



# MARKETING LOCAL FOOD

Minnesota Institute for  
Sustainable Agriculture

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# PREFACE

If you are a farmer who has decided to market your products locally, learning about your marketing options and developing a marketing plan are the most important tasks ahead of you. Dave and Florence Minar, organic dairy farmers who decided to direct market their milk and built an on-site creamery, were once asked what was the most challenging aspect of putting together a business plan to build the creamery. Dave said “Marketing is the most important

piece [of the planning]. If you can’t sell it you can’t do it.” Florence agreed. “It’s a lot easier to produce it, than it is to market it. Producing—you’re working with machines, you have your recipe, and it’s pretty basic. As long as you keep everything clean and sterile, it’s pretty much like cooking, it does what you want it to. But marketing—you’re working with people, and that’s a whole different ball game.”



*“Marketing is the most important piece (of the planning). If you can’t sell it you can’t do it.”*

—Dave Minar

CEDAR SUMMIT FARM

## Why Sell Local?

The local food movement is gaining popularity. The food for the average American meal travels an estimated 1,500 miles from the farm gate to someone’s plate. As fuel prices rise and the environmental consequences of fossil fuel use become more apparent, it makes sense to look for ways to transport food shorter distances. Then, too, food that travels a short distance from farm to plate is more likely to be fresh. Chefs are discovering that they can do better things with food if their raw materials—the fruits, vegetables, meats, and dairy products—are fresh and of high quality. This has opened

up a market for local food raised by farmers who take pride in growing a quality product.

Urban and rural residents are learning that they like to have direct connections to farmers and farm life. They like knowing where their food comes from and knowing that it was grown by family farmers who take good care of their farmland and their animals. This concern on the part of consumers is opening up more opportunities for farmers to direct market, or to sell their products through channels that keep the farmer’s identity connected to the product.

“Local Food” used to be linked almost completely to direct marketing, where the farmers and consumers had face-to-face contact. Direct marketing is still a very important part of the local food movement, but there are more opportunities now than ever before to sell locally without having to do all of the marketing work yourself.

Health and nutrition concerns create a demand for local foods as well. People are realizing that a diet rich in fruits and vegetables is very important for good health. This creates demand for farmers’ markets and community supported agriculture (CSA). The demand for fresh, local fruits and vegetables also improves opportunities for farmers to sell to grocery stores and co-ops, as well as to distributors who supply restaurants and food services. And, while the human health benefits of grass-fed or pasture-raised meats and dairy products remain controversial, consumer perceptions of the healthfulness of these products drives demand.

Just how local is local? Many of the farmers’ markets in Minnesota draw a circle with a 50-

mile radius around themselves, and all vendors at that market must farm within the circle. A group of brave individuals associated with White Earth Tribal and Community College near Mahanomen, Minnesota made a pledge to eat only locally grown foods for a year—and defined “local” as “within 250 miles.” Researchers in Great Britain estimated that pollution and other damage associated with transport of food could be reduced by 90 percent if all food were grown within 12 miles of where it was eaten. Minnesota has the Minnesota Grown program and other states have similar marketing programs; these suggest that food grown within the state is considered local. Of course, some parts of Minnesota are closer to Wisconsin or Iowa or the Dakotas than they are to other parts of Minnesota. How local is local? We don’t pretend to have the right answer, and different farmers with different products will find different answers to the question. We do encourage farmers to explore their own communities, and see the marketing opportunities that are there.

## Resources

Farm costs and food miles: An assessment of the full cost of the UK weekly food basket. 2005. J.N. Pretty, A.S. Ball, T. Lang and J.I.L. Morison. *Journal of Food Policy* 30, 1-19.

Local Food Challenge. Contact Steven Dahlberg, White Earth Tribal and Community College, 202 S Main St, Mahanomen, MN 56557. (218) 936-5610, sdahlberg@wetcc.org. Retrieved December, 2006 from: [www.localfoods.umn.edu/challenge](http://www.localfoods.umn.edu/challenge).

Local Food Touted as Healthy Alternative. 2005. D. Gunderson, Retrieved December, 2006 from: [news.minnesota.publicradio.org/features/2005/12/20\\_gundersond\\_eatlocal/](http://news.minnesota.publicradio.org/features/2005/12/20_gundersond_eatlocal/)

# INTRODUCTION

How do you get started selling your food locally? The whole concept can be overwhelming. When you decide to sell your farm products directly to consumers, you are responsible for finding people who will buy your product and then negotiating the sales with them. You are responsible for the preparation, packaging, price-setting, and maybe even the delivery of your product. You have to learn a whole new set of skills. If you decide to sell your products to a retailer or a wholesaler, that takes a set of skills, too. You do not deal directly with the end consumer, but you do have to meet your buyer's requirements for packaging, product quality and consistency, verification of production standards, storage, shipping, and liability coverage.

The good news is that you don't have to start from nothing. There are quality resources available to help you make a plan. There are

## How to Use This Publication

This book is partly stories about farmers, partly the condensed wisdom of farmers and their advisors, partly hard-to-find information about food marketing issues, and partly cheerleading for local food systems. Sometimes when you are starting something new the most important thing is knowing what questions to ask. We hope this book will help you to ask the right questions as you develop a plan to sell local food, and set you on a path to successfully establish or strengthen a local food enterprise!

We begin by asking you to think about your personal preferences and strengths for conducting business. Next we provide an overview of different marketing systems and include profiles of farmers who have used those systems. The lists of resources that follow each option allow you to examine in detail the options you find most appealing.

Toward the end of the book we cover topics that apply to any farm enterprise: local and state regulations, pricing, liability, branding and

people who have already developed local food marketing systems that work. These people are a great resource, too. Some of them are profiled in this publication; others are listed in local food directories. Some of them are speaking at workshops or showing displays at events around the state. Many of them are just a phone call away, and generous with their time to answer questions and provide encouragement.

There are many ways to market. Some farmers start with one approach, such as farmers' market sales, and remain with it for years. It is more common for farmers to use a combination of approaches, and gradually move to the one that works best for their goals and operation, as the Petersons did when they transitioned from selling at a farmers' market to building a roadside stand (see Profile: Peterson Produce Roadside Stand on p. 50).

labeling, and use of the Internet. Refer to those sections to find information and resources that will help you work these issues into your marketing plan.

You can read this whole publication from front to back or you can skip around to whatever topics interest you.

If you want to begin a new enterprise we strongly recommend that you spend some time working on a business plan—even if you are planning to start small. We do not cover business planning or enterprise budgeting in this book because there are some good resources for those things available elsewhere. We do include information about how to find those resources. Choose a business planning resource that you like, and keep it handy to help you find answers to the questions posed by the business planning process.

## Self-assessment

Choosing a local food marketing strategy that works for you depends a lot on your personal preferences, the amount of product you can produce, and your tolerance for things like state inspections, customer contact, food preparation, and risk. Check the charts below to see what kinds of marketing might work best for you. Don't let this exercise confine you, though. If there's one defining feature of the local food movement, it is creativity. You just might find a new way to do things that matches your preferences.

locally, we don't necessarily mean direct marketing. Some of the most visible local food sales are direct from farmer to customer, but there are growing opportunities to connect to a local food system in other ways.

For each of the topics, below, find where your preferences are on the upper row. Then draw a vertical line through the chart at that point, and see which types of local food marketing are close to that line on the bottom row. Copy those marketing options onto the worksheet that follows these charts.

When we're talking about marketing your food

### Customer Contact

You don't like working with the public		You can handle person-to-person interactions		You are energized and joyful from working with people	
1	Broker or distributor	Restaurants, grocery stores, food services	Farmers' market	Pick-Your-Own CSA	Agritourism, on-farm store

### Liability

You want to limit your liability as much as possible		You can tolerate some liability		You are not at all bothered by liability/risk	
2	Fresh, raw fruits and vegetables through a broker, distributor, or co-op	Fresh, raw fruits and vegetables sold to a restaurant, grocery store, food service	Fresh, raw fruits and vegetables through farmers' market or CSA. Meat sales through broker, distributor, co-op, food service, grocery store	Retail meat sales through farmers' market or CSA. Processed foods by any sales method	Agritourism, on-farm store

### Pricing

*This pricing chart is just a very general guide. Categories can shift a lot on this scale, depending on your product quality and whether it is considered a "specialty" product.*

You are satisfied with a wholesale/ commodity price		You want more than a wholesale/ commodity price		You want a premium price	
3	Broker, distributor, institutional food service	Grocery store, restaurant	Farmers' market, roadside stand, CSA, pick-your-own	On-farm store, agritourism, Internet sales	

### Regulations

You want little involvement with regulations and inspections		You don't mind regulations and inspections		You welcome regulations and inspection	
4	Fresh, raw products Brokers and distributors Farm stand or other sales from farm premises	CSA	Farmers' market	Restaurants, grocery stores, food services	Any sales of processed products, agritourism

**Paperwork, Meetings, Organization**

Dislike all three		Can tolerate a moderate amount		Like all three
Small-scale sales from farm premises, farm stand, pick-your-own	Broker, distributor, agritourism	Farmers' market, restaurant, grocery store, food service, on-farm store	CSA	Cooperative or collaborative

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**Your Preferences Worksheet**

Under each topic, write the top three or four marketing options that came closest to the line you drew through your preference:

Customer Contact

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Liability

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Pricing

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State Regulations

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Paperwork,  
Meetings,  
Organization

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Are there marketing options that show up under several topics? Those options might be a good place for you to start. Again, don't feel confined if some options didn't seem to match your preferences. You might find a way that works for you to do those things—or you might discover talents that you didn't know you had!

Once you have an idea of local food marketing options that might work well for you, you can start some serious planning. There are a number of good publications that can assist you in the planning process. We hope that this book will be a useful tool to help you find the information that you need to develop your goals and business plan for your local food marketing enterprise.

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## Resources for Business Planning

*Building a Sustainable Business: A Guide to Business Plan Development for Farms and Rural Businesses.* 2003. G. DiGiacomo, R. King and D. Nordquist. Minnesota Institute for Sustainable Agriculture (MISA). Available in full text online or from: MISA, 411 Borlaug Hall, 1991 Upper Buford Circle, St. Paul, MN 55108. (612) 625-8235 or (800) 909-6472. misamail@umn.edu. www.misa.umn.edu/vd/bizplan.html. This guide with worksheets steps you through the major tasks of creating a farm business plan—identifying your values, reviewing your mission and goals for your enterprise, developing and implementing a strategic plan, and implementing the plan.

*Una Guía para Desarrollar un Plan de Negocios para Granjas y Ranchos.* 2006. J. Garcia. Available in full text online or from: University of Missouri

Extension Service, Community Food Systems and Sustainable Agriculture (CFSSA) Program, 204 Gentry, Columbia, MO 65211. (573) 884-3794. garciaJL@missouri.edu. agebb.missouri.edu/sustain/espanol/negocios.pdf This is condensed version of the Building a Sustainable Business publication, translated into Spanish. It includes Spanish language worksheets.

*Business Planning and Management Resources.* Appropriate Technology Transfer for Rural Areas (ATTRA). Available in full text online or from: ATTRA, PO Box 3657, Fayetteville, AR 72702. (800) 346-9140 (English) or (800) 411-3222 (Español). http://www.attra.org/marketing.html#business. This list of resources includes workbook and sample enterprise budgets for several types of agricultural enterprises.

## Resources for Enterprise Budgeting

An enterprise budget is a detailed calculation that takes into account all of the expenses that you will have to produce a product, and provides an estimate of how much profit to expect per unit of product that you produce.

Enterprise budgeting can help you identify areas where you need to look for ways to cut costs, and can help you decide what volume you need to produce in order to reach the income level that you want from the enterprise.

Enterprise Budgets—Planning for Profit. Ministry of Agriculture and Lands, Government of British Columbia. Retrieved December, 2006 from: www.agf.gov.bc.ca/busmgmt/budgets/index.htm. This website links to a variety of enterprise budgets based on Canadian data; fruits, vegetables, herbs, livestock, bees, poultry, value-added processing; small farm and organic options.

Enterprise Budgets Help Farmers Plan for Profits. Center for Integrated Agricultural Systems (CIAS), University of Wisconsin. Retrieved December, 2006 from: www.cias.wisc.edu/archives/2006/04/04/enterprise\_budgets\_help\_farmers\_plan\_for\_profits/index.php. This website links to interactive budget templates for pastured poultry, dairy sheep, dairy goat, and specialty foods.

*Iowa Vegetable Production Budgets.* 2006. Leopold Center for Sustainable Agriculture. Publication no. PM 2017. Available in full text online or from: 209 Curtiss Hall, Iowa State University, Ames, IA 50011. (515) 294-3711. leocenter@iastate.edu. www.extension.iastate.edu/Publications/pm2017.pdf. This publication

contains enterprise budget templates for 14 fruit or vegetable crops commonly grown for markets.

Ohio Enterprise Budgets, The Ohio State University. Retrieved December, 2006 from: www.agecon.ag.ohio-state.edu/programs/FarmManagement/Budgets/. Scroll down to year 2003; links to budgets for a variety of enterprises including fruits, vegetables, livestock, Christmas trees, aquaculture, equine.

Crop Rotational Budgets for Three Cropping Systems in the Northeastern United States R. G. Brumfield and M. F. Brennan. Rutgers University. Retrieved December, 2006 from: www.cook.rutgers.edu/~farmmgmt/ne-budgets/nebudgets.html. This website links to enterprise budgets for a variety of field crops, vegetables, fruits, and livestock under conventional, integrated cropping system, or organic managements.

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MINNESOTA  
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0.59<sup>9</sup>/pound

SQUASH  
VEGETABLES

Fresh From Your Neighbor to You



# DEFINITIONS

**Agritourism:** Any farm enterprise that has a main focus of entertaining a customer rather than selling a product.

**Community Supported Agriculture (CSA):** This is a marketing system that is gaining in popularity among fruit and vegetable farmers. Farmers sell shares or subscriptions for their summer crop. Customers who buy a share usually pay for it early in the year, and receive a weekly batch of produce during the growing season.



PETERSON PRODUCE

**Direct Marketing:** This means selling a product that you produce directly to the consumer who will eat the food. Sometimes, confusing the matter, direct marketing is also used to describe the sale of food directly to a restaurant, grocery store, caterer, etc. who will then re-sell the food to customers. These types of sales are actually sales to intermediate buyers.

**Farmers' Markets:** These are gatherings of farmers who set up displays of products for sale. Usually they are in the open air, but sometimes inside a building. They have a regular schedule of time and day (or days) of the week.

**On-Farm Store:** A store located in a permanent structure on the farmer's property. On-farm stores are different from roadside stands in that on-farm stores may operate year-round, offer a wider variety of products than a roadside stand, and are subject to more regulation than a roadside stand.

**Roadside Stand:** A booth or table set up along a roadside on or near the farmer's property during the growing season. The stand displays farm products for sale. Most often the products are fruits and vegetables but may include jam, jelly, or baked goods.

## WHY DIRECT MARKET?

### Price Benefits of Direct Marketing

Farmers who sell their products directly to consumers, or directly to the grocery stores or restaurants that then sell to consumers, can get a better price for their products than they could on the conventional commodity market. This is especially true for small- to mid-sized farmers who do not have the quantities preferred by the commodity market. Small quantity can actually be an asset when selling directly to

local buyers, because the product is unique and therefore special for the consumer.

Farmers who are successful at direct marketing have some things in common. They produce a high quality product and emphasize the freshness and quality of the food to their customers. When pricing their product, they set a price that allows them to make a profit.

## Sample prices received by farmers for direct marketed vs. commodity market.

Product	Direct marketed price received by farmers	USDA reported average price received by farmers
Beef, 1000 lbs. live wt.	\$800 - \$1,100	\$673 - \$880
Hog, 220 lbs. live wt.	\$150 - \$275	\$77 - \$114
Chicken, 4 lbs.	\$8 - \$16	< \$1.00 - \$1.76
Eggs, 1 dozen large	\$1.50 - \$2.30	\$0.24 - \$0.72
Honey, 1 quart	\$9 - \$10	\$2.10 - \$4.17
Dry beans, 1 lb.	\$1.00 - \$2.20	\$0.17 - \$0.26
Potatoes, 100 lbs.	\$20	\$7.07 - \$12.30
Apples, 1 lb.	\$0.50 - \$2.00 (table quality)	\$0.18 - \$0.28
Apples, 1 bushel (48 lbs.)	\$10 (sauce quality)	\$3.34 - \$3.86
Strawberries, 5 quarts	\$8 - \$12 (pick-your-own)	\$5.88 - \$7.71 (pre-picked)
Tomatoes, 1 lb.	\$1 - \$4 (table quality)	\$0.34 - \$0.44
Tomatoes, 1 bushel (50 lbs.)	\$12 - \$25 (sauce quality)	\$1.45 - \$1.52

Direct market price ranges reflect a range of production and marketing practices, but generally do not include organic prices, which are higher. Direct marketed beef and pork prices reflect sale of custom-processed animals rather than sale of retail cuts. Direct marketed prices are estimates that were developed from a variety of sources: the Whole Farm Co-op price list ([www.wholefarmcoop.com](http://www.wholefarmcoop.com)), personal communications with Minnesota farmers, and prices reported on farmers' individual websites.

Commodity beef, pork, chicken, and egg prices paid to farmers come from the Economic Research Service of the USDA (ERS-USDA), Meat Price Spreads reports: [www.ers.usda.gov/Briefing/FoodPriceSpreads/meatpricespreads/](http://www.ers.usda.gov/Briefing/FoodPriceSpreads/meatpricespreads/) Beef and pork prices are the range of average annual prices received by farmers from 2001 through 2006; and for eggs from 2001 through first half of 2006. Commodity prices for chickens are not reported directly because most chickens are grown under contract. The dollar amounts represent average wholesale prices in the years 2001 through first half of 2006; the farmer receives less.

Commodity honey prices come from the ERS-USDA Sugars & Sweeteners reports: <http://www.ers.usda.gov/Briefing/Sugar/data.htm>, and show the range of average annual prices received by farmers for 2001 through 2005. Honey prices per lb. were converted to price per qt. based on 3 lbs. = 1 qt.

