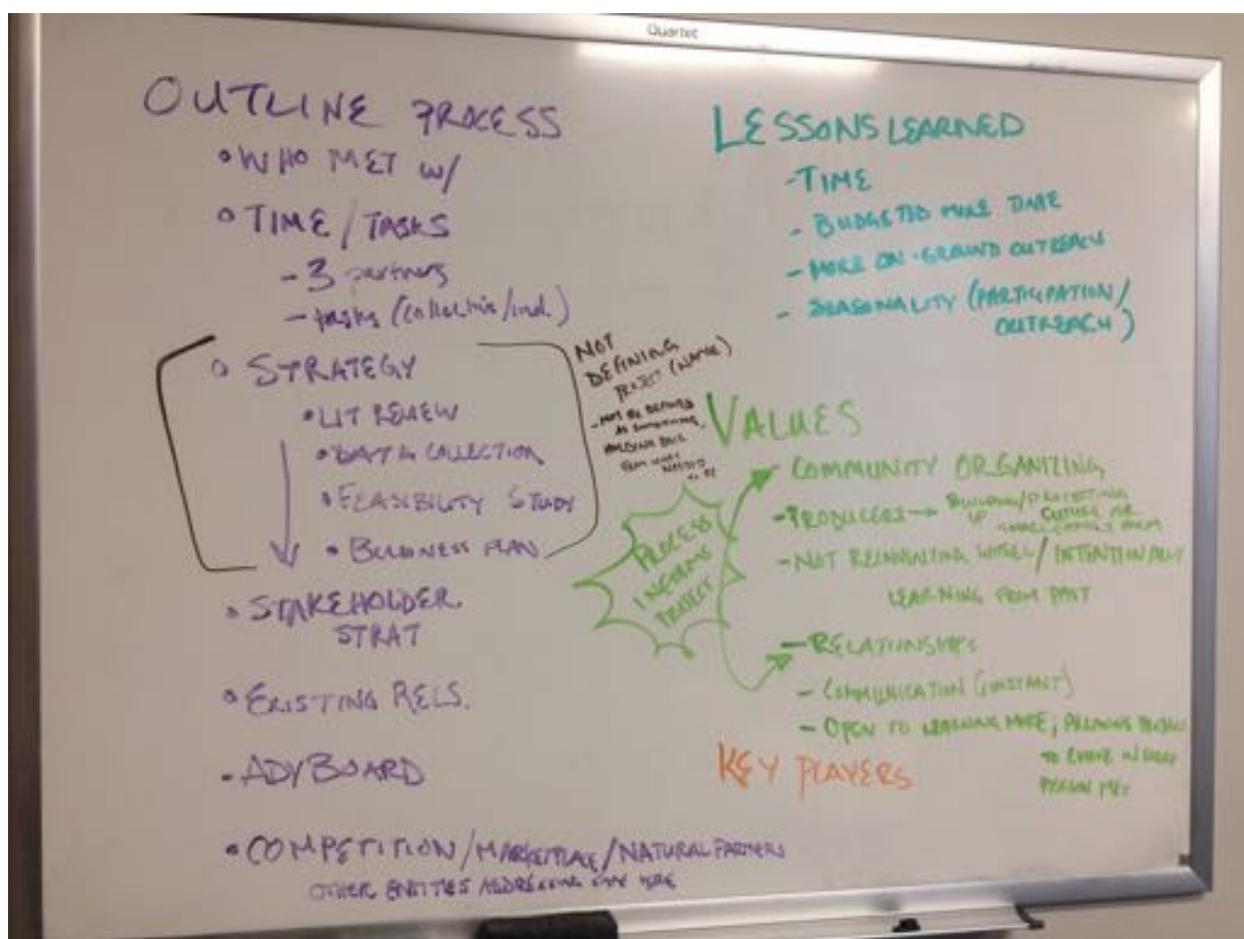
The food system in Louisville and the Kentuckiana region has many stakeholders, academics, researchers, and advocates who have been studying the region's changing food system and its effects on producers and buyers particularly since farms began transitioning out of tobacco production after the crop was deregulated in 2004. Many advocates reference these regional and national studies often when they are describing the food system, while others question the validity of some data. When we started testing the idea that an aggregation entity could drastically improve small farm businesses in the region, we knew that our first step needed to be an analysis of the existing regional and national studies that are relevant to our feasibility question and goal.

