



# Small Farmer Success Story

Bulletin No. 1 - July 1999

## Marketing Fresh Produce to Local Schools: The North Florida Cooperative Experience

**S**mall farmers in the United States are declining in number and experiencing economic difficulty at a time when much of the country is enjoying prosperity. Small farm and ranch operators in the northern Florida region are faced with many obstacles in their efforts to succeed. This situation has been recognized, and initiatives are underway to ensure the continued contribution of small farmers as an important part of agriculture in the United States. This bulletin describes an effort in Florida.

A group of limited-resource growers in the northern Florida area, along with the U.S. Department of Agriculture's Agricultural Marketing Service (AMS) and Natural Resources Conservation Service (NRCS), the West Florida Resource Conservation and Development Council (WFRCDC), and the Small Farmer Outreach Training and Technical Assistance Project of Florida A&M University, are working together with the goal of improving the farmers' financial situations through innovative marketing.

These small farmers formed the New North Florida Cooperative (Cooperative). They reached an agreement, establishing the specific responsibilities of the participants and the Cooperative. They identified several concerns that affected the future of their farms and families, including:

- ▶ Limited-resource growers going out of business
- ▶ Keeping participants focused on one market while building a cooperative
- ▶ Dealing with destructive attitudes and perceptions
- ▶ Farmers wanting too much from a cooperative too soon

The management team developed a vision statement reflecting the best possible future and a mission statement describing how the Cooperative would attain that future. The management team also analyzed strategic business options.

*The strategy of the New North Florida Cooperative is to increase farm income of small farmers through niche marketing, value-added processing, and alternative enterprises. The Cooperative business plan will be developed to efficiently serve local school districts with fresh, leafy greens as part of the School Lunch Program. In addition to the main product of leafy greens, the Cooperative will diversify into other produce varieties.*

The Cooperative consists of three groups:

- ▶ Participants who produce and harvest fruit and vegetables according to set standards and quality specifications.
- ▶ A small labor force of part-time employees who perform value-added processing.
- ▶ A management team that provides leadership, organization, market development, planning, and coordination.

The management team established action plans to overcome hurdles such as marketing, postharvest handling, processing, delivery, and community relations.

Two major barriers were the acquisition of capital and establishing a credit history. The Cooperative had few resources. The management team approached the Jackson County Development Council, a nonprofit organization that helps implement the President's Empowerment Zone



program, and a local bank for financing. Both institutions agreed to loans, which made possible the purchase of handling and storage equipment, essential to the survival of the Cooperative.

A packing/processing shed was constructed to house the equipment and provide a comfortable work environment. The Cooperative bought a cutting/chopping machine and a refrigeration storage system that would meet its current needs and allow room to expand.

The Department of Defense (DoD) has developed an innovative program, the Direct Vendor Delivery program (DVD) (contact person, Linda Stanhope, 1- 800-795-5772), to make greater quantities and varieties of fresh fruits and vegetables available to school children. The DVD program facilitates the provision of Federal funding designated for school lunches to school districts for purchases of fresh fruit and vegetables and provides assistance to school district food service directors. This program made the option of purchasing produce from the Cooperative a very economical choice.

The Cooperative recognized a valuable opportunity in serving local school districts with agricultural products. The management team developed a plan to approach customers in the local market. It determined which attributes and business practices the Cooperative would have to embody to be successful, including:

- ▶ Professionalism and courtesy
- ▶ Purpose and seriousness
- ▶ Accountability and commitment
- ▶ Sample products
- ▶ Certification as a DoD vendor and participation in the DVD program

The Cooperative then focused on developing a working relationship with the Food Service Director for the Gadsden County School District. The Cooperative did its best to provide the necessary amounts of high-quality fresh fruit and vegetables on time. As the school year progressed, a positive working relationship developed between the Food Service Director and the Cooperative. Word-of-mouth advertising has made the Cooperative a reputable vendor and is opening doors of opportunity in other school districts.