Commodity potato, dry bean, and tomato prices come from the Economic Research Service of the USDA, Vegetable and Melons Outlook reports: [www.ers.usda.gov/publications/vgs](http://www.ers.usda.gov/publications/vgs); 2006 Yearbook Excel Spreadsheet files.

Potato and table-quality tomato prices show the range of f.o.b. shipping point price annual averages for 2001 through 2005. Sauce-quality tomato prices show the range of annual averages for 2001 through 2005 for canning tomatoes delivered to the processing plant. Tomato prices per lb. were converted to price per bushel based on 1 bu. = 50 lb. Dry bean prices are annual average prices received by farmers for 2001 through first half of 2005.

Commodity apple and strawberry prices come from the Economic Research Service of the USDA, Fruit and Tree Nuts Outlook reports: <http://www.ers.usda.gov/publications/fts>; 2006 Yearbook Excel Spreadsheet files.

Apple prices are the range of annual average prices received by farmers for 2001 through 2005 for fresh apples (table quality) and processing apples (sauce quality). Apple price per lb. was converted to price per bushel based on 1 bu. = 48 lbs. Strawberry prices are the range of annual average prices received by growers for 2001 through 2005 for fresh strawberries; price per pound was converted to price per 5-qts. based on 1 qt. = 1.5 lbs. Note that direct-market strawberry prices are for pick-your-own berries, while the commodity price reflects pre-picked.

# FARMERS' MARKETS

## Introduction

Farmers' markets are part of a local food system that can be good both for farmers and communities. Consumers gain access to locally grown, farm-fresh produce and the opportunity to know the farmer who grows the produce. The market can benefit other local businesses by enticing shoppers into town. A farmers' market can also promote a sense of community spirit. Some markets offer workshops and demonstrations on good nutrition, safe food preparation, gardening techniques, and so on. Some markets invite musicians or artists to perform during the market, creating an experience that goes beyond just shopping for food.

Farmers' market sales can give farmers a good profit and there is potential for selling large volumes of product at the market. For example, metro-area farmers' markets are frequently visited by buyers for metro-area grocery chains and restaurants. It is not unusual for a grocery store's produce buyer to arrive early at the market and buy a vendor's entire truckload of produce (Kevin Elfering, personal communication, April 2006). Outside of the metro area a barrier to this type of sale is that grocery store and restaurant managers are not aware that it is legal for them to buy products from farmers. Farmers are welcome to copy the fact sheets at the end of this book as needed to help educate potential buyers in their area. Even so, farmers at non-metro farmers' markets can make a good income from the seasonal sales. Farmers at some central Minnesota markets reported incomes of \$20,000 for the 2004 summer season (Sharon Rezac Andersen, personal communication 2006).

## Benefits:

- Good entry point for farmers who want to try direct marketing
- You set your own price (but you need to consider the prices charged by other vendors at the market)
- Opportunity to help customers connect your face and your farm to the food that they buy
- Opportunity to learn about customer preferences and build a good reputation
- Sell what you have available; you haven't promised anything in advance

## Challenges:

- No guarantee that all of your product will be sold
- You need to be present at the market at the required times regardless of the weather
- Customers' loyalty may be to the market, not to you as an individual vendor
- You need to maintain good relations with other vendors at the market

### **Finding and Joining a Farmers' Market**

Farmers' market participants usually do their organizational work over the winter. If you want to join a farmers' market you should contact the market organization or the market manager well in advance of the growing season. The market may have requirements for its vendors that you will have to meet before you can join, or at least before you can sell at the market, such as:

- Membership in Minnesota Grown
- "Pickle Bill" training if you want to sell canned goods
- Liability insurance

Many of the Minnesota farmers' markets limit their vendors to farmers who live within 50 miles of the market. The number of farmers' markets in Minnesota nearly doubled between 2001 and 2006, and as of 2006 there were nearly 100 farmers' markets throughout the state. Most parts of the state have a market within 50 miles, but there are still some locales that do not. There are also areas where you might be able to attend several markets within 50 miles of your farm.

The large city markets may be harder to join than the smaller city and rural markets. The Minneapolis and St. Paul Farmers' Markets, for instance, have a waiting list of vendors who want to get in. Waiting lists are unusual for non-metro markets.

How can you make contact with farmers' markets in your area? Check with your local Extension office or ask around in your neighborhood to find out about nearby markets, some of which might be small and informal. The following lists of organized farmers' markets are updated annually and most of the listings include contact telephone numbers.

Minnesota Grown. Available in full text online or from: Minnesota Department of Agriculture (MDA), Brian Erickson, 625 Robert St N, St. Paul, MN 55155-2538. (651) 201-6539, [brian.j.erickson@state.mn.us](mailto:brian.j.erickson@state.mn.us). [www.mda.state.mn.us/mngrown](http://www.mda.state.mn.us/mngrown). This website lists farms and farmers' markets enrolled in the Minnesota Grown program. The online version can be searched by product or service, or by region. The print version contains lists of Farmers' Markets and CSAs.

St. Paul Farmers' Market. Retrieved December, 2006 from: [www.stpaulfarmersmarket.com/markets](http://www.stpaulfarmersmarket.com/markets). This website lists farmers who have applied (requires that they live within a 50-mile radius of St. Paul) to sell at the downtown St. Paul Farmers' Market or one its 17 satellite locations in the Twin Cities Metro area.

## Features of Farmers' Markets

Farmers' markets and market managers vary a lot from place to place. Use these lists of characteristics to help you evaluate whether your local markets are a good match for you.

### Location

Location is extremely important for the success of any farmers' market. Markets may be located on college campuses, in hospital facilities, on federal and state land, parking lots of malls or stores, park land, community centers, church parking lots, or closed city streets. When you are deciding whether to join a farmers' market, consider these points about its location. If a market's location is not ideal on any of these points it does not mean that you shouldn't join, but you should plan how you will cope with any problems.

- Market highly visible from streets and walkways
- Vendor access to telephones, electrical outlets, water, bathrooms
- Adequate parking for customers or good public transportation
- Other businesses nearby that sell products similar to what might be sold at the farmers' market
- Market area is clean and easy to keep clear of litter or other debris

### Market rules and regulations

Specific rules of operation for farmers' markets will vary. It is important that the market have a clear set of rules, and a process for enforcement of the rules, to ensure that all vendors are treated equally and fairly.

Topics covered by typical farmers' market rules:

- A membership fee, stall fee, or other way that vendors help support the market

- Restrictions regarding farms' distance from the market, production practices, and/or farm size
- Types of products allowed: produce, meats and dairy products, arts and crafts
- Vendors required to arrive, set up, and pack up to leave at certain times
- Vendors required to display certain information such as farm name, licensing, prices
- Restrictions on individual vendors' displays and advertising
- Requirements for vendors to be present a certain percentage of market days and restrictions on arriving late or leaving early
- Policy for vendors who cannot attend a farmers' market day; how far in advance must they notify the manager, and will there be any penalties for non-attendance?
- Space limitations for each vendor; everyone may get the same size space or there may be an extra fee for a larger space.
- How spaces are allotted for the season; on a first-come first-serve basis, a lottery system, or priority to vendors with more seniority
- Market participation in any nutrition programs or food-recovery programs

## Funding

Farmers' markets need a regular source of money. Many markets require farmers to pay annual dues to the market. Farmers might also pay a "stall fee" for each day that they sell at the market, or they might pay a percentage of their gross income on each market day. The money is used for market expenses such as insurance, permits, signs, advertising, promotion, and paying a market manager. Urban markets often hire a professional manager who is paid a salary. Rural and smaller city markets are often managed by one of the vendors, who may or may not be compensated.

Grant funding is another source of money for farmers' markets. The Farmers' Market Promotion Program (FMPP) is available "to expand or promote local farmers markets, roadside stands, and similar agricultural ventures."  
[www.ams.usda.gov/farmersmarkets/FMPP/FMPPInfo.htm](http://www.ams.usda.gov/farmersmarkets/FMPP/FMPPInfo.htm) or call (202) 720-8317 for more information.

## State regulations and insurance

Details about licenses needed by farmers' market vendors are covered in the Minnesota Department of Agriculture's "Operational Guidelines for Vendors at a Farmers' Market." Contact information for the Minnesota Department of Agriculture and more information on the state regulations for selling various kinds of products is available in the State Regulations section (page 81) and the Appendix (page 108).

Farmers' markets sometimes carry liability insurance that covers accidents that may happen during the market. Some farmers' markets might offer a broader liability coverage to vendors and charge higher fees to pay for it. Farmers might be required to carry their own product liability insurance, or might choose to do that even if the market doesn't require it. See our Liability section (page 91) for more information on farmers' areas of risk.

## Resource for state regulations:

*Operational Guidelines for Vendors at a Farmers' Market.* MDA. Available in full text online or from: MDA, Dairy & Food Inspection Division, 625 Robert St N, St. Paul, MN 55155-2538. (651) 201-6027.  
[www.mda.state.mn.us/dairyfood/fm\\_vendor\\_guide.pdf](http://www.mda.state.mn.us/dairyfood/fm_vendor_guide.pdf). This brochure outlines procedures and regulations farmers must follow if they sell at a farmers' market.

## Nutrition programs and food recovery programs

Farmers' markets across the United States can participate in federal programs created to provide fresh, nutritious, unprocessed foods (such as fruits and vegetables) to people who are nutritionally at risk. The two main programs are the Women, Infants and Children Farmers' Market Nutrition Program (WIC-FMNP) and the Senior Farmers' Market Nutrition Program (SFMNP). The Food and Nutrition Service of the USDA is the federal agency in charge of these programs.

People eligible for these programs receive coupons that they can use to buy fresh, raw fruits and vegetables from farmers who have been authorized (directly or through their participation in an authorized farmers' market) by the state to accept the coupons. Some farmers' markets have even installed Electronic Benefits Transfer (EBT) technology, eliminating the need for farmers to handle paper coupons. People who use the FMNP also receive nutrition education, often through an arrangement with the local WIC agency. The education is designed to encourage them to improve and expand their diets by adding fresh fruits and vegetables and to advise them in preparing the foods that they buy through the FMNP.

Some farmers' markets have arrangements with local food shelves or food pantries that take unsold produce at the end of the market day. Vendor participation in these food recovery programs is usually voluntary. Most food shelves are affiliated with America's Second Harvest, a nationwide food recovery and distribution network.

## Resources for nutrition and food recovery programs

Farmers' Market Nutrition Programs are administered at the state level by the Minnesota Department of Agriculture. Information about the Senior Farmers' Market Nutrition Program (SFMNP) and the Women, Infants and Children Farmers' Market Nutrition Program (WIC-FMNP) is available in full text online or from: Carol Milligan, MDA, 625 Robert St N, St. Paul, MN 55155, (651) 201-6606,

carol.milligan@state.mn.us.  
www.fns.usda.gov/wic/SeniorFMNP/SFMNPmenu.htm (SFMNP) and  
www.fns.usda.gov/wic/FMNP/FMNPfaqs.htm (WIC-FMNP).

America's Second Harvest. 35 E. Wacker Dr, #2000, Chicago, IL 60601. (312) 263-2303 or (800) 771-2303. www.secondharvest.org.

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## Starting a Farmers' Market

If there is no farmers' market close to you, consider starting one! Farmers' markets have been established by local governments, farmer groups, civic organizations, community service agencies, extension or educational programs and private citizens. Farmers' markets are growing in Minnesota and have a lot of potential to help farmers sell their products and make a profit. The success of a new farmers'

market is not guaranteed, though. Research in Oregon suggests that up to 50 percent of new farmers' markets fail within four years (Dr. Larry Lev, personal communication, Nov. 2006). Like any other business venture, starting a farmers' market requires careful planning and lots of work in order to succeed. See the following resources for detailed information about starting a farmers' market.

## Resources for Farmers' Markets

*The New Farmers' Market; Farm-Fresh Ideas for Producers, Managers and Communities.* 2001. V. Corum, M. Rosenzweig and E. Gibson. Available from: New World Publishing, 11543 Quartz Dr #1, Auburn, CA 95602. (530) 823-3886 or (800) 639-4099. nwpub@nwpub.net. Parts of the book are available online at: www.nwpub.net. This book covers tips and trends from successful U.S. sellers, managers, and market planners. It covers tips for selling at the market; starting, managing and promoting the market; and educating the community about fresh, local foods, and farmers' markets.

*Farmers' Market Manual for Minnesota: A Guide for Management and Vendors.* 2006. Compiled by T. Nennich, M. Crawford and K. Foord. Available from: Minnesota Fruit and Vegetable Growers Association, 15125 W Vermillion Circle NE, Ham Lake, MN 55304 (763) 434-0400, mfvga@msn.com. www.mfvga.org. This new manual compiled by University of Minnesota Extension educators contains nuts

and bolts information for farmers and market planners about starting and sustaining a dynamic farmers' market in Minnesota.

*Starting a Farmers' Market.* MDA. Available in full text online or from: Ruth White, MDA, 625 Robert St N, St. Paul, MN 55155-2538. (651) 201-6494. Ruth.White@state.mn.us. www.mda.state.mn.us/mngrown/startfarmmkt.pdf. This pamphlet contains basic information about starting a market, and appendices with sample by-laws, regulations, and food handling and demonstration tips.

Project for Public Spaces (PPS). Contact: PPS, 700 Broadway, 4th Floor, New York, NY 10003. (212) 620-5660. pps@pps.org. www.pps.org PPS is a nonprofit organization dedicated to creating and sustaining public places that build communities. They host training sessions for market managers, offer grants, and host a listserv for farmers' market managers.

**Profile: Albert Lea Farmers' Market**

*Corner of North Broadway and Water Street*

*History*

The Albert Lea Farmers' Market buzzes with activity on Saturday mornings and Wednesday afternoons in a municipal parking lot overlooking beautiful Fountain Lake. Started by the Minnesota Citizen Action Group from Freeborn County, the market has been in operation since 1981 and has changed locations several times. The market was first held on a closed-off street in Albert Lea, then moved to two store parking lots. Traffic and noncompetition restrictions (vendors couldn't sell pumpkins if the stores had pumpkins for sale) led to a search for a new location. Downtown merchants, seeing the value of an open-air farmers' market, suggested the possibility of moving the market to the downtown area. This new site for the market, a municipal parking lot offered at no charge by the city, draws people downtown to visit not only the farmers' market, but other downtown businesses as well.

*Current Operation*

From its inception, the Albert Lea Farmers' Market has been driven by the farmers. It is run by a board of directors, six vendors who are elected at an annual meeting of all market vendors. Board members aren't paid, but the officers do receive a free stall space. Verlys Huntley, current Chair of the Board, has been involved with the market for more than 15 years. Verlys feels that having vendors on the board is an important part of the Albert Lea market. "To have a successful organization you have to have the people [who are directly] involved setting up the rules. They know what is feasible, what is going on."

Market members vote on any changes to the rules and regulations governing the market. The board has set the fee for a 15-foot stall at \$55. Vendors who work on one or more activities held at the market receive a \$20 discount. In an attempt to encourage local craftspeople, the market now offers \$20 permits, for five market

days only, for vendors selling their crafts. Vendors at the market primarily sell raw vegetables. A few vendors sell homemade baked goods, jams, and jellies. There are specific regulations regarding such items, and they require a sign stating that they are homemade and not subject to state inspection. There are specific requirements for taxable items, eggs and meat, and some processed items are not allowed at the market. Vendors are encouraged to price their products by unit (piece, bag, box, dozen, etc.) rather than by weight. To price items by weight, vendors must have a scale that is inspected and in accordance with the weights and measures law of the State of Minnesota.

Verlys believes that the farmers' market not only provides the farmers with a better price for their products, but also allows them direct feedback from customers, pushing them to try new growing or marketing techniques. In addition, many farmers enjoy the camaraderie and interaction with other farmers and customers at the market. For the customers, the market is also a community experience. Verlys said, "You know these people [farmers], you know the families, and that's why a lot of people come to the market. They know you and your practices. I think it's the atmosphere at the market."

Verlys and others work hard to advertise the market and to bring in new customers. A good portion of fees from the vendors goes to radio advertisements. These ads are run during a popular local call-in radio show, "Party Line." Verlys also writes a column for the local newspaper. Her columns feature history and nutrition information about a seasonal fruit or vegetable, as well as recipes. Featured fruits or vegetables are usually in abundance at the market, and the recipes offered bring quite a few people to the market to buy ingredients. Verlys' column also promotes special market events they hold at the market, such as a June strawberry festival or an August sweet corn and brat meal. In September they have a children's day at the market. They enlist their local FFA group or 4-H group to assist with games for the kids—zucchini races, pumpkin painting, a watermelon seed spitting contest, and a beanbag toss. Events are geared toward getting

more families, and more young people in particular, to reconnect to their food and its production. Accordingly, the market also accepts WIC and Senior Farmers' Market Nutrition Program Vouchers.

Verlys mentioned that, in addition to new customers, it is also important to find new farmers for the market each year. Farmers must come from within a 35-mile radius of Albert Lea and no commercial growers are allowed. Verlys leaves her contact information with the local chamber of commerce. Her weekly newspaper column invites new farmers to inquire about becoming vendors. New vendors attend a meeting with a health and food safety inspector present to answer their questions. New members are assigned stalls at the market after they have paid their permit fees. Members from a previous year may retain their same stall if they pay their fee at the annual meeting. The fees may also be paid on the vendor's first day at the market. New vendors fill out and sign a permit application that consists of seller information and guidelines, which they turn in to a board member with their permit fee; they are then issued a permit card and assigned to an available stall.

Liability insurance is the vendor's responsibility at this market. While some markets have an umbrella insurance policy for all vendors at the market, the people at the Albert Lea Farmers' market have found that requiring the vendors to carry their own insurance works better. Vendors are also responsible for making sure the foods and products they sell are in compliance with local and state laws.

*Words of Advice*

A successful market will have a good location, adequate number of vendors, friendly atmosphere, cleanliness, and compliance with local and state regulations. Verlys's practical advice for vendors:

- Keep an adequate amount of change on hand for customers paying with cash.