We read over 13 studies from the past 10 years conducted by Louisville Metro Government, the University of Kentucky, Seed Capital Kentucky, Community Farm Alliance, KCARD, USDA, and others. This review process guided the study by providing important historical context of our region, giving us an idea of how many producers and buyers have participated in past studies and are likely tired of taking surveys, describing recommended next steps from the data from each study (many of which included aggregation support), and sharing valuable perspectives from producers and buyers about their experience in the food system.

Conducting a literature review helped us understand questions that had been analyzed by others in past years and where gaps existed in the research we could fill. We wrote a comprehensive analysis of what had recently been studied and the conclusions drawn and then used this information to educate ourselves and to identify what data still needed to be collected to shed more light on the feasibility of successful aggregation in the region.

Strategies Used to Review Relevant Literature

- Requested study suggestions from farmers, local food advocates, and academic partners to include in the literature review
- Developed a matrix to focus our research and pull relevant information from each study
- Researched past and present aggregation efforts in the region and around the country and identified which aspects may meet the needs of the Kentuckiana region
- Discussed key takeaways, identified gaps in the existing data, and developed a summary to inform the development of data collection tools and incorporate questions to fill the gaps





Goal: Define study parameters for the region and develop tools informed by past studies and data to avoid increasing survey fatigue among regional farmers.

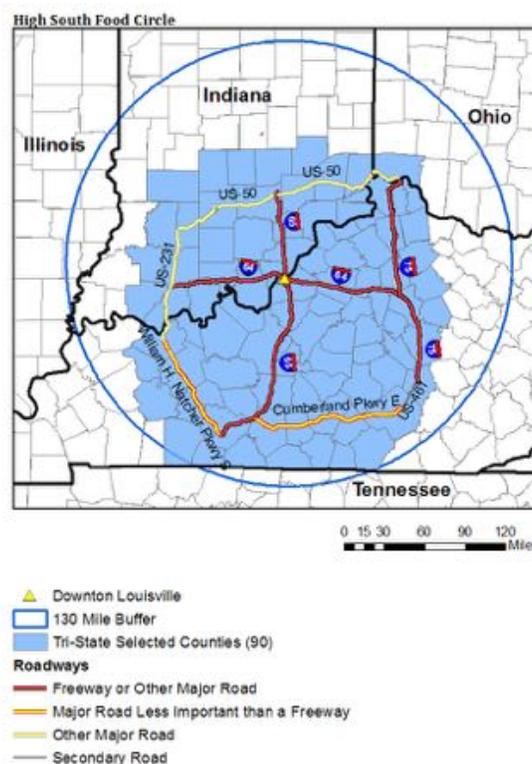
Define Scope

Define the project area: Where are the farmers that we are hoping to serve? Where would it make the most geographical sense to have a food aggregation site? How far will the food travel to get to the aggregation point? What about the farms outside of the project area?

Our Conclusions: We needed to define a project area in order to focus our data collection on a specific region. We chose to focus on farms located within 130-mile radius of Louisville defined by the major highways that circle Louisville in Kentucky and Southern Indiana. According to the 2012 census, there are 50,796 farms within the 89 counties in our project area.

The city of Louisville is at the crossroads of major highways connecting the city to much of central, western, and southern Kentucky as well as most of Southern Indiana. It is the most populated city in the state with 755,000 eaters.

Determine what farm size to serve: How large are the farms that have expressed frustration, concern, or need for assistance in our network? What is the USDA's definition of "small farm?" What is the average farm size and farm income in the region?



Our Conclusions: We decided to focus on collecting data from small-sized farms. The USDA defines a small farm as any farm generating \$250,000 or less in sales in a calendar year. These were the farms most likely to need our service. The medium farms were more likely to have established relationships with buyers in the wholesale market and not as likely to need the service. Of the 77,064 farms in Kentucky, 73,653 reported having less than \$250,000 in sales. Of that total, 38,618 farms had less than \$5,000 in sales.

Buyer Specifications: What buyers, institutions, and distributors are we targeting to purchase more regionally produced food?

Our Conclusions: Our focus was on buyers located within the study area, focusing mostly on Louisville, Kentucky and Lexington, Kentucky area businesses. The categories of buyers we established included:

- Institutions, including public school districts, universities, and private schools
- Retail, including mostly grocery stores
- Distributors
- Restaurants, including caterers

Develop Tools

Talking Points & Elevator Speech

Purpose: Clearly explain the goal of the project and the need for support (either through taking a survey, offering feedback, building a network, etc.).