The preliminary vending experiences during the 1997/98 school year were positive steps in building a long-term, reputable business. The Cooperative's main product was fresh, cut, leafy greens. Small quantities were delivered to Gadsden County schools during the fall. By spring, the amount had increased to more than 1,500 pounds per delivery. The Cooperative was determined to expand the number of produce items available to local schools. Watermelons and strawberries were grown and sold to schools as desserts and additions to the School Breakfast Program. The 1997/98 school year was a year of substantial progress in organization, equipment purchases, and market development. In addition, the Cooperative established a solid sales record. The Cooperative and its participants were pleased with their progress during the 1997/98 school year and are optimistic about increased opportunities during the 1998/99 school year.

The Cooperative worked with its customers to agree upon a fair price. The management team considered the costs incurred during production, postharvest handling, and delivery. An estimate was made, and the management team decided on a reasonable profit level. The added value of washed, chopped, and packaged leafy greens eliminated those labor expenses in school kitchens. Unlike selling value-added leafy greens, marketing strawberries did not allow the Cooperative to set its selling price. To be competitive, the management team had to monitor weekly and daily market prices and set its prices accordingly.

Sales by the Cooperative have offered children in these rural schools additional food choices. Food service managers have noted increases in student participation in the School Lunch Program, as well as increased sales to faculty, staff, and maintenance personnel.

Food service managers have expressed pleasure regarding their business relationship with the Cooperative, citing nutritional benefits and noticeable student acceptance as particularly significant advantages. These positive results were attained through the combined efforts of the Cooperative and the Gadsden County School District Food Service staff.

The first year of the pilot project resulted in many successes and valuable learning experiences, as outlined below.



### Successes Over the First Year

- ▶ Innovative partnership for assistance
- ▶ Organizational development
- ▶ Purchasing equipment
- ▶ Market development
- ▶ Building a strong delivery record
- ▶ Improving income for small farmers
- ▶ Teamwork
- ▶ Product trials
- ▶ Proven reputation with Government agencies
- ▶ Establishing a demonstration project
- ▶ Creating community awareness
- ▶ Providing nutritional benefits to children
- ▶ Positive business reputation

### Learning Experiences Over the First Year

- ▶ Summer weather unfavorable for growing leafy greens
- ▶ Strawberry production
- ▶ Equipment
- ▶ Efficiency
- ▶ Cooperative effort of small farmers

The first year of the pilot project enabled AMS, NRCS, WFRDC, and Florida A&M to work together in assisting this group of small farmers in the northern Florida area. These limited-resource growers, who united to form the New North Florida Cooperative, overcame many barriers, developed a stable local market, and established a reputation for providing fresh fruit and vegetables for school children. All participants are looking forward to the second year of the pilot project. With the past successes and learning experiences to build upon, the small farmers are optimistic about additional business opportunities and a better life on the family farm.

This bulletin is the first in a series of four targeted to inform small farmers across the country of the potential of innovative marketing enterprises. The other bulletins, describing the experiences of the New North Florida Cooperative are:

- ▶ Small Farmer Success Story: Acquiring Capital and Establishing a Credit History
- ▶ Small Farmer Success Story: Cultivating Customers in a Local Market: The New North Florida Cooperative
- ▶ Small Farmer Success Story: Successes of the New North Florida Cooperative

A full report on the Cooperative can be obtained at USDA, AMS, T&M, MTA, Room 1207-S, 1400 Independence Ave., SW., Washington, DC 20250; telephone 202-720-8326; fax 202-690-3616; or e-mail dan.schofer@usda.gov.

Information on farmer direct marketing and farmers markets is available on the Internet at [www.ams.usda.gov/marketing.htm](http://www.ams.usda.gov/marketing.htm).

This bulletin was made possible by the joint efforts of Dan Schofer (AMS), Glynn Holmes (NRCS), Vonda Richardson (Florida A&M University), and Charles Connerly (WFRDC).

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