- Have bags for customers to carry produce in.
- Keep in mind the customers' special needs—offering to help someone with several small children carry their produce to their car can go a long way.
- Keep an awning or umbrella on hand if such things are not provided by the market to keep you and your produce cool and fresh; pack more perishable items on ice or keep them in a cooler.
- Never underprice your produce. This may lead the customer to think you are selling an inferior product and, at the very least, will likely upset other vendors.

More experienced vendors are usually more than willing to offer advice, and there are many innovative and competitive ways to price your products without undercutting the other farmers at the market. Sometimes customers may have a problem with your product. This may be the result of a flawed product or of the customer not storing the product correctly. Regardless of the reason, it's important to put customer satisfaction above pride. Do what you can to please the customer, while keeping in mind that you cannot please everyone.

With her years of experience in farming and farmers' markets, Verlys offers some of the best advice on creating a successful farmers' market. "In this day and age of convenience stores and one-stop shopping, we must strive as farmers' markets to offer the consumer things they do not get in those places. We can offer fresher, vine-ripened produce at the peak of flavor... And farmers' markets offer consumers a one-on-one connection with the grower of their produce and an appreciation for the flavor and quality of locally grown fruits and vegetables."

**Profile: Metro-Area Farmers' Market:  
Midtown Farmers' Market**

Lake and 22<sup>nd</sup> Avenue, Minneapolis  
[www.midtownpublicmarket.org](http://www.midtownpublicmarket.org)

The Midtown Farmers' Market, a bustling and successful relatively new market located on Lake Street and 22nd Avenue in Minneapolis, began operating in July 2003 after a year of planning. The idea for a market and the choice of location for the Midtown Market was part of the Corcoran Neighborhood Organization (CNO) master plan for high-density housing connected to a market and green space, easily accessed by public transportation. The market is near the new light rail and has several bus routes running through the area. There is ample room for parking.

*The Midtown Farmers' Market,  
a bustling and successful relatively  
new market*



MIDTOWN FARMERS' MARKET

Just off Lake Street are single family and lower density apartments. There is also a YWCA right next door. As Amy Brock, CNO's Executive Director said, "What a great fit—people are going there to work out and then going to get some fresh veggies." The Midtown Market leases the land from Minneapolis Public Schools for a token payment of one dollar per year.

*Getting Started*

With location for the market established, the next priority was to recruit farmers and other vendors. Because the Midtown Market partnered with the Minneapolis Farmers' Market, the Midtown market was able to draw from the same organization that serves the Minneapolis market, the Central Minnesota Vegetable Growers Association (CMVGA). The market manager for the CMVGA gathered the information on the farmers, visited the farms, and took care of the rest of the application process. Having the CMVGA recruit the farmers

was enormously helpful in the beginning, since farmers might be reluctant to commit to a fledgling market. CMVGA continued to manage the farmer applications and fees over the next two summers, but gradually transitioned the work to the Midtown market manager, Joanna Stone, who took over the farmer recruitment and oversight completely in 2006.

The organizers also needed to quickly draft their own rules and regulations for the market at the same time they were recruiting farmers, since those decisions impacted how vendors were chosen. They used the Minneapolis Farmers' Market rules and examples of rules from other markets as a starting point for drafting their own rules. Farmers at the Midtown Market must be located in either Wisconsin or Minnesota. There are no requirements for certain production practices, but there are a few certified organic farmers at the Midtown Market, and many of the farmers use sustainable production methods.

Choosing the right number of vendors for a new market is challenging. Amy estimated that their initial number of visitors to the market was about 2,500 people, and that the market would even out to about 20-40 vendors per day. The goal is to ensure enough vendors to have variety, yet make sure that the vendors who are there have sufficient customers and sales to make it worth their while. "You can get all the farmers there that you want, but if you don't have customers, they're not going to come back. They have a perishable product. You have to balance between how much time you're spending on recruiting vendors and how much time you're spending recruiting customers."

To invite customers to the market, the Midtown organizers advertise in local newspapers such as the *Corcoran Neighborhood News* and the *Longfellow Messenger*. For large events they write press releases for the major newspapers such as the *Star Tribune* and the *Pioneer Press*. Volunteers put up fliers and posters and include fliers with WIC vouchers being sent to people in the neighborhood. They put ads in church bulletins and work with churches in other ways to try to reach out to different communities. Organizers also tried to create a day once a week or month when residents from a senior apartment building plan an outing to the market. The Midtown Market logo is advertised on t-shirts and bags, and the nearby section of Lake Street now has banners featuring the logo hanging from street lamps. By using a diverse array of advertising techniques, the organizers of the Midtown Market hoped to draw people from a variety of cultures, professions, and backgrounds to make their market successful.

Courie Bishop & James Fitzgerald of Double Rabbit Farm ([www.doublerabbitfarm.com](http://www.doublerabbitfarm.com)) in southwest Minnesota began selling at the Midtown Farmers' Market the summer of 2006, and gained many loyal customers. They farm 12 acres of heirloom vegetables and herbs using organic production practices. New to farming, Courie found out about the Midtown Farmers' Market while doing online research for alternative markets. She felt that the Midtown Market would be ideal. "It seemed, and turned out to be, the ideal community for us—vibrant,

eclectic and supportive!" The application process was simple—they received an application packet after emailing Joanna. They obtained liability insurance and completed the application.

On a typical market day, they get up at 2:30 a.m. and pack the truck to be at the market by 7:00 a.m. to set up before the market opens at 8:00 a.m. They sell until 1:00 p.m., take about 30 to 45 minutes to tear down, pack everything up, then head out for the long drive home. They charge by the pound and weigh at point of sale. They base prices on the going rate for organics in the Twin Cities and on fellow farmers' prices at the market. Courie likes selling at the farmers' market—it allows them to receive a better price and to develop strong relationships with customers. Courie and James also operate a CSA (with pick up at the market) and some of their farmers' market customers become CSA members. Courie also enjoys networking with other producers and merchants at the market, and feels that it creates future sales. They might consider doing some roadside marketing in 2007, in addition to the Midtown Market. They are also exploring the possibility of selling produce to some Twin Cities restaurants. When asked if she had any words of advice for farmers considering selling at a farmers' market, Courie said, "Find the right niche, the right neighborhood and have fun! It's hard work and a lot of planning from canopies to scales, but it's a big payoff, financially and emotionally."

#### *Community Support*

Volunteers are the key to success of a community-initiated and -sponsored market, and coordinating the many volunteers is one of the greatest challenges. Amy advised market organizers to recruit volunteers early. In addition to her other work for the Corcoran Neighborhood Organization, Amy was the only paid staff person working on the market in the first planning year. Amy said, "We had amazing volunteers that first year. Basically, everything that happened was done by volunteers. I just managed the project." Volunteers handled negotiation of the lease, the partnership agreement with the Minneapolis Farmers'

Market, publicity work, site design, and fundraising. The market benefited greatly from its association with an established neighborhood organization. Market organizers were able to draw on the organization's resources of a database of past volunteers, a newspaper, and membership meetings. In the summer of 2003 two interns helped to manage the market. In September 2003 Joanna Stone joined the market staff, initially on a stipend from Lutheran Volunteer Corps and, after a year, as the Midtown Market Manager. In addition a new volunteer was recruited from Lutheran Volunteer Corps who split her time between the Corcoran Neighborhood Organization and the Midtown Market. They still rely heavily on volunteer help from the community.

The market's association with the nonprofit organization was also important; they already had relationships with potential funders. The market organizers raised about \$75,000 in their first year to support the creation of the market. Funding came from sources such as the Longfellow and Corcoran neighborhood organizations, the Minnesota Office of Environmental Assistance, the McKnight Foundation, the Twin Cities Federal foundation, the East Phillips Improvement Coalition, and the local business association, plus nearly \$6,000 from individual contributions. The Higher Education Consortium for Urban Affairs (HECUA) also provided a full-time intern for the summer.

Political support was also important. Market organizers need to work with zoning, with the Health Department, and with licensing. Having the support of the mayor or council members can speed the process.

#### *Creating the Market Atmosphere*

"We're really trying to focus on opening a great market every day, getting the vendors there, getting the customers there, and having some entertainment." Amy described some of the tasks and activities that go into the simple maintenance of a market, as well as some additional things they do at the Midtown Market to create an atmosphere that keeps people coming back. They have several special events, including

cooking demonstrations with Lucia Watson from Lucia's restaurant in Uptown. Demonstrations focus on cooking whole foods and are geared toward WIC-FMNP recipients who frequent the market. "Because a lot of the WIC recipients in the [Twin Cities] live in our area, we put our fliers in the envelopes with the WIC-FMNP vouchers and we also promoted the cooking demonstration."

Musical groups that play at the market are typically not paid, but sell their CDs and gain name recognition. The market helps to promote and publicize them as well. The entertainment is diverse, with "everything from South American flute players to Taiko drummers and Christian folk music to Hispanic dancers."

Another important enhancement the Midtown Market organizers offered were weekly workshops on issues regarding sustainability. An intern arranged most of the entertainment and workshops. The workshops focus on a waste reduction theme as part of the market's obligations to the Office of Environmental Assistance. Amy said, "It's so important to our community anyway—we have a very green community—so I thought that would be a natural fit."

In addition to special events, the market initially offered tables free to nonprofit organizations that want to come to the market and share information. Several nonprofits attended, including Big Brother/Little Sister, the Midtown Greenway Coalition, the Park Board, Master Gardeners, and neighborhood organizations. The Market now charges informational booths the same fee as other vendors.

Organizers of the Midtown Market provide a dumpster and trash containers for vendors and patrons, as well as handicap accessible bathrooms and wash stations. They also supply other miscellaneous but important items such as café tables, chairs, and umbrellas for patrons to use; a few market tents and tables (used by the market itself, community groups, and events—vendors must bring their own); and signs and banners.

#### *Future Plans and Advice*

Initial grants and other support were very important for getting the Midtown Market started. The continued success of the market, however, will depend primarily on dues paid by vendors at the market. Vendors pay \$20 per Saturday and \$10 per Tuesday for a market stall. According to Amy, one of the greatest challenges while starting the market was “managing all of the details and not having the budget to pay staff.” It is much easier to manage a smaller staff of five or so people working full-time than fifty volunteers with a multitude of different ideas and personalities. To others considering such a project, Amy advised “Make sure you have someone that is willing to see it through and be the central organizer, and make sure the people in your group know that that person is the central organizer, because one person needs to see all aspects, and they have to have the ability to say no to certain things. Find a good central person who is going to be kind of the champion, and who has about 30 hours a week to work on it.”

They continue to innovate. They recently received a grant from the Project for Public Spaces, Inc., with funding provided by the W. K. Kellogg Foundation. This grant was used to develop a system to accept Electronic Benefits Transfers (EBT), the system that replaced paper food stamps with a debit card system. Because farmers’ market vendors can’t take credit or debit cards, EBT cards cannot be used at most markets, which essentially stops recipients from being able to use food stamps at farmers’ markets. The Midtown Market is piloting the first Farmers Market EBT project in Minnesota, using a wireless terminal to swipe the cards for a certain amount and giving EBT shoppers one dollar wooden tokens to use at vendor stands. EBT tokens work just like cash in the market and can be used to purchase any eligible grocery items. The second component of the Midtown Market’s token program is a set of tokens that can be purchased

with a Visa or Mastercard and used to purchase any item in the market. Visa and MasterCard shoppers pay a minimal processing fee, which helps cover the cost of their own transaction and the monthly cost of the terminal. This makes the token program fairly sustainable, as well as providing a convenience to shoppers and boosting vendors’ sales.

The Midtown Market has been a success. It has close to 2000 visitors per week, 600 to 900 at the Tuesday market and 1000 to 1200 at the Saturday market. At the peak of the season, they have about 30 to 35 farmer vendors, and 5 to 10 local artists. In 2005 and 2006, the Saturday market was open from May through October, and the Tuesday market was added on from July through October. In the early part of the season, they have about a dozen vendors selling bread, meat, eggs, and cheese and some bedding plants. Joanna would like to find more farmers who have early spring vegetables. They also tried holding a Sunday market in 2005, but felt it just cut their Saturday attendance in half. Joanna said they’d wait to do that until the Saturday market was “bursting at the seams.” The Midtown Market has also succeeded in its aim of attracting customers and vendors from diverse backgrounds. “The Midtown Public Market is bringing people and cultures together, building bridges across the richness of diversity in this area,” said Father Jose Santiago of Holy Rosary Church in East Phillips.



**MIDTOWN MARKET**

**Profile: Farmers' Markets on Hospital Grounds**

Since hospitals and healthcare institutions are in the business of keeping people healthy, it only makes sense that they should contribute to eating habits that promote good health. One successful strategy has been to sponsor on-site farmers' markets.

In the summer of 2006, Hennepin County Medical Center (HCMC), the Minneapolis VA Medical Center, and Park Nicollet Health Services all began bringing healthy food directly to their patients and staff by hosting weekly farmers' markets and one-time market events. Each market featured fresh-picked produce grown by local farmers.

The Hennepin County Medical Center Market started in early August with four local farmers who were recruited by HCMC's Brenna Vuong, Director of their Clinical Therapeutics Program, with help from Brian Noy at the Institute for Agricultural Trade Policy. They formalized the agreement with the vendors by having them submit applications and obtain city permits to sell, although there was no vendor fee. Vendors signed letters of intent that they would sell every Wednesday through October, and they would follow the Rules of Operation (modeled after the Mill City Farmers' Market rules). Tables were set up by the hospital's main entrance near 6th Street and Chicago Avenue. The growers sold cut flowers and vegetables. Due to customer demand, one grower eventually obtained a distributor's license so that he could sell fruit. "Our staff loved the convenience," Brenna said. "And we had people coming from the neighborhood—they were thrilled to have the market, because there's little access to fresh produce in this area." HCMC plans to sponsor the market again next year. They're considering holding the market in the park across the street to further encourage community access, and may also seek at least one organic farmer for next year, as suggested by the medical staff.

At the Minneapolis Veteran's Administration in St. Paul, Linda VanEgeren worked with the St. Paul Farmers Market Association (SPFMA) to establish a Tuesday afternoon market from mid-

July through the end of September. Their goal was to increase employee access to fresh produce, but they also hoped that veterans receiving care at the VA, their family members, volunteers, and other community members would enjoy the market. The VA provided space in the parking lot, just outside the outpatient clinic doors, and the SPFMA selected the farmers, preferring farmers using organic methods as requested by the VA, to sell locally grown produce. They started out with 10 to 12 vendors, but quickly realized that was too many, and scaled back to 6 to 7 vendors. Employees enjoyed being able to choose from a wide variety of locally grown vegetables—beans, squash, corn, onions, tomatoes, peppers of all sorts, and Asian vegetables such as Thai eggplant. Farmers also sold fruit—raspberries, apples, and melon—as well as honey and beautiful cut flowers. The market was a success, and will be back by popular demand next year.

At Park Nicollet Health Services, Kris Haugen's job involves directing a health promotion program to keep Park Nicollet employees healthy. She works in HealthSource, a department that offers health promotion services to area employers. She realized that their own employees were at risk for not getting their "5 a day" servings of fruits and vegetables, and so worked to establish farmers' markets at five different Park Nicollet locations in the metro area. At two locations, Methodist Hospital and St. Louis Park, the markets became weekly events. Kris recruited three to four farmers for each market by visiting other markets, and approaching local farmers and asking if they would be interested in selling at an additional market. There was no formal agreement and no cost to the farmers. Park Nicollet staff set up tables either outside the buildings or in the lobby, depending on the weather. Farmers sold fresh fruit and vegetables, cut flowers, honey, maple syrup, sweet corn and apples. Two Hmong farmers introduced employees to new Asian vegetables and provided recipes. The market was extremely successful—the only complaints Kris had were from afternoon shift employees who wanted the 10 a.m. to 2 p.m. market to extend into their shift. One patient said that she began scheduling her weekly appointments for market

day. Kris said, "It did my heart good to see employees walking out of the building at the end of the day with two big bags of healthy fruits and vegetables."

These newly developed hospital-based Twin Cities markets are part of a budding national healthcare trend. A recent report, "Healthy Food, Healthy Hospitals, Healthy Communities" by Marie Kulick, of the Institute for Agriculture and Trade Policy's Health and Food Program,

([www.iatp.org](http://www.iatp.org)) highlighted several national programs using different strategies to introduce more locally produced fresh produce into patients' and staff's diets. One major health system, Kaiser Permanente, has embraced farmers' markets as a way to achieve its overall mission and improve the health of the communities it serves, opening more than 20 markets since 2003 at facilities in California, Hawaii, Oregon, and Colorado.

## Small Town Markets

Roxie Roberts and her husband Merle market their pork and beef at farmers' markets throughout central and northeastern Minnesota, including markets in St. Cloud, Brainerd, Crosby, Nisswa, Aitkin, and Grand Rapids. Roxie also manages the Aitkin farmers' market.

All of the small town markets that Roxie and Merle attend have a market manager and a set of rules, and all follow state guidelines for markets and vendors. Roxie is an unpaid volunteer manager for the Aitkin market but some of the other market managers are paid. Most small town markets struggle to get adequate funding. The Aitkin market had a small amount of grant money during its first year, and also held a burger, brat, and sweet corn meal as a fundraiser. Vendors help fund the market by paying an annual membership fee and also a stall fee for each day they attend the market. The market pays for a small amount of signage and advertising but relies heavily on word of mouth to advertise the market. The Westside Baptist Church hosts the Aitkin farmers' market in its parking lot, and the market makes a donation to the church in appreciation of that hosting.

Some urban markets feature musicians, artists or workshops that make the market into an event. Roxie said that adding those kinds of extra features to the Aitkin market has been discussed, but they haven't done it yet. Coordinating special events requires time and attention from the market manager, and when that person is also a vendor it is difficult to manage those "extras." Small town markets tend to be a grocery shopping destination for customers rather than an entertainment destination.