Strategies

- Revisit values, purpose, strategy, and next steps.
- Write out and practice to take only 20 seconds to recite.
- Use with specific audiences where time is particularly tight, such as conferences, meetings, and regional trainings.

Producer Surveys

Purpose: Gather feedback from vegetable, fruit, meat, dairy, and value-added producers about key demographics and experiences with marketing, distributors, and support services needed.

Strategies

- Surveys were drafted by our contractor, Kentucky Center for Agriculture and Rural Development (KCARD).

- Project coordinators reviewed the draft surveys and suggested edits to focus questions on key topics not asked in previous studies.
- Advisory board members reviewed the surveys and provided feedback on how to increase likelihood of producer responses and focus questions on producer needs not asked in previous surveys.
- Due to a large amount of studies conducted on our food system, we often experience survey fatigue from producers in the region. This made it even more important to make sure we were only asking questions that were relevant and necessary. We made time to have conversations with producers while building the network to introduce and engage them in our research process with hopes they would more readily participate in completing a producer survey and remain involved throughout the project.

Buyer Surveys

Purpose: Gather feedback regarding buyer purchasing capabilities, goals for local procurement and product preferences.

Strategies

- Buyer surveys were drafted by KCARD.
- Project coordinators reviewed the draft surveys and suggested edits to focus questions on local food procurement and current local food purchasing rates.
- Advisory board members reviewed surveys and provided feedback on additional questions to ask buyers that specifically address local food purchasing from small farmers.
- Project coordinators, with the help of KCARD staff, collected data from buyers through phone interviews. This strategy allowed us to begin building relationships with buyers and including them in the stakeholder network.
- We teamed up to administer the interviews and found it helpful for one person to ask the questions while the other took notes. The data was then entered in to a Survey Monkey form where our contractor organized and analyzed it.



Goal: *Complete a feasibility study of a local food aggregator to connect farmers and institutions in Kentucky and Southern Indiana.*

Collect Data

We originally wanted to conduct the feasibility study on our own but were persuaded to work with an expert and thank goodness we did! KCARD's experience was obvious right away and our lack of experience would have meant a much longer process and not have resulted in near the quality of results in the end. We decided to conduct the data collection piece ourselves instead of having KCARD administer the surveys and buyer interviews. It was important to us that we use the data collection process as an opportunity to build relationships with producers and buyers and show them that actual people interested in launching a business were behind the study.

Strategies

- **Data Collection**

- KCARD drafted surveys for producers to get a sense of their satisfaction of current markets and gauge their interest in an aggregation entity servicing the region. We then took those surveys to the street, sent them out via email and mailed surveys to as many producers as we could afford. Our goal was to get responses from 300 producers.
- KCARD drafted surveys for each buyer category; distributors, institutions (schools, hospitals, etc.), non-institutions (restaurants, caterers, etc.) and grocery retailers. We conducted phone interviews with every buyer we could reach. Our goal was to speak with 41 buyers.
- We collected contact information for producers within the defined project area from personal connections, KCARD's database, Kentucky Department of Agriculture's Kentucky Proud database, cooperative extension agents, farmers market managers and advisory board contacts.
- We collected buyer information from our personal and professional contacts, KCARD's contacts and cold calls.

- As an incentive, we entered the names of all producers who completed a survey into a drawing for one of three \$50 gift cards to a farm or garden store.
- **Outputs**
 - Received survey responses from 145 producers out of 1,419 (1,222 emailed, 197 mailed).
 - Interviewed 44 buyers (18 institutions, 20 non-institutional buyers, 6 distributors).
- **Supplemental Data:** To strengthen the data we collected for the feasibility study, we included findings from the 2012 Census and from relevant studies conducted in our region in the last year.
 - Census Data
 - Berry Center Data

Context provided to KCARD to consider during Feasibility Analysis:

Since we started analyzing the disconnect between small farmers and wholesale buyers, we have discussed that the solution likely won't be found in the current food system. If people knew how to solve the problem for the small family farmer, they would have by now. We approached this problem knowing it may require a unique and creative solution and developed our values and vision off this anticipated result.

