

Summary for Producers

Dear Producers in Grey, Bruce, and nearby,

We are pleased to announce that **we have finalized a business plan for a distribution alliance for local food**. In short, the plan lays out how to aggregate the full grocery bag of products and deliver these to customers' homes. It is envisioned as a not-for-profit co-operative with consumer and producer members. Food is sourced locally as available, and backed up with Ontario suppliers who are able to provide background on their production practices. Otherwise, organic food is sourced through a supplier. We do not intend to be exclusively organic, but allow a wide range of practices that we then communicate transparently to customer members.

Delivery is envisioned year round, with fresh produce, baked goods, meats, dairy, eggs, jams and preserves, flours, grain products, and so much more. We have chefs that would like to cook frozen meals from local ingredients. Processed natural foods would be sourced through larger distributors like the Ontario Natural Food Co-op. Customers order through an online store where products, producers, and production practices are highlighted. In response to quality expectations of our customers, producers will have to meet some level of quality product and post harvest handling standards that take into account the variability of ecological production: in a co-operative model, we can decide on these together. We envision a **partnership with consumers that includes a mechanism to ensure a regular flow of goods**. Not unlike the CSA (Community Shared Agriculture) model we can get customers to commit to regular purchases, produce box sign-ups meat shares, and different mechanisms to build this partnership. We can even deliver your current CSA shares through the distribution alliance. The co-operative mechanism will ensure that the alliance does not drift into a "box scheme" that merely buys from the terminal, even if we resort to the terminal for obtaining a few items. The multi-stakeholder quality will ensure that the alliance will meet both the needs of producers and expectations of the consumers. As a not-for-profit, surplus can be converted into better margins for producers and lower prices for consumers.

One issue raised by both consumers and producers was that everyone likes the **face-to-face contact**. Our consumer survey clearly indicates that most respondents still buy the bulk of their food in grocery stores, and only a small fraction from farmers markets. We believe that rather than getting too excited about the potential of competition, we should keep in mind that our real competitor are major retailers, and farmers markets are first-and-foremost a place for socializing. Even in the most optimistic growth scenario, we envision that farmers markets may move into the direction of smaller vendors who don't want to bother with online delivery, and tasting events where food is eaten and then eventually ordered online. Customers have indicated clearly they lack the time to buy more than products like maple syrup, honey, and occasional specialty items. In reality, we expect minor impacts even with hundreds of customers. We will work on mechanisms to maintain contact through stories, informational material, workshops, food and family events, and whatever is necessary. We fully believe in contact and in education about our food system, but together we can give consumers more local food choices.

But getting started remains a mountain to climb. In other jurisdictions, a sweet spot means an annual revenue of \$1.5 Million – or 500 boxes for \$60 for 50 weeks. That is about 40 per cent of the weekly grocery bill of our average consumer respondent! The enterprise breaks even at around 325 boxes per week, or \$1 Million sales per year.

That is

\$20,000 per week or almost 3 tons of food! And we require about \$175,000 in start-up investment for storage, cooling, an assembly line, software, product data, a refrigerated delivery vehicle, insulated delivery containers, and more. We will create two full-time and three part-time jobs here in Grey Bruce with fair wages, and support many farmers who participate.

In order to reach the start-up scale, we have made a decision to start big and professional immediately, avoiding costly improvisation and work-arounds of a small growth scenario. The financial analysis of our business plan clearly shows that the latter would be a road to financial disaster and failure. Overhead costs for managing an online store with 1000+ products are independent from sales volume/scale of operation, so we have to start with a large enough size initially. That means raising money for start-up investment, securing commitment by consumers to buy for a few months, building partner and advisor networks, and learning, learning, learning. The start-up investment will include donations, member fees, a loan, and possibly grants. For example, we will launch a one-time sale during harvest season, where we hope to deliver a full week's load to our customers in rented equipment. This will be a great tester, build community, and also teach us about how we want to do it more efficiently in the future. Secondly, we are planning a Gala event on November 14, where we want to match up producers and chefs in a big fundraiser event. We have been building partnerships with like-minded similar enterprises, and can rely on their experience for advice. We are excited to dive into a business adventure that can change how we eat and help transform this area into a stronger and more sustainable community of eaters and producers.

The **collaborators** that initiated the project are (1) Jennifer and Mathias Seilern, biodynamic organic farmers close to Kincardine who produce a wide variety of grains and pulses, as well as beef and pork, (2) Anita from DeJong Acres, who sells her lamb products in Wiarton and Lion's Head and also runs a store at her home close to Lake Charles (Wiarion), (3) Greg Stewart, who grows vegetables and preserves, and gets increasingly involved in greenhouses, and (4) Kelsey Carriere from Sunrise Bakery, who sells organic bread. The Grey Bruce Centre for Agroecology consultants include Thorsten Arnold and Kristine Hammel, who operate a vegetable CSA in Park Head, and Brenda Hsueh, who grows Asian greens and other vegetables on Black Sheep Farm, Chesley. Everyone involved has a great commitment to a healthy environment, healthy food, and a vibrant community – even if we draw our lines a little different, to make it work for us. Together, we cover a great range of experiences that proved essential, just like the support by successful and like-minded enterprises Plan B Organics in Hamilton, and Fresh City Farms in Toronto. Thank you for sharing your experience so freely! This project was funded in part through *Growing Forward 2 (GF2)*, a federal-provincial-territorial initiative. The Agricultural Adaptation Council assists in the delivery of GF2 in Ontario.

This summary of our project is only a little teaser for your information. Thank you for your interest in our initiative. If you are interested in playing a role, please get in contact with us – Thorsten.arnold@gbcae.com, or seilernfarm@gmail.com. In any case, you will hear more from us.

Kind regards,

Your Distribution Alliance for healthy local food,

Jenny, Mathias, Anita, Kelsey, Greg, Brenda, Kristine, Thorsten

PS: The opinions and views expressed in this report are not necessarily held or endorsed by the federal and provincial governments.