Roxie said that a drawback of smaller markets is that they do not have the variety or the quantity of products that can be seen at larger markets. There are not enough vendors at the small markets to meet the current demand, and she thinks that more vendors would really help to build the markets. An advantage of small town markets is that their small size makes them more personal. The vendors have time for a lot of one-on-one conversation with their customers, and this helps build customer loyalty. Roxie estimates that rural customers drive 20 to 50 miles to shop at the farmers' markets. She notes that loyal customers from the summer farmers' markets visit her farm to buy meat during the fall and winter.



ES

U.S.

*Fresh*

# COMMUNITY SUPPORTED AGRICULTURE

Community Supported Agriculture (CSA) is a partnership of mutual commitment between a farm and its members. Member fees cover a farm's yearly operating budget in return for a share of the season's harvest. Hence, CSA members share with the farmer the costs and risks of farming for the season, as well as the harvest.

Of the local marketing systems discussed in this publication, CSAs provide perhaps the most direct relationship between farmers and their communities. This intimate connection between the farmer and the CSA members is often based on a shared philosophy about food production

and community. A CSA structure benefits the farmer by reducing the need for loans, because the members put up capital for the seasonal operating expenses (though not initial CSA start-up costs.) Just as the farmers' input costs are basically the same, regardless of the size of the harvest, the member fees are the same, regardless of the size of the share each week. In good years, the members share in the bounty. In poor years, the shares will be smaller. Members of a CSA benefit not only from a healthy diet of fresh fruits and vegetables, but also from the opportunity to be connected to the farm that grows their food.

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## Are You Suited to a CSA?

To be successful in a CSA operation, you should have experience in growing produce, good communication and customer service skills, and excellent planning and recordkeeping skills.

### Experience

CSA operations require expertise in vegetable and fruit production as well as demonstrated past success. Your members are willing to take the weather and pests risks with you—to a point—but they'd like to know that you've had success in the past. If you are a novice at farming, learning how to manage a CSA at the same time that you are learning how to grow the crops might be just too much. If your goal is managing a CSA but you don't have much farming experience, consider starting out very small, or by selling your produce at farmers' markets or spending time as an intern or apprentice on another market or CSA farm. Selling at farmers' markets is a good way to get to know potential CSA customers, too, and for them to get to know you. This acquaintance can form the basis of the closer business relationship of a CSA.

### Communication and customer service

A CSA is an enterprise that will be sensitive to feedback from your members and you need to keep them well informed about happenings on the farm. Customers join CSAs because they want fresh vegetables and because they want a real connection to the farm that grows their food. Communication with your CSA customers is part of the value that you add to your products. Some CSAs send out weekly or monthly newsletters to their members. Some include recipes in the weekly produce containers. Some invite customers out to the farm for special events.

### Planning

A CSA farmer must be well organized and able to plan a whole season's production before the first seed is planted. You need to manage plantings for steady, season-long production so that customers receive the diverse, weekly box of produce that they were told to expect when they joined the CSA.

## Recordkeeping

You need to be committed to keeping detailed production and financial records. Customers are buying a share of the farm's yearly production and paying for it up front, before the growing season starts. This means that it is necessary to estimate all costs for the growing year, including your own salary or profit, and possible health insurance and retirement benefits. If your financial estimates are wrong, you risk running short of money after all your hard work. If your production estimates are wrong, you risk shortchanging your customers and losing their business. In your first year or two you will have to rely on other CSA farmers' experiences and rules of thumb to make your estimates. Careful recordkeeping during your startup years will be extremely valuable in helping you make estimates in future years. Many CSAs also use other markets for their produce, such as farmers' markets or restaurant sales. If you are managing a CSA as one part of a larger operation, you need to designate certain

acreage for the CSA shares and to calculate seasonal operating costs for the CSA based on those areas.

To help you evaluate whether you have the physical resources to establish a CSA enterprise, and whether this is a good match for your goals and skills, consult a resource evaluation tool. "Evaluating a Rural Enterprise" is one such tool from Appropriate Technology Transfer for Rural Areas (ATTRA). The Wisconsin Center for Integrated Agricultural Systems (CIAS) Research Briefs also offer valuable insight into successful CSA organizational structures and operation, and impact on the community. They studied CSA operations in Madison, Wisconsin, and the Twin Cities area in the early '90s, and identified common challenges and best practices. Specific production information and requirements for CSAs are outlined in "Community Supported Agriculture Resource Guide for Producers and Organizers" and "Sharing the Harvest: A Guide to Community Supported Agriculture."

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## Considerations for Operating a CSA

### Members

Once you've decided to start building a CSA, you'll need to decide how many members you want and then recruit them. Experienced CSA farmers recommend starting small. That way you can work out the kinks in your operation before encountering problems on a larger scale. If you are already selling at a farmers' market or roadside stand, talk to your customers to see if they would be interested in a CSA membership. You'll have to have a preliminary idea of what types of produce you plan to provide and have done some number crunching to have an estimate for cost of a share.

### Size and price of a share

In the Twin Cities area for the 2006 summer season, most regular CSA memberships were in

the range of \$450 to \$550 per season. A season typically ran for 18 to 20 weeks, and customers received 16 to 20 pounds of produce per week. This was estimated to feed a family of four. CSAs can offer a variety of pricing options. Half-shares are popular among small families or single people. Some farms offer a discount if customers pick up their share at the farm. Some CSAs offer a "working share" discount for customers who commit to working a specified amount of time at the farm.

### Harvesting, handling, and packing

You will need a system to harvest, wash, store, and pack your produce and a clean place for storing and packing. You need cool storage for vegetables that are harvested a few days before delivery. CSA deliveries are typically weekly.

## Packaging

CSA packaging methods are as diverse as CSAs themselves. Some use heavy-duty waxed cardboard boxes or plastic crates that they collect and re-use. Some use lighter cardboard boxes and replace them as they wear out or get lost. Some use mesh or other types of bags.

## Delivery locations and schedule

Many CSAs allow pick-up of shares at the farm, but also have one or more drop sites in locations convenient for their members. Some CSAs cooperate with local food co-ops, churches, offices, or other similar locations. CSA members pick up their shares within a specified time frame. Talk with your prospective members about their preferences. Some members may even be willing to open their home as a drop site for others in their area.

## Product mix

CSA farmers often consult their members about what kinds of produce they'd like to see in their boxes. Starting with the basics is wise, but as you gain experience you can try novel ideas. For CSA members, receiving uncommon fruits or vegetables in their boxes, along with information and recipes for using those foods, is one of the valuable things about belonging to a CSA.

CSAs can offer creative extras that differentiate their farm. For example, Rock Spring Farms in southeastern Minnesota offers a special salad share, with a weekly supply of salad greens and other salad ingredients. Ploughshare CSA near

Alexandria offers a frozen winter share, one hundred pounds (total) of a variety of frozen produce from Ploughshare Farm delivered over the course of the winter. The produce for the frozen shares are processed by residents at Camphill Village, a rural community where adults with developmental disabilities live and work with staff. Several CSAs are using hoop-type houses (high or low tunnel greenhouse-like structures) to extend their season and enable them to offer fresh produce well into the winter. The Food Farm, near Duluth, built a climate-controlled storage facility that allows them to store some vegetables and offer a winter share that provides monthly produce deliveries from November through March. Nokasippi River CSA near Brainerd uses corn-heated greenhouses to grow fresh salad greens throughout the winter. Some CSAs offer a weekly bouquet of cut flowers in addition to their regular vegetable share.

As with other enterprises, your best source of information will be experienced CSA farmers in your area. Listings or contact information for Twin Cities area, Wisconsin, and Iowa CSA farms can be found in the Resources for Community Supported Agriculture section. Telephone them, or start by visiting their websites. Several websites post pictures of contents of share boxes at various times in the season or have worksheets indicating what was delivered in each box throughout the last growing season. Visiting websites and reading sample newsletters will also give you an idea of how other CSAs communicate with their members and what kinds of events they host for members.

## EAT HEALTHY REBATE

[www.HealthyChoicesBigRewards.com](http://www.HealthyChoicesBigRewards.com)

A Madison-area health insurance company is teaming up with area CSA farmers on a really great idea. With the Eat Healthy Rebate program from Physicians Plus Insurance Corp., members can apply their Good Health Bonus rebate to the cost of a produce share from Madison Area Community Supported Agriculture Coalition (MACSAC) farms! Physicians Plus members can receive rebates of up to \$100 for single coverage insurance contracts and \$200 for family-coverage contracts.

PPI made it easy to apply for the rebate. Members choose a farm from the MACSAC list at [www.macsac.org](http://www.macsac.org) (24 member farms). They sign up using the form required by the specific CSA, write "P+ Eat Healthy Rebate" on the form, and mail a copy to Physician's Plus.

Katheryne Aubrach, Director of Marketing at PPI, reports that in its first year the program has had overwhelming response. They've had nearly \$100,000 worth of media exposure and 894 of 40,000 subscribers participated in the Eat Healthy Rebate Program. "At an average rebate of \$150 per participant, that's over \$134,100 supporting local CSA farms," said Katherine. "And 52 percent of the participants were new CSA members." Laura Brown, Director of MACSAC, reported that interest in CSAs among consumers and farmers has skyrocketed, CSA farms filled out their membership more quickly last summer, and 13 new farms requested applications to join MACSAC for 2007.

For people who want to develop a similar program, Katheryne suggested starting by

encouraging your employer to lobby their health insurer for these rebates. She also said that this program works because the Madison Area CSA farms form a coalition, so the health insurance company is working with one entity rather than 24 separate farms.

All parties are pleased with the success of the program, and a 2007 Eat Healthy Rebate program is already in place. As it says on the PPI website—"What could encourage a healthier diet more than a weekly delivery of a box brimming with fresh organic fruits and vegetables?! This is such a win-win—for families, for local farmers, and for a healthier community." Miriam Grunes, Executive Director, REAP Food Group.

## Resources for Community Supported Agriculture

*Community Supported Agriculture*. 2006. K. Adams. ATTRA. Publication no. IP289. Available in full text online or from: ATTRA, PO Box 3657, Fayetteville, AR 72702. (800) 346-9140 (English), (800) 411-3222 (Español). [www.attra.org/attra-pub/csa.html](http://www.attra.org/attra-pub/csa.html).

*Iowa Community Supported Agriculture Resource Guide for Producers and Organizers*. 1997. Publication no. PM-1694. Available from: ISU Extension Distribution, 119 Printing and Publications, ISU, Ames, IA 50011-3171, (515) 294-5247. [pubdist@iastate.edu](mailto:pubdist@iastate.edu). [www.extension.iastate.edu/store/](http://www.extension.iastate.edu/store/). Includes information and resources for organizing and producing for a CSA in Iowa.

CSA research briefs. Center for Integrated Agricultural Systems (CIAS). Available in full text online or from: CIAS, 1450 Linden Drive, University of Wisconsin, Madison, WI 53706. (608) 262-5200. [www.wisc.edu/cias](http://www.wisc.edu/cias). For online version, go to: <http://www.cias.wisc.edu/catalog.php> and click on appropriate brief.

#21: Community Supported Agriculture: Growing food...and community. 1996. Contains CSA overview information.

#40: Managing a CSA farm 1: Production, labor and land. 1999. First part of results from a CIAS study which surveyed, interviewed, and observed CSA farmers and farm members to document their experiences and best practices.

#41: Managing a CSA farm 2: Community, economics, marketing and training. 1999. Second part of report about CIAS study of area CSA farms and farm members.

#52: CSA: More for your money than fresh vegetables. 2001. CIAS study which compared Minnesota/Wisconsin CSA produce prices to those at several other retail outlets over a two-year period.

## Directories of CSA Farms

*CSA Farm Directory: 2007 Edition of the Twin Cities Region*. 2007 (updated annually) Land Stewardship Project (LSP). Available in full text online or from: LSP, 2200 4th Street, White Bear Lake, MN 55110. (651) 653-0618. [www.landstewardshipproject.org/pdf/csa.pdf](http://www.landstewardshipproject.org/pdf/csa.pdf)

Madison Area Community Supported Agriculture Coalition (MACSAC) Farmlist. Available online or contact: MACSAC, PO Box 7814, Madison, WI 53707-7814. (608) 226-0300. [info@macsac.org](mailto:info@macsac.org). [www.macsac.org/farmlist.html](http://www.macsac.org/farmlist.html). This lists CSA farms serving southern Wisconsin who belong to the Coalition (have been through a peer-reviewed application and interview process).

*Iowa CSA Farms: 2006 Statewide List of Iowa CSA Farms, Producers, and Organizers*. 2006. Iowa State University Extension. Publication no. PM 1693. Available in full text online or from: ISU Extension Distribution, 119 Printing and Publications, ISU, Ames, IA 50011-3171, (515) 294-5247. [pubdist@iastate.edu](mailto:pubdist@iastate.edu). This lists Iowa CSA farm contact information and includes an Iowa map with counties marked that have operating CSAs. [www.extension.iastate.edu/Publications/PM1693.pdf](http://www.extension.iastate.edu/Publications/PM1693.pdf)

**Profile: Easy Bean CSA**

Mike Jacobs and Malena Arner-Handeen  
 Milan, Minnesota  
 www.easybeanfarm.com

After spending two years as an apprentice on a farm in California, Mike Jacobs moved to Milan, Minnesota, with the intention of creating a direct marketing enterprise. In 1996, he began producing vegetables for sale at farmers' markets as well as wholesale to food cooperatives and restaurants. Malena Arner-Handeen joined Mike on the farm in 1998, and they decided to make the transition to Community Supported Agriculture. Mike saw Community Supported Agriculture as a good fit for him and his philosophy about local food systems—a way to raise awareness of food and food production as well as to provide people in the city with produce that is healthy for them and the environment.

They began by making and sending out brochures to people they knew in the Twin Cities and the Milan area and asked these people to tell others about the CSA. The initial members of Easy Bean CSA were primarily friends and family. Mike stressed that it's important to "start really small and realistic and start with a plan of where you're heading." Mike started with 30-35 members. "Some things will inevitably go wrong as you're beginning, and it's easier to cope with difficulties that arise if you're working on a smaller scale." CSAs typically grow by word of mouth, so having the confidence of your members is crucial to the growth of a successful enterprise. Mike and Malena retain most of their customers from year to year.

*Current Operation*

The delivery season at the Easy Bean CSA lasts about 18 weeks. Each week members receive a box with a variety of seasonal produce, usually about 12 to 15 items. Mike bases the quantity of produce in each box on what he thinks a family with two adults and two children could eat in a week.

Providing a good variety of produce

consistently each week requires sound planning and good organization. Mike uses a spreadsheet to plan out planting and harvest times and to keep track of the logistics of his CSA. Harvested produce is weighed each week. Mike keeps careful yield records from each standardized bed (5 feet wide by 240 feet long). Because he knows what a bed should yield for each of his crops, he can detect lower than average yields and try to identify the cause, even before there are visible symptoms on the plants.

Mike uses annual member surveys to aid his planning for the next season. His survey results are usually split about 50/50, with half of his customers wanting standard produce like tomatoes, carrots, potatoes, etc., and others asking for greater variety, and more exotic foods in their weekly shares. He tries to create a balance between the two, packing boxes with mostly standard items, but throwing in some Asian greens and other more exotic produce. If they have a bumper crop of a particular vegetable, members receive an extra portion. They take into consideration the aesthetics of the share contents—color and diversity of in-season produce—and the nutritional value. The most popular items are tomatoes and sweet corn, though Mike has found that sweet corn is not very economical for a CSA to grow. Mike cooperates with another farmer, providing the land to grow the flowers for a flower CSA called Easy Bloom. Their customers can pay a little extra for their share and receive flowers in each of their weekly boxes.

A CSA is a very labor- and time-intensive operation. Early in the season most of Mike's time is spent in a greenhouse, planting and tending seedlings that will later be transplanted. He does field preparation in the early spring—spreading compost, primary tillage, bed preparation. Later, when the soil is warmed up, he is busy transplanting young seedlings, then cultivating, mostly by hand and some with a tractor, then mulching. Mike plants cover crops in the fall to control erosion and act as green manure to increase soil fertility in the spring. Mike shares with neighbors some equipment that is only used a few times each year. He spends a significant amount of time

during the growing season pruning tomatoes and Brussels sprouts. Mike walks the fields daily, checking for pests and other problems, and treats pests when necessary with biological controls like *Bacillus thuringiensis* (Bt).

Each summer Mike and Malena hire four apprentices that live on the farm for the summer. They help with most chores on the farm, learning valuable skills in the process. Mike also shares labor with friends and neighbors, who take turns helping out on each others' farms as needs arise.

Weekly share deliveries begin in June. On Tuesdays and Thursdays you will find Mike, Malena, and co-workers harvesting, weighing, washing, and packing produce. Produce is washed in a separate washing facility in a shed. They have drop-off sites in Morris, Montevideo, Milan, Wilmar, Minnetonka, the Linden Hills and Seward neighborhoods in Minneapolis, and one in St. Paul. Mike does rural delivery on Tuesdays, which takes about two hours. Every Friday two people load the delivery truck and depart for the Twin Cities at 4 a.m., finishing with CSA and wholesale deliveries by noon, before making the 2 1/2-hour drive back home.

Like many CSA farmers, Mike does some things at Easy Bean that are not typical farm chores. With each weekly share, he includes a newsletter with recipes and information about what is happening on the farm, as well as some of his philosophy about Community Supported Agriculture. Although he does not offer a "working share" as some CSAs do, his customers are always welcome to come out to the farm. Some members come and help out over a weekend and many members attend either the spring or fall party Mike has out at Easy Bean.

#### *Pricing and Marketing*

The price of a 2006 CSA share in Easy Bean farm was \$465 for someone living in the Twin Cities and \$445 for someone in the Morris area. Mike figures that in a normal year, their members are getting vegetables for the same wholesale price that food cooperatives pay for produce. Mike crunched numbers and initially thought

he would need at least 90 members to earn his desired profit. Their net income in 2004 with 112 members was about \$22-24,000, which he thought was fine for them growing their own food and living in Milan. His plan at that time was to grow the CSA to 150 members. Demand for the CSA shares presented an opportunity for further growth, however, and Easy Bean met the challenge. There were 230 shares in 2006, which provided Mike and Malena a gross income of \$93,000 and a net of \$42,000. The CSA is growing further to 250 shares in 2007, and Mike plans to grow it to 300 shares over the next two years. Most new members come from referrals and word of mouth. They have advertised in the *City Pages*, a weekly free Twin Cities newspaper, and they have five to six new customers sign up each year as a result of his attending the Living Green Expo in St. Paul and being listed in the Land Stewardship Project's CSA directory. Over the years, Mike has steadily built up a viable, successful operation.