Revisit values and give intentions for collaboration in next steps with other stakeholders in the local food system.

Before KCARD began analyzing the data to determine feasibility, we revisited these values and vision to provide context for KCARD to think outside of the box when looking at the data and developing possible next step scenarios.

Favorable and Relevant Food Hub summaries

We also shared a summary of our research of food hubs around the country and identified models that appeared to be in the black without relying on heavy grant support. We also highlighted models that came up with unique solutions for the needs in their region that resonated with the needs expressed in Kentuckiana. We were adamant to identify alternative and tailored systems that could meet our regions' needs since previous attempts of sustaining a food hub in Louisville did not succeed.



Goal: *Analyze data and identify the feasibility of a profitable aggregation entity while considering the region's unique needs and examples of existing businesses across the United States.*

Analyze Data to Identify Feasibility of Goal

KCARD presented us with the initial results of testing a traditional food hub model (aggregation and distribution under one roof). This model proved to be infeasible. These results did not explore the unique solutions discussed by stakeholders in the region or that we had gathered from successful food hub examples around the country.

During a network gathering, we collected feedback from stakeholders about the feasibility study results. KCARD took this feedback and provided profit and loss statements for four possible business models: Centralized Full-Service Food Hub, Multistakeholder Cooperative, Sub-Regional Aggregation Points, and Service-Based Facilitation.

We passed this analysis on to the advisory board requesting feedback on the model they saw as feasible. We had to set aside the urge to choose a model based on the profit margins or our own interests. The producers that would eventually use this service needed the opportunity to assess each model and its effectiveness in our region's current market.

With feedback from the advisory board and a comparison against our vision and values, we chose to write a business plan for the service-based model.



Goal: *Create a comprehensive business plan to launch a regional aggregation business to serve Kentucky and Southern Indiana.*

Determine the Next Step

Strategies

- Our original goal was to create a business plan for an aggregation business. After completing the feasibility study, we understood the food aggregation model was not going to be feasible and moved to draft the business plan for a service-based business that could address the needs of the small-scale producers to access the wholesale market.
- We began by working with KCARD to identify the services we would provide. Next, we shared a list of services with our advisory board to see if they would actually pay for them. The feedback we received was not favorable. The farmers on our board either did not show an interest in paying for the services or felt other entities were already providing them.

Conclusions

Without a paying customer, our business would not be viable. We decided at this point to shift our goal from launching a new business to working with existing support organizations and a local food distributor that had recently expanded their service to our region. Next steps include working to see how they might incorporate our findings to improve the services they provide and reach more producers. Our revised goal became:

- *Depending on the feasibility study results, create a comprehensive business plan to launch a regional aggregation business to serve Kentucky and Southern Indiana. In the case of infeasibility, identify conditions or options to consider for the efforts to proceed.*

Evaluation

The project evaluation was completed in partnership with Wildflower Consulting, LLC and the advisory board. To ensure a comprehensive and inclusive evaluation, all key program partners (KCARD, High South Foods, the advisory board, etc.) were engaged in evaluation planning, implementation and data sharing. This occurred during meetings with the advisory board, as well as regular communication with the USDA LFPP project officer on progress made towards identified outcomes. Our team emphasized the use of qualitative and quantitative data to achieve project objectives. These efforts built the evaluation capacity of stakeholders, focusing on improving existing data collection, monitoring evaluation efforts and aligning them with the initiative goals.

The lead evaluators worked with us to conduct process evaluations to assure iterative learning, measure progress towards project objectives, and determine by the end of the project period the extent to which all objectives had been accomplished. This occurred largely via pre/post surveys and one-on-one phone interviews with key stakeholders as appropriate to the outcome goals. Evaluation results were reported to us and disseminated to stakeholders.



