RECONSTRUCTING THE MIDDLE: BUILDING THE ORGANIZATIONAL & PHYSICAL INFRASTRUCTURE FOR A LOCAL FOOD SYSTEM

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11 regional distributors, aggregators, & food entrepreneurs from across the U.S.

Subject selection was based on three criteria:
1) diversity of geography, scale & business models;
2) emphasis on wholesale transactions; and
3) models characteristic of values-based supply chains.
Common challenges to scaling up local food distribution

- Controlling for product quality & consistency
- Seasonality
- Matching supply and demand
- Transparency & product differentiation
- Supply chain infrastructure
- Capital
- Capacity Development
Controlling product quality and consistency

Innovations:

- Adoption and development of food safety plans
- Centralized pack houses help standardize aggregated product
- Improved on-farm, refrigerated storage through grants
- Improved cold chains through partnerships with distributors
- Grow crops or varieties appropriate for the infrastructure available
Seasonality

Innovations:

- Season extension through high tunnels and greenhouses.
- Expansion and improvement of storage capacity.
- Consumer education about seasonal product availability.
- Variable geographic sourcing.
- Expansion of small- and mid-scale regional processing infrastructure.
Matching supply and demand

Innovations:

- Pre-season planning among grower pools.
- Communicate pre-season sales and production projections across supply chain.
- Regular product availability updates during growing season.
- Growers and entrepreneurs pool resources to improve storage, transportation and logistics.
- Development of processing infrastructure builds markets for number 2 product.
Transparency & product differentiation

Innovations:

- Small growers conduct outreach to high-volume buyers through farmers’ markets and in-store demonstrations

- Communicate the production story through packaging, online farmer profiles & point of sale merchandising
Supply chain infrastructure

Innovations:

- Do-it-yourself distribution.
- Vertical integration can improve supply chain coordination.
- Partnerships with distributors that have established markets.
- Use of third-party logistics enterprises.
- Facility upgrades and institutional kitchen design.
**Capital**

**Innovations:**

- Affiliation with well-established enterprises such as natural food cooperatives, distributors and non-profits.

- Cultivate outside investor pools and/or producer cooperatives.

- Growers and supply chain partners can contribute capital or labor to access or build physical infrastructure.

- Build on or upgrade existing infrastructure whenever possible, limiting new development.
Capacity development

Innovations:

- Grower education on pre-season planning, cost of production, post-harvest handling.

- Engage people with diverse backgrounds.

- Hire consultants or outsource when new tasks:
  - exceed staff expertise
  - distract from an enterprise’s mission
  - are too costly to invest in directly

- Familiarize chefs and food prep staff with fresh product.
Conclusions

Across the U.S. growers and local entrepreneurs are developing innovations to address the following obstacles:

- Controlling for product quality & consistency
- Seasonality
- Matching supply and demand
- Transparency & product differentiation
- Supply chain infrastructure
- Capital
- Capacity Development

**Diversity** across production scale & methods, business structure, and market development is key to scaling up.
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