#### *Future Direction and Words of Advice*

Mike would like to see a thorough study of the economics of CSAs, as he has seen several fail in the past few years. He thought that the cost of acquiring land was likely a major barrier for many CSAs and advised farmers to rent land if they don't already own it. He believes that being as debt free as possible is crucial for a successful CSA. Renting land, at least initially, also means that there is less risk involved. They were given the land for Easy Bean, which he thinks was crucial for their success. He said it is important not to be undercapitalized. There are many unforeseen costs associated with a CSA, and it is important to have money on hand for whatever may arise. It is important to know what you need to accomplish in order to make a profit. It's also helpful to learn how to do the work required for maintenance of the farm, such as welding. Mike suggested learning to do as much on the farm yourself as you can.

In retrospect, Mike feels that he could have been more careful when deciding what kind of equipment he needed. For example, he mentioned that farmers starting a CSA often get stuck in a "one acre mentality." As their CSA

grows, they buy the least expensive equipment that they can while still meeting the needs of increasing their acreage in production. However, if you plan to move from one acre to ten acres over a few years, it will probably be more cost efficient to buy the equipment early for ten acres, rather than upgrading each year. Farm equipment quickly depreciates in value.

He found that the learning curve was very steep when he first began operating his CSA, and mistakes were common. "That's where most of our knowledge has come from, just literally doing it wrong." Mike felt that his apprenticeship was invaluable in helping him develop a successful CSA. "There's nothing like an

apprenticeship to give you an idea of how much work it is, and what the fun parts are, and to just get a feel for the season." He also suggested networking with other farmers who have experience with CSAs or vegetable production. He attended the Upper Midwest Organic Growers Conference, and received a large amount of help from farmers he met there.

Though Mike and Malena have thus far built a successful CSA, they have plans to keep moving forward. They would like to continue planting trees and restoring prairie on their 120 acres. They also want to add an education program on their farm.



EASY BEAN CSA

PHOTO BY KRISTI LINK FERNHOLZ

# AGRITOURISM

For most farmers, marketing consists of getting their products to the consumer. Some have found that it is also possible to bring the consumer to their product. Entertainment and tourism-based farming enterprises can take on many forms, but they do often share a few characteristics.

A wide variety of activities could work for an agritourism enterprise. These activities are intended to entertain people visiting the farm, but there is an educational aspect to them as well. Only a small percentage of United States residents live on farms. There is tremendous interest in farms among people who live in

urban areas, smaller towns, and even nonfarm rural residents. Many people remember visiting a relative's farm as a child, and they want their own children or grandchildren to have that kind of experience. Getting customers involved with activities on the farm can help to foster a sense of connection to their food and those who produce it. Agriculture that serves peoples' desire for recreation is a way to connect an agricultural enterprise to the surrounding community and help people renew their connection to that community as well as to nature and to their food. Agritourism provides an excellent educational opportunity.

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## Choosing an Enterprise

Before deciding on a specific enterprise or event, consider your motivation for moving into agritourism. Are you seeking to improve profits, make a deeper connection to your consumers, provide a valuable community service? Consider what both your farm and your community have to offer. If there is a lot of interesting history in your area, then tours or hayrides may be a good idea. Access to rivers and lakes may provide you with a good start on a guided fishing operation or canoe trips. See if you can team up with other businesses in your area to capitalize on the uniqueness of your region. Agritourism is a rapidly growing area, and there are numerous resources to help you assess your farm and community assets and consider how an enterprise on your farm might play into a "regional flavor" theme.

Your location is critical. There is a limit to how far people are willing to travel to visit a farm, but the limit depends on what kind of activities, events, educational and other opportunities are offered. A farm located close to a town or city may be quite successful hosting a harvest festival, while someone located much farther away would not. A farm with a remote location, however, may be perfect for a bed-and-breakfast, as people seeking a retreat or short vacation don't mind putting some distance between them and the city. Contact your local chamber of commerce for help finding information about how much traffic there is in your area and how far customers are willing to drive for certain activities. The Explore

Minnesota regional representatives and the University of Minnesota Tourism Office can also help you estimate customer demand for certain activities. These groups may also be able to help you determine whether a proposed agritourism enterprise in your region would be feasible and direct you toward area resources. An online fact sheet from the University of California's Small Farm Center can help you profile the customers you are seeking and what they would most likely enjoy in a trip to your farm.

As always, talking with other farmers is a good idea. In addition to giving you insight about potential customer demand, farmers managing similar operations can tell you what type of regulations apply, and how they address liability issues. If other farmers in your area are working on similar projects, you may want to find out how much competition you will be up against, or if you can work cooperatively to market your enterprises.

Talking to other farmers with entertainment enterprises is also a good way to find out how much time and effort will be required for different enterprises. Hosting an annual barn dance or rodeo requires intense periods of work, but it is a temporary commitment. A petting zoo or horseback rides will require a continual commitment. You can set hours to allot a specific amount of time for your enterprise, but this must be balanced with customer demands and convenience.

## Getting Started

Once you have settled on an idea, before you even begin preparing your farm physically for the new enterprise, you'll need to do some serious planning. Start by contacting your local authorities to see what you will need to comply with local and state ordinances (see the Local Regulations section on page 80.)

Agritourism means inviting the public into your personal and professional space, so you will need to set up some ground rules for yourself to help you manage your customers and avoid burnout. Ask yourself what hours you want to be open, how many days a week, and so forth. Will you accept visitors by appointment outside of those hours? Will you need to hire help to take care of all of the work? If you are managing a bed and breakfast, how will you handle reservations, payments and cancellations? If you are having hay rides, how many people will be able to go at once, and how often will you take a ride? If you have an archery range, will you have an age limit or require adult supervision with children under a certain age?

Another important aspect of your rules and regulations deals with risk management. Some agritourism ventures carry a higher risk than others of injury to your customers. Horseback riding and rock climbing are examples of high-risk activities. Just the presence of visitors on your farm, though, is a risk to you that requires some liability insurance coverage. Be sure to speak with your insurance provider about any possible additional coverage you may need. See the Liability section (page 91) for more information about limiting risks to your customers and to yourself. This is also another good time to speak with those who are already involved in such an enterprise and learn what problems they have encountered. The Minnesota Grown directory ([www.mda.state.mn.us/mngrown](http://www.mda.state.mn.us/mngrown)) lists farmers with a variety of agritourism enterprises. Check that directory to find people who are already doing something similar to what you want to do.

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## Marketing

The success of your enterprise will hinge upon two things: getting your name out to the public and attaching a good reputation and image to that name. There are lots of ways to accomplish both of these tasks. This is the time to take advantage of all your community contacts and networks!

### Design a logo

Develop an attractive brochure with directions to your farm. Create business cards for your enterprise and hand them out at every opportunity. This is not the time to be shy! Word-of-mouth is a very useful advertising technique for farm-based businesses.

### Use the Internet

There are a number of websites that allow you to list your agritourism enterprise in a directory

that is available to the public. Some of the sites offer free listings, while some charge a fee. You can also develop your own website. Templates for web pages are available that make it quite easy to develop a site. The University of Minnesota Extension Service offers assistance with this kind of marketing (see Resources for Internet Marketing, page 106).

### Get involved in your community

Join your local chamber of commerce or other microenterprise groups and work with them to coordinate with other tourism enterprises in your area in developing a "regional flavor" campaign. Volunteer to make presentations on behalf of your community's attractions and offer your farm as a meeting place for local organizations. Display materials from local sites of interest in an attractive space on your farm.

### Make use of tourism organizations and conferences

Those that work with “green tourism” such as Green Routes; the University of Minnesota Tourism Center, which sponsors the annual Minnesota Sustainable Tourism Conference; the University of Minnesota Regional Sustainable Development Partnerships; and Explore Minnesota Tourism offer assistance and resources (see Resources for Agritourism at the end of this section).

### Work with the media.

Local radio, newspaper, and television reporters are always on the lookout for good stories, so help them out by contacting them with your

story! The tourism organizations mentioned above can also help you work with the media to get information about your farm out to the public. The Renewing the Countryside website has an online media toolkit with fact sheets that provide tips for working with the media and writing a press release, as well as ideas for creating media events and other promotion materials for your farm.

Media attention, logos, and fancy brochures won’t insure a successful enterprise if you don’t provide a quality product and outstanding service. At a minimum, you must have clean and safe areas and equipment, anticipate customer needs, and provide knowledgeable, friendly customer service. To distinguish your operation, consider little “extras.”



THE BROODIO AT MOONSTONE FARM

## DETAILS THAT MAKE A DIFFERENCE

- Exceptionally clean, neat, and photogenic surroundings
- Convenient and clean bathroom facilities with a place to change diapers
- Safe and fun play areas for children
- Seasonal decorations
- Free coffee, tea, or hot chocolate
- A well-stocked first aid kit handy for those inevitable minor mishaps
- Accessibility for people with varying physical abilities

Getting repeat customers is one key to a successful agritourism venture. Repeat customers—the people who keep coming back—not only provide you with a secure customer base, but they are also likely to spread the word about you to their friends and family. Changing decor or themes regularly gets customers to come back to see what you've got this week, or this month, or this season. You could offer weekly specials on various products, for example. One expert in superior customer service used humorous signs for reserved parking spaces that he changed frequently, such as "Reserved for mothers who have more than four children" or "Reserved for those who ate five fruits and vegetables yesterday." Minnesota's changing seasons are an asset to agritourism: You could feature springtime fruits and vegetables, canoeing or fishing in the summer, corn mazes and pumpkins in the fall, and sledding or sleigh rides in the winter.

Another key to a successful agritourism enterprise is offering people a variety of ways to spend their money on your farm. If you have an apple orchard, for example, you don't have to just offer fresh apples for sale. You might also sell

apple jelly, apple butter, apple pies, apple cookbooks, and arts and crafts featuring apples. You could have a guided tour through the apple orchard—maybe it's a hayride tour—and charge a fee to take the tour. You could have a demonstration of pressing apple cider and offer cider for sale. You could host a weekly demonstration of apple-related things—how to make a doll with a dried-apple head, how to make applesauce, how to plant your own apple tree—and charge an admission fee to attend the demonstration.

Are you ready to open for business? One way to test your readiness is to host a trial event or weekend for friends and family. They can even do some role-playing to help you figure out ways to make things flow smoothly for your customers.

Agritourism is a great way to earn income from your farm while providing people with an enjoyable outing. It requires a very high level of customer contact and can be time-consuming, but also can be profitable. Besides good profit potential, agritourism can be enjoyable for the farmers as well as their customers.

## SOME THINGS TO CHECK BEFORE YOU OPEN

- Are direction signs adequate to help people find your farm?
- Can people move easily between your parking area and the area where things are happening?
- Are there any hazards or debris that you missed that need to be cleaned up?
- Are bathroom facilities well marked?
- What will you do if a child scrapes a knee or pinches a finger, or if a customer has a more serious health emergency?

## IDEAS FOR AGRITOURISM ENTERPRISES

- Agriculture food and craft shows
- Animal feeding, animal birthing
- Archery range
- Guided nature walks (rock collecting, bird watching, other wildlife viewing, stargazing)
- Wildlife habitat restoration/improvement projects
- Historical tours or hayrides
- Barn dances (square dances or other folk dances)
- Harvest festivals
- Hay rides/sleigh rides
- Bed and breakfast (rural and historical)
- Boating, canoeing, kayaking
- Camping/picnicking
- Corporate picnics
- Weddings
- Elder hostel
- Family reunions
- Farm or ranch work experience (roundup, haying, fencing, calving, cutting wood etc.)
- Fee hunting
- Fee fishing (ice fishing in winter)
- Food festivals
- Floral arranging, wreath making
- Fly fishing and tying clinics
- Guided crop tours
- Guiding and outfitting
- Horseback riding
- Historical displays (ag history, machinery, etc.)
- Outdoor games (paintball, laser tag)
- Haunted house/haunted woods
- Hunting dog training and competition
- Mountain biking, hiking, cross-country skiing
- Petting zoo
- Photography/painting
- Rock climbing
- School and educational tours and activities
- Tipi building
- Trap and skeet shooting
- U-Pick operations (fruits, flowers, vegetables, Christmas trees)

*Source: Compiled from: "From A to Z: Potential Enterprises for Agricultural and Nature Tourism," The University of California Small Farm Center and "Taking the First Step: Farm and Ranch Alternative Enterprise and Agritourism Resource Evaluation Guide," NRCS Alternative Enterprises and Agritourism*

## Resources for Agritourism

### General Resources for Agritourism

*Considerations for Agritourism Development.* 1998. D. Kuehn, D. Hilchey, D. Ververs, K. Dunn, and P. Lehman. NY Sea Grant, Oswego, NY. Available in full text online or from: New York Sea Grant, 62B Mackin Hall, SUNY College at Oswego, Oswego, NY 13126. (315) 312-3042. [www.cce.cornell.edu/seagrant/tourism/tourism/wwwagrifs.pdf](http://www.cce.cornell.edu/seagrant/tourism/tourism/wwwagrifs.pdf). This publication includes business planning and practical tips for starting an agritourism enterprise. It also provides case studies of several successful New York agritourism enterprises.

Agricultural Tourism Operation Fact Sheets. Available in full text online or from: Small Farm Center, University of California, One Shields Avenue, Davis, CA 95616-8699. (530) 752-8136. [sfcenter@ucdavis.edu](mailto:sfcenter@ucdavis.edu). [www.sfc.ucdavis.edu/agritourism/factsheets.html](http://www.sfc.ucdavis.edu/agritourism/factsheets.html) This website links to a series of agritourism fact sheets on topics ranging from "Assessing Your Assets" to "Top Marketing Ideas for Agri-tourism Operations." The Small Farm Center has also compiled a database of possible agritourism enterprises, which can be found online at: [calagtour.org/AgTour.ASP](http://calagtour.org/AgTour.ASP)

*Taking the First Step: Farm and Ranch Alternative Enterprise and Agritourism Resource Evaluation Guide.* 2004. NRCS Alternative Enterprises and Agritourism. Available in full text online or from: Southern Maryland RC&D, 303 Post Office Road Ste B4A, Waldorf, MD 20602. (301) 932-4638. [somdracd@verizon.net](mailto:somdracd@verizon.net). [www.nrcs.usda.gov/Technical/RESS/altenterprise/FirstSteps.pdf](http://www.nrcs.usda.gov/Technical/RESS/altenterprise/FirstSteps.pdf) This guide takes you step by step through evaluating your resources, exploring agritourism alternatives, and planning your enterprise. Includes useful examples and worksheets for exploring agritourism enterprises.

*Regional Flavor: Marketing Rural America's Unique Assets.* 2006. Association for Enterprise Opportunity (AEO). Available from: Renewing the Countryside, 2105 1st Ave S, Minneapolis, MN 55404. (866) 378-0587. [info@rtcinfo.org](mailto:info@rtcinfo.org). [www.renewingthecountryside.org](http://www.renewingthecountryside.org). This publication uses a rural economic development approach that highlights successful methods, innovations, challenges, and resources in the sustainable tourism, and food and artisan sectors, as identified by AEO's "Rural Learning Clusters." [www.microenterpriseworks.org](http://www.microenterpriseworks.org).

### Minnesota Agritourism Resources

Green Routes. 2006. 2105 1st Ave S, Minneapolis, MN 55404. (866) 378-0587. [info@greenroutes.org](mailto:info@greenroutes.org). [www.greenroutes.org](http://www.greenroutes.org). Green Routes glovebox maps and online web pages list regional small businesses that are rooted in their communities: farms, restaurants serving local food, artisans, and regional sites of interest.

University of Minnesota Tourism Center. 116 ClaOff Bldng, 1994 Buford Avenue St. Paul, MN 55108. [www.tourism.umn.edu](http://www.tourism.umn.edu). Agritourism contact: Kent Gustafson. (612) 625-8274. [kgustaf@umn.edu](mailto:kgustaf@umn.edu). The Tourism Center website contains Minnesota visitor profiles, information about the spring sustainable tourism conference, and contact information for Extension educators working on tourism in your region.

Explore Minnesota Tourism. 100 Metro Square, 121 7th Place E, St. Paul, MN 55101. (651) 215-9041 or (800) 657-3535. [industry.exploreminnesota.com](http://industry.exploreminnesota.com). Explore Minnesota Tourism has staff in St. Paul, Mankato, Duluth, Brainerd, and Thief River Falls who work closely with communities and businesses interested in tourism development.

Public Relations and Marketing Toolkit. 2005. Renewing the Countryside. Available online or from: Renewing the Countryside, 2105 1st Ave S, Minneapolis, MN 55404. (866) 378.0587. [info@rtcinfo.org](mailto:info@rtcinfo.org). [www.renewingthecountryside.org](http://www.renewingthecountryside.org). Click on "Special Projects" in lefthand column, then click "PR Toolkit." This public relations kit contains easy-to-use tools: press release templates, fact sheets, and resources to publicize your farm, ranch or rural business.

## MINNESOTA WINERIES

Mention locally grown Minnesota wine to someone and their response is likely to be, “Grapes can grow in Minnesota?” Who knew! Apparently David Bailly did, since he confidently planted grapes into a 20-acre field of rye just outside of Hastings in 1973. The Alexis Bailly Vineyard sold its first wine in 1979 under the motto “Where the grapes can suffer.”

Vineyards and wineries are wonderful agritourism destinations and they are springing up all over Minnesota. At Morgan Creek Vineyards near New Ulm, a stop on a recent agritourism press tour, Paula Marti said that when they began selling in 1999, they were the fifth winery in Minnesota. In 2006

there are 21. Aided by a University of Minnesota grape breeding program, one of only four in the country, and the hiring of a University of Minnesota enologist, vintners now have several new Minnesota-hardy varieties to grow; plus access to wine-making research at the new facility near the Landscape Arboretum in Chanhassan, Minnesota.

