

REGIONAL FOOD INFRASTRUCTURE NETWORK



Developing a business plan that links farms, businesses and consumers in the production, processing, distribution, marketing and purchasing of value-added product in the 19 counties of Western PA.

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Wholesale Perspectives

The link between wholesale buyers and farmers is based on two things: cultivating positive working relationships between growers and buyers, and delivering quality products.. This formula can build successful enduring businesses. This issue of the RFIN newsletter offers some perspectives on the experiences of wholesale buyers and farmers in Western Pennsylvania.

Relationship Building

Bob Sonenberg, assistant produce buyer at Whole Foods Coop in Erie, PA and his wife met the Rahal family at their Pick-Your-Own farm in Northeast, PA. There, owner Wahaeeh Rahal grows apricots, cherries, peaches, apples, almonds, specialty vegetables and more. Over the course of last summer, many boxes of fruit later, and after numerous conversations with the farmer and his family, the Sonenbergs became friends with the Rahals and Bob invited them to grow fruit and vegetables for Whole Foods Coop. Now in their first season working with the food coop, Rahal Farms delivered 250 pints of cherries in this year's brief 10-day cherry season.

Sonenberg, who spends part of his job seeking out quality foods from local sources, likes the care and stewardship that Rahal brings to his practice. In fact, he says about Wahaeeh, that "he's a fanatic about what leaves his place". Three other growers also deliver quality produce during the growing season and consumers in Erie are noticing. The produce sales at Whole Foods Coop are up 28% compared to this time last year.

Gary Brenkle and his brother of Brenkle Farm & Greenhouse operate one of eight farms from which Paragon

Monteverde, a Pittsburgh-based wholesale buyer and distributor, purchases local produce. Gary wasn't around when the relationship with Paragon Monteverde was started by his grandfather which was then carried on by his father, and continues today with Gary and his brother Don. Their relationship goes back at least three decades. "They're nice people to work with. They're honest, beautiful people". When I spoke with Gary he was packing the zucchini boxes—the last step in quality control. "I pack the bottom as pretty as the top. There's nothing unripe or blemished on the bottom and covered over. We don't do that". Through this diligence and commitment to customer satisfaction, the Brenckles preserve their reputation for quality. In addition to meeting demands for Paragon Monteverde and their two farm stands, they deliver produce to 15-20 Giant Eagles in the greater Pittsburgh region.

Laurel Vista Farm, owned by Rita Resick and her husband Rick Stafford, began their business relationship with Paragon Monteverde in 2005, supplying potatoes and green beans. However, it was Paragon's biggest customer, Eat'n Park Hospitality Group / Parkhurst Dining Services (institutional food supplier), who brought the two together. Rita and Rick met Jamie Moore, Manager of Purchasing at Eat'n Park / Parkhurst, at a PA Vegetable Growers Association meeting. Jamie added their business card to his growing rolodex of local growers that he shares with his food buyers and distributors in six states, Paragon Monteverde being one. From Jamie's experience, "farmers need to come out of their shell to make a viable living", and that includes sharing their success stories with young people to encourage new farmers.

So how does this wholesale thing work?

Let's take Paragon Monteverde as an example of a wholesale buyer and distributor. Background: They operate in a 120-mile radius, with their distribution center in Pittsburgh's Strip District. Their total sales last year

were \$40 million. \$30 million of that went to produce, 10-15% of which was spent on in-season local produce.

Joel Ankney, senior produce buyer at Paragon Monteverde, finds himself in a consumer push-and-pull. Some of his institutional clients (like Eat'n Park) demand more foods from local producers (produce, dairy, and meat); his other clients are educated on the benefits and taste of local foods. "We strongly promote [local foods] to our client base".

At the beginning of each year, Joel meets with farmers, asks them what they grow well, makes suggestions about what to grow, and commits to buying a certain amount from each. A handshake seals the deal. There is no money down, no contract. The farmers come away with a verbal commitment from an established buyer. According to Joel, "some growers have standing orders for 1-2 items, others let us know what they have available that week. We're also open to trying new things". Each week, Paragon Monteverde sends out a weekly product flyer to their clients that highlights in-season local foods and lists the farms they come from. The system thrives on flexibility and trust. Independent and uncontrollable variables, like the weather, can change hoped-for yields. Out of necessity, Joel has a backup plan with producers in the south, because in his business running out of product is not an option.