HIGH SOUTH FOODS PROJECT TIMELINE



NETWORK DEVELOPMENT



FEASIBILITY STUDY



LITERATURE REVIEW



BUSINESS PLAN

JAN 2016
 FEB 2016
 MAR 2016
 APR 2016
 MAY 2016
 JUN 2016
 JUL 2016
 AUG 2016
 SEP 2016
 OCT 2016
 NOV 2016
 DEC 2016
 JAN 2017
 FEB 2017
 MAR 2017
 APR 2017
 MAY 2017
 JUN 2017
 JUL 2017
 AUG 2017
 SEP 2017
 OCT 2017
 NOV 2017
 DEC 2017
 JAN 2018
 FEB 2018
 MAR 2018

- ▶ Discuss need for a feasibility study with stakeholders
- ▶ Recruit farmers for advisory board
- ▶ Advisory Board Meeting #1
- ▶ Advisory Board Meeting #2
- ▶ Advisory Board Meeting #3
- ▶ Conversation with local food advocates
- ▶ Stakeholder gathering and presentation of feasibility results

- ▶ Research funding opportunities
- ▶ Apply for USDA LFPP Grant funding
- ▶ Receive USDA LFPP Grant funding
- ▶ Hire contractors
- ▶ Develop producer and buyer surveys
- ▶ Producer data collection
- ▶ Buyer data collection
- ▶ Assessment of feasibility results and scenarios
- ▶ Further analysis and development of additional scenarios
- ▶ Finalization of feasibility study
- ▶ Declare aggregation efforts infeasible

- ▶ Read popular local food economy studies
- ▶ Identify additional studies to review
- ▶ Develop matrix to record key findings; read 13 studies
- ▶ Write summary to inform survey development
- ▶ Edit literature review with academic partners

- ▶ Register High South Foods, LLC with IRS
- ▶ Contractor develop business plan
- ▶ Share business plan draft with advisory board to assess feasibility; develop a needs assessment in place of a business plan

SHARE FINAL DOCUMENTS WITH STAKEHOLDERS

IV. Lessons Learned & Next Steps

Key Takeaways

- Although the data did not support any feasible scenarios for a for-profit aggregation business, it did highlight the need to improve current services that support small farms and connect them to buyers.
- The literature review was a critical step in our process. It provided us with an in depth understanding of what others have studied in our region and guided our data collection.
- One-on-one interviews improved data. Conducting buyer interviews ourselves strengthened our network and allowed for more genuine and honest survey responses.
- Timing is critical. Our data collection timeline was directly influenced by the availability of producers, which was directly influenced by the growing season.
- Context matters. It was vital for us to understand our region's history of farm cooperative closures, failing aggregation efforts, and industry transitions from tobacco to produce.
- Sound project management practices are essential. We prioritized thorough documentation of meeting notes, communication records, and research findings in order to be able to analyze our process afterward and to ensure transparency of the data and our intentions as we share our findings with stakeholders.
- Producers know best. Developing an advisory board made up of farmers was beneficial in guiding our research to primarily support local producers and not stray from our vision.

Data Collection

The timing for this portion of our feasibility study worked out well. We began data collection in January and concluded in May. We tried to begin collecting data from producers in December and quickly learned that no one was able to engage during the holidays. We started with producer data collection first, most of whom were only accessible during the months of January and February. Once March hit, we were unable to reach many producers. Ideally, we would have had an additional month before they headed back out to the fields in order to engage more producers.

If we had an additional \$500 in our budget, we could have reached more producers through mailings. We received 20 surveys from the 197 we mailed, 10.2%. Email survey responses were at 9.7%.

Staffing

We budgeted 10 hours per week for each High South Foods partner. These hours fluctuated from week to week and were closer to 20 hours per week for 2 of the partners during the data gathering and interview period of the project. We were able to coordinate an acceptable number of buyer interviews, but we believe we would have received more producer responses if we would have been able to travel to their counties to speak with them in person.

Reflection on our Feasibility Question

Our guiding question was **“Can an aggregation business meet the needs of small-sized farmers in our region to access wholesale markets and become financially sound in three years without depending heavily on grant support?”** In the end, the data revealed that a service-based business is most feasible in the current local food economy. This led us to reflect on whether or not we asked the right question at the beginning. Should we have made our question broader and asked what type of business would meet the needs of small producers to maximize direct farm impact and support family farms? This alternative may not have led us to include questions in the survey that specifically asked about aggregation entities and we would not have been able to confidently conclude that the Kentuckiana regional food system cannot support an aggregation entity in its current state. In the end, our original question did address our actual needs.

Where does High South Foods go from here?

We are now sharing the data we collected on producer needs and buyer capacity with the network of producers, farmer support organizations, local food distributors, and advocates in the region. Our new goal is to assist these stakeholders to incorporate additional services, different services, or develop partnerships that enable producers to become more market ready and to reach the buyers that have the capacity and desire to purchase more products from local producers.



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