Winemakers are realizing that in addition to increasing demand for their wine, there is also interest in experiencing the “sense of place” inherent in wine-making, so the wineries and vineyards themselves have become popular tourist destinations. Minnesota wineries

typically host wine tastings, but many now also offer regular tours of their operations and some have built inviting sitting areas with scenic views of the vineyards. Paula and Georg Marti of Morgan Creek created a European ambience by adding an outdoor wood-fired oven for baking artisan flatbreads and gourmet pizzette to serve on their scenic patio on monthly musical jazz nights.

Special events and festivals are also big draws for wineries, and the annual “Cambria Crush” grape stomp competition in early October at Morgan Creek draws hundreds of visitors. The Three Rivers Wine Trail promotes six Minnesota wineries and a vineyard/nursery all located within the St. Croix, Mississippi, and Cannon River Valleys.

And if you think grapes are fine for southern Minnesota, but won’t work in northern Minnesota, talk to Two Fools—really! Two Fools Vineyard and Winery, about 10 miles south of Thief River Falls, has the distinction of being the northernmost Minnesota winery. Most wineries purchase grapes from other area growers, and the demand is growing.

For more information on Minnesota wineries and grape growing, visit the Minnesota Grape Growers Association site at [www.MNgrapes.org](http://www.MNgrapes.org) and the U of MN cold hardy grapes site at [www.grapes.umn.edu](http://www.grapes.umn.edu).



MORGAN CREEK VINEYARD

**Profile: The Broodio**

*Moonstone Farm,  
Audrey Arner and Richard Handeen  
Montevideo, Minnesota  
<http://www.prairiefare.com/moonstone>*

Audrey Arner and Richard Handeen operate a century farm, one that has been in Richard's family since 1872. They have managed a grass-based cattle herd since 1993 and since that time have successfully direct-marketed their natural grass-fed beef through restaurants and their website, [www.prairiefare.com/moonstone](http://www.prairiefare.com/moonstone). When they returned home to their Montevideo farm after a 1997 tour of how sustainably grown products were being marketed in Europe, they decided to add another enterprise to their diverse operation—and began planning to enter the agritourism business.

They live in a beautiful area of the Minnesota River Valley with easy access to terrific birding and hiking trails, and great boating near the confluence of the Chippewa and Minnesota Rivers. They were motivated by a desire to share their love of the land and the prairie with others, so they decided to open a small “bed and bagel.”

Audrey gathered information from several sources: Kent Gustafson at the University of Minnesota Tourism Office and friends associated with agriculturally based tourism in Italy and England. In 1998, they created a cozy one-room cottage by remodeling an old brooder house on the farm which had more recently been used as Audrey's painting studio. “The Broodio” was born. Visitors experience life on a small farm in West-Central Minnesota and can also learn about issues in perennial polycultures, grass-based livestock, and local food systems. In cool seasons, the fresh air at Moonstone Farm is tinged with the faint scent of wood burning in the Broodio's stove. The landscape is a diverse mix of tree species and sizes, with a small pond and a creek running through the middle of the farm. The Broodio offers people a place for solitary retreat as well as access to a vibrant rural community.

*Current Operation*

In a typical year Audrey and Richard host 30 to 40 guests, many of whom return periodically. The Broodio is licensed for lodging through the Minnesota Department of Health, which has a local office in the nearby town of Benson. Though Audrey was initially a bit intimidated about having to go through the licensing process, she found the Department of Health very easy to work with. The lodging license requires yearly inspections, which include water testing. Audrey and Richard also purchased additional liability insurance after getting the Broodio underway.

Guests check-in late afternoon and receive an orientation to the Broodio, its amenities and surroundings, the bathing facilities located in the house, hiking trails, the pond complete with canoe, and some instructions on how to use the state-of-the-art woodstove. After seeing what the farm has to offer, guests usually like to burrow in and make the place their own. Audrey and Richard love to refer guests to their favorite area restaurants, historic sites, musical venues, and scenic and natural areas. Audrey said, “Some people are coming and going all the time and some people just hunker in.” Most guests stay a night or two, some stay a week. In the morning, guests receive a basket filled with muffins or bagels, local butter, and preserves, and have ongoing supplies to make their own coffee, tea, or hot chocolate. Because they don't have a separate kitchen facility, Audrey and Richard cannot cook breakfast for their guests (hence “bed and bagel” designation).

Guests can also sample Moonstone Farm beef and cheese. In 2003 Audrey and Richard remodeled the original carriage house and started an on-farm “shoppe” where they sell their own and family members' artwork, as well as their own and others' Pride of the Prairie food items, so guests can take some of the prairie with them when they leave! “That's a convenient aspect of having multiple enterprises,” Audrey said.

The Broodio is open year-round, with maintained cross-country ski trails along the creek and around the farm in the winter. Though business slows in the winter, the Broodio is popular for the holidays or as a mid-winter retreat. In addition to the skiing and hiking offered on the farm, Audrey and Richard often send people to the Minnesota River Trail around Montevideo or to Lac Qui Parle State Park.

Richard and Audrey spend about an hour on routine housekeeping chores following a guest's stay. In addition, they hire someone to help them thoroughly clean the Broodio once a month. "You have to have an elevated level of cleanliness and attention to detail, in order for all your guests to be comfortable," Audrey said.

#### *Marketing and Pricing*

Promotion of the Broodio is mostly by word-of-mouth, Moonstone's website, and the farm brochure. They have had good publicity through news articles, and the book, *Renewing the Countryside*. The price for a night at the Broodio is \$75. In determining the price, Audrey said they "thought about what's affordable for us, or what would be really appealing for us."

Audrey and Richard also actively coordinate with other area businesses to promote the Montevideo area and the Upper Minnesota River Valley. Referrals to the Broodio from area businesses make up a large portion of Audrey and Richard's business. When their guests are looking for good food or coffee, they often send them to Java River, a restaurant in Montevideo that features locally grown food and the work of local artists. A willow chair inside the Broodio was made by local furniture-crafters at Stony Run Woods, so guests often visit that furniture shop. The class schedule for the Milan Village Arts School lists the Broodio among places for students to stay while attending classes at the school. The area has many resident artists and the region now hosts an annual "Meander-Upper Minnesota River Art Crawl" in early October, a self-guided tour of over 50 artist studios that features the region's art, culture, and natural beauty. This kind of coordinated effort to entice people to the region builds

vibrant rural communities. Recently, Moonstone has been included in a Green Routes pamphlet (and website [www.greenroutes.org](http://www.greenroutes.org)) which show maps highlighting establishments that produce or use local food in the Upper Minnesota River Valley. This mapping effort helps visitors connect the dots and plan a "green" vacation in the area.

#### *Future Direction and Advice*

Audrey's advice to others thinking of starting a bed and breakfast is to "think in terms of what kind of feeling you want to create." It's a good idea to pencil out your plans and to figure out what kind of return you will be able to get on your investment. Moonstone Farm continues to evolve and Audrey and Richard are considering the possibility of adding some more buildings for housing. During the summer several interns stayed in a remodeled granary that they are considering turning into a full-time guesthouse. They have also thought about adding a separate cooking facility so they could host local, sustainable gourmet meals and better accommodate the occasional large events they host.

Though life on the farm became a little busier with the Broodio, the benefits seem to have outweighed the added responsibilities. Audrey said, "There are a lot of incidental conversations that happen about the transitions we've made in our farm over the last 30 years or so, about grass-based livestock, about prairie culture." The guests who stay at the Broodio come for many different reasons. An acquaintance of Audrey's said, "In this new century the most valuable commodities to people who live in cities and have a certain pace to their lives...are privacy and quiet." Ironically, some people who have become accustomed to the noise and commotion of the city have actually found it difficult to sleep in the quiet and solitude offered at Moonstone Farm. But as Audrey said, "Nobody complains about the stars, though—that there are too many stars." The prairie sky at night is something to behold.

**Profile: Nordic Ridge Gardens**

*Gene Eklin*

*Bovey, Minnesota*

*www.nordicridge.com/*

Located between Grand Rapids and Hibbing, Minnesota, on the edge of the Mesabi Iron Range, Nordic Ridge Gardens features a pick-your-own strawberry field and a fall pumpkin patch with a variety of fun activities, and is just beginning to offer some winter activities.

Nordic Ridge was a dairy farm until 1986. Owner Gene Eklin reports that as soon as the cows were sold and left the farm, he started looking for a new way to use the farm. The strawberry enterprise began in 1990. Pumpkins were added later, and that part of the farm grew slowly. He started out just selling the pumpkins, but gradually added the other activities that today make Nordic Ridge into an agritourism destination.

*Current Operation*

Strawberries are grown on ten acres. When the berry enterprise began in the early 1990s, most people who came thought of it as a grocery stop. They were there primarily to buy the fruit. That has changed. Now visiting the berry patch has become more of an outing for people. Gene said that if customers like your berries and like your farm, it's worth the drive to them. He has customers who pass by other pick-your-own places to come to his farm. They are "berry tourists," people who want to pick berries, but who want to do it at a place that gives them a good experience.

For the "Fall Adventure at the Pumpkin Patch," the farm is divided into three segments: the retail area, admission area, and hayride. The retail area is inside and around the converted dairy barn. That whole area and especially the inside of the barn are attractively decorated and photogenic—Gene says that customers have taken thousands of photos at his farm. Fall décor, pumpkins, and squash are sold in the retail area where there is no admission fee. The admission area includes a picnic area and playground, a 5-acre corn maze, and another

maze constructed in the hayloft of the barn. There is also a tube slide from the hayloft down to the ground. The admission fee to this area of the farm is \$5 per person. The hayride is a 20-minute tour of the farm, including a wooded area. The tour route takes customers past 15 scarecrow scenes that are painstakingly constructed by Gene Eklin and his employees prior to the start of their pumpkin season. A tractor-pulled ride costs \$2.50 per person and a horse-pulled ride costs \$5 per person.

Nordic Ridge is in a very rural area, not close to any major town. Gene said that was a hindrance for selling pumpkins as a commodity. When he changed from selling pumpkins to selling an experience, though, he found that his rural location was not a barrier. People would drive to find him so that they enjoy what he had to offer. The actual product—the pumpkin—was the least profitable part of the total sale. Where he really added value was in giving people a good experience on the farm. Now he gets about 10,000 visitors per year to the pumpkin patch, including about 4,000 children from 40 area schools. Nordic Ridge regularly attracts visitors who drive 100 miles to get there.

*Marketing*

The most important advertising tool for the strawberries is Gene's mailing list of 3700 people. He sends out postcards at the start of strawberry season. Timing of the mailing is important, because people start coming to the patch the very hour that the postcard arrives in their mailbox. Pre-picked strawberries are sold at farmers' markets in Grand Rapids, Hibbing, and the University of Minnesota - Duluth campus. The farmers' markets help to entice customers out to the farm. People will buy berries at a farmers' market, then decide they want to come to the farm to get some more.

Mailings don't work well for the pumpkin patch, because it is a different clientele. Most of the berry pickers are older people. The majority of the pumpkin patch visitors, aside from the school tours, are parents with young children. Gene has found that television is his most effective way to advertise the pumpkin patch.

He advertises on Duluth and Iron Range stations. He said that TV works for him because his products are eye-catching: it is easy to make attractive, appealing video shots of pumpkins, children playing, and horse-drawn hayrides. Being on TV also gives him a measure of credibility with parents. If he's on TV, people believe that his farm is a legitimate destination and are willing to make the drive to bring their children to the farm. He also has a listing on a Grand Rapids tourism website, [www.visit-grandrapids.com/](http://www.visit-grandrapids.com/), and is a member of the Grand Rapids Area Chamber of Commerce. He has a website that gets a lot of visits as well.

*Labor*

Gene worked at an off-farm job until 1996, when he transitioned to farming full time. The farm provides his salary, with most of his income earned from the strawberries and pumpkin patch. He hires six people during the summer to help him get ready for the fall pumpkin patch. There are endless details: construction of the scarecrow scenes,

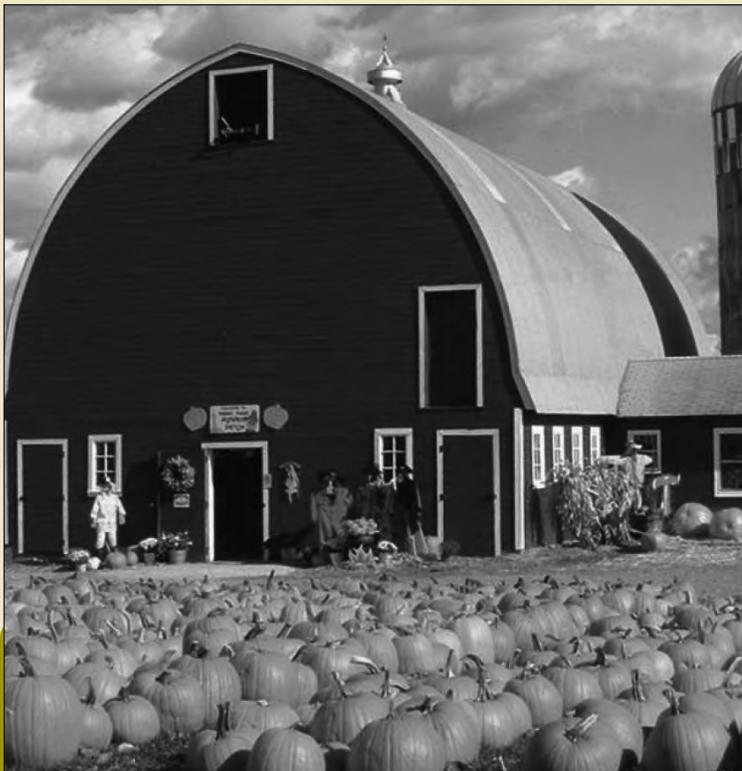
decoration of the barn, preparation of the corn maze. Gene said that it's the details that really make his farm a tourism destination. Everything has to look perfect when the customers arrive. The photogenic nature of the farm and the displays is important to people and is part of the experience that they would not get by just buying their pumpkin at a big-box store. He hires four tour guides to help run the school tours in the fall, and also hires a driver for the horses. His employees are paid as well as he can possibly manage, and always better than minimum wage.

*Liability*

Nordic Ridge has a farm and ranch insurance policy with extra liability coverage for the agritourism ventures. There is also a separate liability policy for the horse-related activities. This is quite expensive and is one reason why the horse-drawn hay rides cost more than the tractor-drawn rides. Gene also takes care to eliminate as many hazards as he can from the areas that customers visit.

*Future plans*

Gene spends at least a couple thousand dollars per year traveling to other agritourism enterprises around the country and attending conferences to get new ideas. Most of those ideas, he admits, he will not implement; but they keep his enthusiasm level high. His latest venture is the addition of winter activities: a tubing hill with a warming shack and horse-drawn sleigh rides. He would like to get customers to return to the farm three times per year: in the spring to pick berries, in the fall to visit the pumpkin patch, and in the winter for tubing and sleigh rides.



**NORDIC RIDGE GARDENS**



# PICK YOUR OWN

Pick your own (PYO), sometimes called “U-Pick,” operations are one form of direct marketing with some agritourism added, or maybe they are agritourism with some direct marketing added! Customers come to pick-your-own places not just to buy the freshest possible fruit and vegetables, but also for the experience. Successful PYO farmers see their farms not just as land producing a crop, but also as a destination.

At a PYO, customers come out to the farm. The farm provides the tools they need (often just a bucket) and instructions to pick in a designated area. Customers pay based on how much they pick. This benefits the farmer by saving on labor and packaging costs. The customers provide their own labor and take away fresh, raw, unpackaged produce. Customers benefit by getting the freshest possible produce for a lower price than they would pay at a retail store, and they also get an on-farm experience. Customers may come to a PYO because they want to buy large volumes of fruit at a reasonable price for their own home canning or freezing. This has especially been true of older customers, although some young families are also finding out that this is an inexpensive way to stock up on fruit. Other customers are coming out to PYO patches for the experience. The PYO for them isn’t just about buying groceries, it’s about feeling connected to the source of their food.

A PYO patch can blend well with other enterprises. One of the main considerations in starting a PYO is the amount of time it takes during the picking season. Many PYOs are open seven days a week with long hours during the picking season. If you don’t want to be out in the field yourself all that time, you need well-trained and responsible workers to be there. Adding a berry PYO to an existing market garden might be tough if you are short on labor. If your other farm enterprises have a busy season that falls outside of the picking season, a PYO might be a good option.

Running a PYO means lots of customer contact. You have to enjoy interacting with people and

not mind them tromping around in your fields. You need to be willing to adapt your field operations to customer picking times. For example, irrigating and weeding will probably need to be done in the late evenings or early mornings when customers are not there. You have to be willing to keep hours that are convenient for customers, which usually means that you will work constantly on weekends during the picking season.

Besides managing the land and the PYO crop, you need a number of things to help you manage your customers:

- Parking area that is large enough to accommodate your customers and provide safe turning and entry and exit areas.
- Cheerful, knowledgeable seasonal workers to assist customers, supervise the picking, and check people out.
- A marketing and advertising plan that gets the word out quickly when crops are ready to be picked. Some PYOs put up posters in area businesses; some use radio, TV, or newspaper ads; and some send out postcards to an established customer list. You should also have a telephone answering machine message that gives routine information such as hours, price, and directions to the farm. This information can also be given on a website.
- A system to mark which rows or areas have already been picked recently, so that you can direct customers to good picking and make sure that your whole crop is being harvested as it ripens. Some PYOs use a system of colored flags in the rows. One color means “already picked,” another color means “ready to pick.”
- A standard for measuring the amount picked. Some PYOs supply the containers. Others allow people to bring their own plastic buckets and charge by the bucket. If you are charging by the container, you need to tell your customers what you

consider a “full” container. Some PYOs charge extra for a heaped container. Another option for measuring is to have a trade-legal scale, weigh the picked produce, and charge per pound.