Similarly, Sonenberg of Erie's Whole Foods Coop buys from two different organic food distributors in the off-season, or if local weather conditions hinder delivery of popular foods.

Advantages for a Farmer

Rita Resick of Laurel Vista Farms neatly laid out the advantages that they have experienced in working with a wholesaler:

- Selling a significant amount to one buyer alleviates the need to find numerous small market outlets for the same amount of product;
- With greater volume there is less packaging. Paragon requests potatoes in 50-pound bags versus the 5-10-pound bags that Laurel Vista delivers to other clients;
- Reduced time and money in transportation: one delivery versus lots of small runs;

- They are paid an attractive price, and paid on time.

Disadvantages for the Buyer

Craig Ignatz, VP of Produce for Giant Eagle, says that the two biggest problems with buying local products are 1) there's not enough quantity and 2) inconsistent quality. This also rings true with Whole Foods Coop. Three years ago, they invited farmers to discuss supplying them with produce. Twenty signed up. Eighteen dropped out. They now have four reliable in-season sources. So, what happened? For the most part, growers were unable to meet quality standards, as Sonenberg put it, "We don't demand perfection, but we need certain standards in order to sell". From their experience most farmers are too small and cannot meet quality demands, or they become over-committed and fall short of quantity. [Interestingly enough, Bob said that the Coop often pays better prices than some farmers ask for].

Conclusions

From speaking to these few farmers and food businesses, and from our work with the RFIN Study, it is clear that there is a growing market demand for food from local farms. While wholesale is a viable avenue toward meeting that demand in Western Pennsylvania, there are still a number of challenges in the system. We've learned that there exists an uncertainty in the quality and quantity of market supply of local meat and produce. Consistency in these areas is a must for food retailers who strive to meet the customer's demand. Also, there is a shortage of farms willing and able to commit to wholesale business.

Bridging the gap between customer demand and the nature of agricultural production presents a challenge to everyone along the food chain from consumers and businesses, to processors and producers. With RFIN's focus to strengthen every level of the food system and to create connections across the region, there is an opportunity to begin to address some of the issues that arise in doing wholesale business. With the growing demand for local food there are now more and more opportunities for farmers and food businesses to capitalize through creating the vital partnerships that make our food system strong.

Issues and Opportunities for Regional Agriculture

- **Fuel prices will necessitate much more demand on the local food system.**

Opportunities: continue to raise awareness and market local foods as safe, reliable, and close to home.

- **Not enough people know how to grow food. Shortage of young farmers. In Western PA, 76% of the farmers are 50 years and older.... See June's RFIN E•Newsletter.**

Opportunity: Develop an exciting, comprehensive outreach program through existing agencies and/or non-profits to encourage young people to take up and learn farming and good business practices. Young farmers need support: financial, technical, business, and mentors in order to start and maintain successful farm businesses.

- **Farmers like the Brenkle's (with 400 acres) face seasonal labor shortages.**

Opportunity: Local: School district emphasis on agricultural vocations
State: Investment in agricultural job training and business planning

- **A lot of blemished product, though edible and nutritious, is being thrown out.**

Opportunity: Raw material to be collected and used in value-added products.

- **Agriculture is not seen as an important sector in the language of economic development.**

Opportunity: Take the facts and figures to local newspapers*: Agriculture has been and always will be a major employer. In fact, there are more jobs than people to fill them. Skilled workers are in demand in different ag sectors.

Opportunity: Develop cooperative-based marketing campaigns that promote agri-tourism around the Great Lake region.

- **Consensus: There is a huge untapped demand for local foods.**

Opportunity: New farmers in grass-fed dairy, beef, poultry, and produce. Opportunity: There are many 'in points' for food entrepreneurs to work with farmers to collect, market, and/or add value to local food products.

- **Consensus: Farmers need to make themselves known.**

Opportunity: Freelancer marketing and communication people and/or non-profit organization to help farmers develop attractive marketing packages.

* See the June 2006 RFIN E•Newsletter that discusses recent facts and economic findings about existing agriculture conditions in Western PA. The full report, on CD, is available to any and all interested parties.

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