- A plan for dealing with customer problems. What if someone starts having a health emergency in your patch? What if you get a belligerent customer? Having a cell phone with you in the patch might be a good idea if the patch is not near a building with a phone.
- Management of your liability, both for your customers and for your hired help. You should talk to others who run PYOs about how they manage their liability. Liability insurance coverage for farm direct marketing varies greatly among insurance

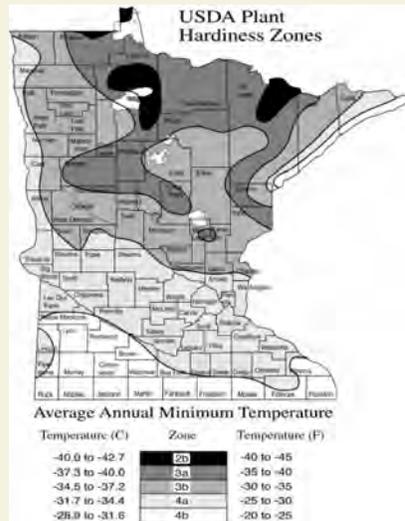
companies. If the coverage or the cost sounds unreasonable from one company, shop around. See the Liability section, page 91 in this publication, for more information.

If you are considering starting a pick-your-own patch, how do you decide which crop to grow? Berries (of all kinds) are the crop that most people think of when they think of pick-your-own, but other possible crops include rhubarb, asparagus, apples, pumpkins, Christmas trees, and hazelnuts. There is a lot of information available about how to plant and care for all the typical PYO crops, but the information is scattered through dozens of publications. To help you sort it all out, here are some tables and charts that will let you compare the picking season, planting requirements, and yields for common PYO crops.

### Picking Season

Picking season for various crops begins earliest in the southern part of the state and, as you might expect, gets later as you go north. The seasons in the following chart are for USDA climate zone 4a, which includes the Twin Cities Metro area. Each climate zone is about a two week difference in the season, so those in zone 4b can expect their season to begin about two weeks earlier than the chart shows, and those in zone 3b can expect their peak season to begin about two weeks later. Season length can vary greatly depending on the weather and on the crop variety, so the numbers given are just estimated averages.

Picking Season for Common PYO Crops in Climate Zone 4a (from MDA Minnesota Grown Directory)



USDA Plant Hardiness Zone Map. Source: <http://www.extension.umn.edu/yardandgarden/MG/USDAZonemap.html>

Crop	Season begins	Season length
Apples	mid-August	14 weeks
Asparagus	mid-May	6 weeks
Blueberries	early July	6 weeks
Raspberries	mid-June	6 to 8 weeks
Rhubarb	early May	20 weeks
Strawberries	early June	8 weeks

## Yields and Lifetimes

The common PYO fruit crops are perennials, which means that once planted they last for several years. The shortest-lived crop in the list is strawberry, which is seldom kept in production longer than five years. Apple orchards and vineyards can last for decades. All of these PYO crops require at least one year of lead time before you can expect to harvest a crop; some crops take five years or more to come into full production. If you don't want to wait to start your PYO, consider an annual crop like pumpkins or tomatoes that you plant and harvest in the same year.

Yields of common PYO crops and years to reach full yield

Crop	Yield of established crop (lbs./acre)	Years to full yield	Years in production
Apples	14,000	7	20 to 30
Asparagus	4,000	6 to 7	15 to 20
Blueberries	5,000	6 to 8	Up to 50
Currants & gooseberries	4,300 to 6,800	3 to 4	10 to 20
Grapes	6,000	4	Up to 50
Raspberries & blackberries	4,000	2	12 to 20
Rhubarb	20,000	3	8 to 10
Saskatoon berries	2,500 to 14,500	6 to 8	Up to 50
Strawberries	10,000	1	3 to 6

### Sources for Yields

Yield estimates for apples, asparagus, blueberries, grapes, raspberries, rhubarb, and strawberries: "Nutrient management for commercial fruit & vegetable crops in Minnesota," University of Minnesota Extension Service, [www.extension.umn.edu/distribution/cropsystems/DC5886.html#goal](http://www.extension.umn.edu/distribution/cropsystems/DC5886.html#goal); saskatoon: "The basics of establishing and managing a saskatoon orchard," University of Saskatchewan Native Fruits Development Program, [www.ag.usask.ca/departments/plsc/nfdp/production/factsheets/Saskatoon/stoonfacts.html](http://www.ag.usask.ca/departments/plsc/nfdp/production/factsheets/Saskatoon/stoonfacts.html);

Yield estimate for currants: "How to grow currants and gooseberries," University of Idaho Sandpoint Research and Extension Center, [www.uidaho.edu/%7Esandpnt/ribes.htm](http://www.uidaho.edu/%7Esandpnt/ribes.htm).

### Sources for years to full yield and years in production estimates:

2000 Apple Production Budget, The Ohio State University Extension, [www.agecon.ag.ohio-state.edu/people/moore.301/fruit/apple-5.pdf](http://www.agecon.ag.ohio-state.edu/people/moore.301/fruit/apple-5.pdf);

Asparagus Production Management and Marketing, The Ohio State University Extension, [ohioline.osu.edu/b826/b826\\_6.html](http://ohioline.osu.edu/b826/b826_6.html);

Blueberry production: overview, University of Idaho College of Agriculture, [info.ag.uidaho.edu/Resources/PDFs/CIS0932.pdf](http://info.ag.uidaho.edu/Resources/PDFs/CIS0932.pdf);

Growing grapes in Wisconsin, University of Wisconsin Extension Service, [www1.uwex.edu/ces/pubs/pdf/A1656.PDF](http://www1.uwex.edu/ces/pubs/pdf/A1656.PDF);

Rhubarb production in Alberta, Alberta Agriculture, Food and Rural Development, [www.agric.gov.ab.ca/agdex/200/254\\_20-1.html](http://www.agric.gov.ab.ca/agdex/200/254_20-1.html);

Red raspberry production, The Pennsylvania State University College of Agriculture, [agalternatives.aers.psu.edu/crops/redraspberry/RedRaspberry.pdf](http://agalternatives.aers.psu.edu/crops/redraspberry/RedRaspberry.pdf);

Brambles—production management and marketing, The Ohio State University Extension, [ohioline.osu.edu/b782/b782\\_34.html](http://ohioline.osu.edu/b782/b782_34.html);

The basics of establishing and managing a saskatoon orchard, University of Saskatchewan Native Fruits Development Program, [www.ag.usask.ca/departments/plsc/nfdp/production/factsheets/Saskatoon/stoonfacts.html](http://www.ag.usask.ca/departments/plsc/nfdp/production/factsheets/Saskatoon/stoonfacts.html);

Growing strawberries in Wisconsin, University of Wisconsin Extension Service, [www1.uwex.edu/ces/pubs/pdf/A1597.PDF](http://www1.uwex.edu/ces/pubs/pdf/A1597.PDF).

## Resources for Pick Your Own

Minnesota Farm Opportunities. MDA. [www.mda.state.mn.us/mfo](http://www.mda.state.mn.us/mfo). Retrieved February, 2007. Use this website to find information about various crops that would be suitable for a pick-your-own enterprise. Click on "Crops" on the website, under "Diversification Opportunities," then click on the name of a crop to find links to more information.

*Marketing Strategies for Farmers and Ranchers.* 2006 (rev). Sustainable Agriculture Network (SAN). Available in full text online or from: USDA/SARE, 10300 Baltimore Ave, Building 046 BARC West, Beltsville, MD 20705, (301) 504-5411, [san\\_assoc@sare.org](mailto:san_assoc@sare.org), [www.sare.org/publications/marketing.htm](http://www.sare.org/publications/marketing.htm). This 20-page bulletin offers snapshots of the many alternatives to marketing commodities through conventional channels: farmers' markets; pick-your-own operations and farm stands; entertainment farming; Community Supported Agriculture (CSA) farming; cooperatives; restaurant or mail order and Internet sales.

Renewing the Countryside. [www.renewingthecountryside.org](http://www.renewingthecountryside.org). This website has a number of profiles of PYO enterprises in Minnesota. Click on "stories" on the sidebar, and use the search feature on the website to find profiles.

# ROADSIDE STANDS AND ON-FARM STORES

Roadside stands are similar to a farmers' market but feature just one farmer. They range from informal and unstaffed—a table of produce with a coffee can for money—to elaborate displays with professional staffing along busy highways. A stand may have one or two items, such as sweet corn or pumpkins and squash in season. Or, it could have a wide variety of products including fruits, vegetables, flowers, jams and jellies, baked goods, and craft items. An on-farm store typically carries a wider array of products than a roadside stand. The on-farm store may sell nonfood items such as crafts, books, and clothing, and is more likely than a farm stand to sell prepared foods such as baked goods, jerky or sausage, and cheeses.

Regulations for the food sold at farm stands and on-farm stores will differ depending on the location and the type of enterprise. If a farm stand is located on the farmer's own property, then the products of the farm are sold directly from the farm premises to the customer. This type of sale often does not require any licensing. Food handler's licenses are required if processed foods containing off-farm ingredients are sold; or if sales of exempt items such as jams, jellies, baked goods,

etc. exceed \$5,000 per year; or if food products not produced by the farmer are offered for sale. An on-farm store would be more likely than a farm stand to require a food handler's license. See the State Regulation section on page 81 for more information.

Township or county zoning ordinances or county public health ordinances may apply to a roadside stand or on-farm store. Early contact with local regulators can save you a lot of headaches and expense. See the Local Regulations section on page 80 for information about the kinds of things that may be regulated and how to contact your local officials.

Roadside stands can be a tourist attraction. "Traveling USA" is an online guide to travel and recreation that includes a state-by-state listing of roadside stands. Listing your farm stand is free at this website: [www.travelingusa.com/Food/Roadside%20Stand/index.html](http://www.travelingusa.com/Food/Roadside%20Stand/index.html)

For more information about Minnesota agritourism efforts, see the Agritourism section on page 33.

## Resources for Roadside Stands and On-farm Stores

Agricultural Marketing Resource Center, Other Market Outlets. Retrieved December, 2006. [www.agmrc.org/agmrc/business/operatingbusiness/othermarketoutlets.htm](http://www.agmrc.org/agmrc/business/operatingbusiness/othermarketoutlets.htm)  
This webpage links to website resources on a wide range of topics including issues to consider before opting to market at a roadside stand and tips for running a roadside stand.

*Idea Plan: Roadside Markets, Stands, and Equipment.* Penn State Cooperative Extension. Publication no. IP 790-33. Available in full text online or from: Department of Agricultural and Biological Engineering, The Pennsylvania State University, 249 Agricultural Engineering Building, University Park, PA 16802. (814) 865-7792. [abeddept@psu.edu](mailto:abeddept@psu.edu). [www.abe.psu.edu/extension/ip/IP790-33.pdf](http://www.abe.psu.edu/extension/ip/IP790-33.pdf). Provides blueprint-type plans for building roadside stands.

*Roadside Stand Marketing of Fruits and Vegetables.* 2002. K. Wolfe, R. Holland and J.

Aaron. Publication no. CR-02-08. University of Georgia. Available in full text online or from: Center for Agribusiness and Economic Development, 301 Lumpkin House, University of Georgia, Athens, GA 30602-7509. (706) 542-2434. [caed@agecon.uga.edu](mailto:caed@agecon.uga.edu). [www.agecon.uga.edu/~caed/roadside2.pdf](http://www.agecon.uga.edu/~caed/roadside2.pdf). Contains specific information about roadside stands, such as estimating customer sales from traffic volume, but also contains a wealth of information about marketing, promotion, and customer relations that are applicable to any direct marketing operation.

*How to Establish and Operate a Roadside Stand.* 1994. California Department of Food and Agriculture. Available in full text online or from: University of California Small Farm Center, One Shields Ave, Davis, CA 95616-8699. (530) 752-8136. [sfcenter@ucdavis.edu](mailto:sfcenter@ucdavis.edu). [www.sfc.ucdavis.edu/Pubs/Family\\_Farm\\_Series/Marketing/roadside.html](http://www.sfc.ucdavis.edu/Pubs/Family_Farm_Series/Marketing/roadside.html)  
Great practical information, some reference to California regulations.

**Profile: Peterson Produce Roadside Stand**

*Jean Peterson and Al Sterner  
8910 Highway 12  
Delano, Minnesota*

In 1982, Jean Peterson and Al Sterner decided to take their gardening to a new level, and explore direct marketing as a means of supplying their community with healthy and nutritious produce. They began their venture by selling at the Mound farmers' market twice a week, at Meyer's Dairy in Wayzata several days a week, and at a very small stand on their farm. On the second day they came to sell from their stand at Meyer's dairy, they were greeted by a stop work order from the city. Though they had received permission from the Meyers to sell on their property, they found that they needed approval from the city council in Wayzata before they could market within city limits. They were fortunate that several of their customers let the city council know that they wanted this produce stand approved. By the end of the next city council meeting, Peterson Produce was officially approved and ready to start selling, again.

Business was good, but logistics were difficult. In order to be at the markets early enough for their customers, they needed to be up by 5:30 a.m. to harvest and clean produce, load the delivery truck, drive 10 to 15 miles and be set up by 9 a.m. They wanted to be able to focus more of their time and energy on the farm and on being good stewards of their land. Jean and Al felt that they had established a quality reputation and developed a core of regular customers. They had a highly visible prime location along US Highway 12 west of the Twin Cities, on a well-traveled corridor between the western suburbs and the city. They prepared to stop selling in Wayzata and open a larger stand selling directly off their farm. Two years prior to their move, they began letting their customers know that they would be moving all sales out to the farm. As they had hoped, many of their customers were willing to make the drive to get the fresh, sustainably produced vegetables that they were accustomed to buying in town.

*Current Farm/Stand Operation*

In fact, Jean and Al decreased their acreage in vegetable production from about 55-60 acres to 40 acres when they moved all sales to the farm. A few years ago they added bedding plants to their list of products, so that they could begin selling earlier in the season. Their farm stand is open seven days a week, 9 a.m. to 7 p.m., late April to October. They begin selling annuals, perennials, and flower baskets in early May, and sustainably grown vegetables in July—fresh daily harvests of sweet corn, peas, beets, green beans, herbs, tomatoes, peppers, onions, garlic, melons, and zucchini. In the fall, they encourage family outings to come pick pumpkins, play in the hay, and stock up on apples, squash, popcorn, and fall decorations. Currently, sales from their roadside stand continue to provide fulltime income. Jean taught Health and Physical Education at a nearby school for several years to supplement their income, and has continued working with and teaching young people as they work on the farm, selling produce or hoeing weeds. Jean has a waiting list of youths who want to work at Peterson Produce.

Typically, Jean and Al have at least two people working with them eight hours a day. Hired labor also helps with planting, transplanting and harvesting crops, and hand-hoeing or weeding all the crops except corn. The older students help display and sell. Picking the vegetables and selling from the stand are the most time-consuming tasks on the farm.

*Marketing and Pricing*

Sales and marketing are as important as production. Jean emphasized that before you plant a single seed, you should research your markets. Is it more feasible for you to market wholesale or retail? If wholesale, who has promised to buy from you? If retail, find out what people want and how much is needed. Jean and Al advertise with ads in a couple local newspapers as well as an ad in the *Star Tribune*. They also list Peterson Produce in the Minnesota Grown directory.

To set prices, Jean recommended simply talking to people with experience. Call a farmer to find out what they sold their product for the previous year, and see what the price is on the market. Selling produce too cheap, especially large amounts, has a negative impact on all sellers. If customers question the price, knowledgeable workers can explain to customers why their product is well worth the price—especially since the employees have spent time in the fields and know how much work goes into raising the produce! As Jean put it, “Some people are going to leave. If someone doesn’t leave by saying ‘that’s too expensive,’ you may be underpricing your product.” People buy from farmers like Jean and Al because they have a high quality product, not because they have the lowest prices.

The visual appeal of produce displays is important. Jean’s advice is to pile displays high, but be sure the produce is still accessible. People like large displays, but you don’t want them to be afraid to shop off the display. Customer relations are also very important. Jean emphasized the importance of personable, knowledgeable staff who engage customers and enthusiastically share their knowledge about the produce.

*Future Plans and Words of Advice*

Jean and Al have continued to adjust their production and marketing goals, and now have about 20 acres in vegetable production, emphasizing higher value crops. They have more recreational/entertainment activities, such as promoting a pick your own pumpkin patch and selling fall decorations. Highway 12 continues to be a prime location, and they feel it’s important to keep their land in production—to preserve green space in an area increasingly threatened by encroaching suburbs. It is a challenge to set prices for produce that give value to customers and also allow Al and Jean to pay workers a fair wage, cover health insurance expenses, and provide for their retirement.

Jean’s advice for farmers considering selling from a roadside stand is to talk to people who are doing it. In their first production year, Jean had a friend tell her exactly how much she needed to plant for each crop. Jean wishes she had been less cautious about asking other farmers for advice. “They were always willing to help out—if we had asked more often, it may have answered some questions we had and helped us make our work easier or more profitable. Veteran farmers have a wealth of experience that can make a new farmer’s learning curve a bit less steep!”



PETERSON PRODUCE

**Profile: The Lamb Shoppe On-Farm Store**

*Connie Karstens and Doug Rathke  
Hutchinson, Minnesota  
www.ourfarmtoyou.com*

Connie Karstens and Doug Rathke are “poster” farmers for a diversified, sustainable enterprise. Their 180-acre farm, Liberty Land & Livestock, has been chemical-free since they purchased it in 1990. They practice sustainable agriculture and have worked hard to build healthy land from the soil up. They rotationally graze a 250 Dorset ewe flock on an accelerated lambing program, as well as some Jersey cattle. They also raise chickens, eggs, and turkey and in 1997 added a 20 x 30-foot U.S. Department of Agriculture-approved processing plant and on-farm store to their farm home.

Their marketing enterprises are equally diversified and include selling at farmers’ markets, operating a state fair food booth, delivering to a few natural food co-ops in the state, and to a Twin Cities restaurant, and direct marketing their specialty lamb from their on farm retail store, “The Lamb Shoppe.”

Doug and Connie decided to add the processing facility and on-farm store because they felt there was sufficient demand and they were well-positioned to have customers come to them. They had been operating a food stand at the state fair since 1990, and marketing to ethnic restaurants in the Twin Cities, and felt they had a guaranteed market. They thought that with their prime visible location on Minnesota Highway 7 and the clientele they had built up through farmers’ market and other sales, they would be able to bring customers out to them. The on-farm enterprise offered Connie the opportunity to be at home with their small children. They consulted with the Agricultural Utilization Research Institute (AURI) meat lab in Marshall, then hired an architect recommended by AURI.

Doug and Connie received a low-interest loan from AURI to build the processing facility and a small store area as an addition to their home. They worked with their local zoning and planning commission to get approval and make

necessary changes. They had to rezone a part of the farm as commercial, but Connie said that it didn’t impact their taxes much. They also had to put in a new sewer and work with the committee to make their signage comply with local regulations. Building the processing plant as a USDA-approved facility involved flying the architect out to Washington, D.C. to get the facility layout approved, and obtaining necessary licenses and permits. A federal inspector comes to their plant every time they process. Karstens noted, “There’s a lot of paperwork and regulations, but it’s doable—just take it a step at a time.” AURI also brought in experts from the British Livestock and Meat Commission to conduct advanced lamb-cutting instruction at a workshop at the University of Minnesota. Now, Doug and Connie cut and package lamb under a private label called “Liberty Lamb.” They slaughter weekly at nearby Carlson Meats in Grove City, then do their own cutting and packaging.

*Current Operation*

The farm and store are on a main highway, within about an hour of the western metro area, so Connie and Doug have good access to markets in the Twin Cities. The store is also a reasonable driving distance for customers that want to come out to shop on the farm. Connie carefully plans the shopping experience in the store to be pleasant—not just visually but to all the senses, with appealing smells of fresh mint and rosemary. They sell their natural (free of hormones, antibiotics, pesticides and herbicides) USDA-inspected meat. Next to the lamb in the display freezer you’ll also find beef, chicken, and—during Thanksgiving—turkeys. They sell “Timeless Treasure” wool blankets and other woolens, and occasionally have other specialty items handmade by a local crafter. They also sell their own eggs year round. They cooperate with other sustainable farmers in their area and sell butter and cheese from Pastureland cooperative, as well as organically certified whole wheatberries and freshly ground flour grown by an area farmer. The demand for lamb also outstrips their own farm capacity and they market lamb from several local farmers who use their production

methods and genetics so that they provide a uniform product. They also carry other dried goods such as herbs and teas. They do not try to maintain regular store hours, but are usually within shouting distance during the day, and suggest that customers call ahead, both to insure that someone will be there as well as to make sure that what the customer wants is available. They take great pride in the way they farm, and encourage customers to come to the farm retail store and “ask about a farm tour so you can see for yourself how your food is being raised.”

For customers who can't make it out to the farm they have an excellent, up-to-date website that includes a virtual slide show tour of the farm. There's even a picture of the guard donkey used for predator control, as their main predator problems are domestic dogs and coyotes. Connie and Doug have used grants that are available for farmers to try new ideas, and have received USDA SARE farmer rancher grants to help with website development and marketing. Connie does all of the website maintenance, but finds it hard to keep it maintained consistently. She recommends finding someone with technical expertise to help with that aspect of the business. Connie suggests including menu ideas, recipes, and nutrition books on your website. They maintain an up-to-date price list of available products on the website. Customers can fill out the order form online and submit it online—then Connie contacts the customer to let them know whether it's available or when they will next be processing. She usually gets about five email orders a week. They have shipped via mail in the past, but have recently decided to discontinue that aspect of sales. There is sufficient local demand for their meat and they prefer to encourage local food systems. “The shipping we were doing was usually out to the coasts, and was so expensive—it was often more than the cost of the meat,” said Connie.

#### *Labor*

Connie and Doug only hire outside labor for their booth at the state fair. Otherwise they handle the production, processing, and

marketing themselves. Connie does most of the marketing. They work together on the day they do the processing, with Doug doing the large cutting and Connie doing the fine trimming. “But we both have to clean up,” said Connie laughing. “That was something that we had to agree to early in the process!”

#### *Marketing*

Their advertising is mostly word of mouth and the signage in front of their store. “Location is our best advertising,” said Connie. “It's our unfair advantage.” Advertising signage for The Lamb Shoppe includes an 8 x 16-foot retail meat shop signs on either end of their property, a 12 x 12-foot driveway sign and a changeable-letter sign at the end of their driveway to announce sales. They are listed in the Minnesota Grown directory, as well as other regional local food guides, such as Pride of the Prairie and the Northwest Local Food Partnership. Connie does advertise in the local paper for special availability a couple of times a year—turkeys for Thanksgiving and lamb for Easter. They also get customers who come out to the store after stopping by their food booth at the Minnesota State Fair.

#### *Future Plans and Words of Advice*

Connie says that the store can be a lot of hard work, “but it seems to suit our needs well. We can stay at home and the customers come to us, and we like that people can come out and see how their food is raised.” The tradeoff is that there is some loss of privacy. When asked if they'd do anything differently, Doug said he wishes they'd built the store bigger. When they started their business, they really weren't sure how much drop-by traffic they'd have, but they currently have 25 to 30 customers a week dropping by the store. Many are new customers that just are driving by, see the sign, and decide to stop in.



# INTERMEDIATE MARKETING

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# DEFINITIONS

**Approved Source:** This term can have more than one meaning. In legal terms, farmers are considered an approved source for food if they are in compliance with state food regulations. Approved source can also be used to indicate suppliers that are authorized by a food service management company or a distribution company to sell products to that company.

**Collaborative Marketing Groups:** A group of farmers can organize, formally or informally, to share some marketing tasks. A farmer cooperative is a special kind of collaborative marketing group, but there are other models as well. The collaboration can be simple and temporary, or it can be complex and long-term.

**Distributor:** A distributor is a for-profit business that buys food products from farms or food businesses and sells those products to restaurants, food services, or other retail food businesses.

**Farmer Cooperative:** This is a marketing method in which a group of farmers sell their

products cooperatively. This is a step away from direct marketing because the cooperative acts as a broker, distributor, or both. A co-op can allow farmers to offer a wider array of products to customers than would be possible if they were each selling independently. A co-op is also a way for farmers to share transportation and processing facilities and to pool their resources to hire a marketing or business coordinator.

**Food Retailer:** Any food business that buys food products for resale to the end consumer. Restaurants, grocery stores, specialty stores, and institutional food services are food retailers.

**Food Service Management Company:** This for-profit business supplies staff people with catering and restaurant expertise to work on-site at schools, colleges, and other institutions as well as corporate campuses to provide the food eaten at those locations by employees, students, and clients.

## ADVANTAGES AND DISADVANTAGES OF SALES TO INTERMEDIATE BUYERS

### Advantages:

- Can often move larger quantities of product than possible with direct marketing
- Can concentrate more on production of product than on marketing efforts
- Limited contact with the ultimate consumer (an advantage for those who dislike such encounters)
- Tend to have a regular volume of orders
- Tend to have standardized packaging, which can simplify packing

### Disadvantages:

- Price the farmer receives is usually lower than for direct-to-consumer marketing
- Seasonal supply can be a challenge to relationships with intermediate buyers
- Channels for sales to intermediate buyers may be inaccessible to small farmers
- Limited contact with the ultimate consumer (a disadvantage for those who enjoy such encounters)

# INTRODUCTION

Selling farm products to intermediate buyers can be an attractive option for many farmers who want to sell their products locally. These types of sales are a good fit for farms that are large enough that direct marketing methods cannot sell all of their product. Many farmers use both direct marketing and intermediate methods to sell their products.

Local food sales to intermediate buyers offer a

range of farmer involvement with the end consumer. For example, sales through a distributor may be quite anonymous. The food service that is buying your product through the distributor may be seeking out local food, but might not take the time to find out who you are. On the other hand, if you sell food directly to a restaurant, you might get involved with that restaurant's advertising and see your farm listed as a supplier next to the menu items.

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## Compliance with Food Safety Regulations

Few food marketing topics provoke more anxiety and misunderstanding than the regulations about marketing of food. Some farmers believe that the rules are so strict that no small independent farmer can sell to a food service or grocery store. Some food service and retail customers believe that it is not legal for them to buy from independent farmers. Neither of these things is true. In state food regulations

farmers are considered an "approved source" for all fresh, raw fruits and vegetables that they grow themselves. Processed products require farmers to have licenses and inspections, but the hurdle is not impossibly high. There are also ways for farmers to sell meats, poultry, and eggs to food services and stores. See the State Regulations section (page 81) for more information.

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## Post-harvest Handling, Storage, and Packaging

If you are shipping to a distributor, your products will not get to the end consumer right away. They may sit in storage at your farm for awhile, then in storage in the distributor's warehouse for a while before being sold. This makes it extremely important to get fruits and vegetables cooled to the proper temperature quickly after harvest and to maintain that proper temperature throughout the entire chain of transport from field to storage, storage to truck, and truck to distributor. If you are using storage facilities on your farm to help you extend your season for supplying products to a food retailer, you need to pay close attention to good post-harvest handling and storage conditions. Good post-harvest handling practices will increase the shelf life and maintain the quality of your fruits and vegetables.

Packaging and sizing of fruits and vegetables is also very important if you are selling to a distributor. The produce industry has standards of packaging and sizing that are known and accepted by distributors and their customers.

Some distributors do not do any re-packaging of products that they buy from farms. They expect the shipments from farms to be already in correct packaging that they can send along "as is" to their customers. Farmers need to know the correct packaging for their products so they can pack according to the accepted standards. Some food retailers that work directly with farmers might also prefer locally grown produce that is packed according to industry standards.

How can you find out what the packaging and size standards are for your products? And how can you find sources of the appropriate packing materials, which are probably not in stock at your local hardware store? One good way is to talk with other farmers who are already doing this kind of marketing. The Minnesota Fruit and Vegetable Growers Association sponsors an annual conference each winter, with workshops on a variety of topics. That is a good place to meet other farmers, and ask them where they get their materials.

## Resources for Post-harvest Handling

*Minnesota Fruit & Vegetable Growers Manual for the Beginning Growers: Harvesting and Storage*, pp. 133–144. 2004 (rev). University of Minnesota Extension. Available in full text online or from: MFVGA, 15125 W Vermillion Circle NE, Ham Lake, MN 55304. (763) 434-0400. [mfvga@msn.com](mailto:mfvga@msn.com). [www.mfvga.org](http://www.mfvga.org). [smfarm.coafes.umn.edu/mfvmanual.pdf](http://smfarm.coafes.umn.edu/mfvmanual.pdf). This manual provides a wealth of information for small farm fruit and vegetable growers, and good specific information about harvesting and storing Minnesota fruit and vegetable crops.

*Packaging Requirements for Fresh Fruits and Vegetables*. 1996. North Carolina State University. Publication no. AG-414-8. Available in full text online at: [www.bae.ncsu.edu/programs/extension/publications/postharv/ag-414-8/index.html](http://www.bae.ncsu.edu/programs/extension/publications/postharv/ag-414-8/index.html). Contains specific information about appropriate packaging materials for shipping and storing different fruits and vegetables.

*Post-harvest Handling of Fruits and Vegetables*. 2000. Appropriate Technology Transfer for Rural Areas (ATTRA). Publication no. IP116. Available in full text online or from: ATTRA, PO Box 3657, Fayetteville, AR 72702. (800) 346-9140 or (800) 411-3222 (Español). [attra.ncat.org/new\\_pubs/attra-pub/postharvest.html](http://attra.ncat.org/new_pubs/attra-pub/postharvest.html). This publication covers post-harvest practices suitable for small-scale operations, and points out the importance of production and harvesting techniques for improving quality and storability. Various methods for cooling fresh produce are discussed, and resources are listed for further information, equipment, and supplies.

*Post-harvest Handling for Best Crop Quality*. 2001. Wisconsin School for Beginning Market Gardeners. Available online at: [bse.wisc.edu/hfhp/tipsheets\\_html/postharvest.htm](http://bse.wisc.edu/hfhp/tipsheets_html/postharvest.htm).

# RESTAURANTS AND GROCERY STORES

Nearly every small town in Minnesota has at least one restaurant or grocery store. These food businesses are too often overlooked by farmers who assume that the managers would not be interested in carrying local foods, or who think that it is not legal to sell products directly from the farm to these businesses.

Sometimes it will be true that the local store owner or restaurateur is not interested in local food. Sometimes this is because they also believe that buying direct from a farmer is not legal. The series of local food fact sheets in the Appendix (page 108) are available for you to copy and distribute as necessary to persuade potential buyers that you are an approved source for the food that you grow.

Persistence, good communication, and knowledge pay off. Buying locally is something that may have never occurred to your potential customers, so you need to do some patient education.

These topics may spark interest from restaurant or grocery store managers:

- Shipping costs are less or nonexistent for food that is locally grown.
- Local food is fresh. When vegetables are in season, you can have them delivered within hours of picking. Eggs can be delivered within a few days of being laid.
- Local food can benefit the store's or restaurant's advertising. Many consumers these days are becoming more conscious of their food choices, so having local food can be an enticement to customers.

- Local farmers can produce specialty crops not available from the store's or restaurant's usual distributors. Particularly in rural areas, access to anything other than mainstream vegetables is limited. Local farmers, though, can grow fresh herbs, heirloom tomatoes, super-sweet varieties of sweet corn, or other special requests.
- Local food can be competitive—if not in price, then in quality.

You need to have a price goal established before you approach a store or restaurant manager. Some farmers go to local stores and find that the store manager is interested in buying from them, but when the manager asks about price, the farmer asks what the store is willing to pay. That is not a good strategy. Store managers are not interested in guessing what the price should be. You need to research the wholesale and retail prices for products similar to yours, decide whether you deserve a premium for superior quality, remember that the store or restaurant also needs to make a profit, and have a fair price ready to quote to your potential buyer. And, too, if your price is higher than a typical wholesale price, you need to be ready to explain your higher pricing.

## RESTAURANT NICHE

There are opportunities for farmers to sell what they grow to restaurants that have an interest in local food. Some restaurants prefer to work exclusively with distributors, some are interested in buying as much from local farmers as possible, and other restaurants

fall somewhere in between.

It is a myth that you have to be big to do wholesale marketing. Kay Jensen of JenEhr Farm near Madison, Wisconsin, notes that there is a niche for small farmers to sell products to restaurants. Restaurants may want a smaller

quantity that the larger growers are less interested in supplying. This is a perfect opportunity for a small farm to step in and become a reliable supplier of the product that the restaurant wants.

## WHAT CHEFS WANT

- Quality communication, and lots of it. Chefs are too busy to hunt down farmers to supply them with local food, which is why they often rely on distributors who are easy to find. They need the farmers to come to them. Farmers need to be easy to reach by telephone or email. Farmers need to contact chefs often and in a professional manner, as a salesperson would.
- Food arriving at the restaurant in a professional, modern manner. Produce should be clean and of good quality.
- Consistency between what the chefs ordered and what they receive. A major frustration for chefs who work with farmers is getting something a little different or a lot different from what they ordered because the farmer ran out of product. If a farmer can't fill an order exactly, she or he needs to communicate with the chef about that before delivery.
- Packaging and sizing according to the chef's preferences. Some chefs might prefer things packaged according to industry standards, but some might want something different. Farmers need to check their buyers' preferences and then meet those preferences, or communicate with the chef to work out an acceptable alternative.
- Farmer product liability coverage for the food they are bringing in. Amount of coverage may vary depending on the type of food product.
- Information about what is available—what can be counted on, what products are coming up, what products are ending their season soon. Chefs need at least two weeks' advance notice on product availability so they can plan menus.
- Year-round locally grown salad greens and herbs. This is a serious challenge in Minnesota, but some farmers are meeting the challenge in innovative ways. See the Season Extension section page (102) for more information.

*Source:* Trish Johnson and the chefs of the Heartland Food Network, <http://www.mnproject.org/food-heartland.html>

# INSTITUTIONAL FOOD SERVICE

Marketing farm produce directly to institutions is one way that some farmers have diversified their operations and found reliable markets for the food that they grow. The phrase “institutional marketing” makes some people think of large food service suppliers that sell everything from sandwiches to salads, and from coffee creamer to cherry pie, in any quantity desired. Such an image is pretty daunting, but some farmers and farmer groups have found success with a simpler model. A common theme among successful institutional marketers is that they have close communication with their customers. They ask what the customers would like, then grow what their customers want. They package it and deliver it in the way the customers want it packaged and delivered.

Potential customers of institutional-type sales include nursing homes, group homes, prisons, schools, including colleges, and hospitals. These potential customers have some similar requirements:

- Consistent supply of a product
- Standard types of products
- Compliance with food safety regulations
- Product liability insurance

Approaching an institution with a marketing plan for your product can be complicated. Farmers need to find out who directs the food service and plan their approach accordingly. A fairly common feature of institutional food services is that the food service is contracted out to a food service management company. The food service management company supplies staff people who run the entire food service operation. This can be a benefit to farmers who want to sell to institutions. Some food service management companies have made commitments to source local food when they can, and some even actively seek out

farmers to supply them. If you want to try institutional sales, a good way to start might be to find out which food service management companies are friendly to local food, and then approach local institutions that have food service contracts with those companies. See “Farm-to-College” in the Resources for Institutional Marketing section (page 64) for information about colleges that are served by companies that use local food.

In addition to realizing there are complex layers of management for institutional food services, farmers should also be aware that the buyer of their products is not the same as the end consumer. Depending on the type of the institution, the end consumers might have some influence over the food service. The Stadnyks of Willow Run Farm made a point of coming to the Northland College campus and speaking with students to get them interested in the food that was being served at the college. They brought their produce, set up a booth, and talked to the students about sustainable agriculture and how their farming methods recycled organic matter back into the soil. The initial impetus for Northland College to buy local food actually came from a class on campus that did some research on where their food came from and why it was more economical to purchase food from sources other than their own community. The students then researched ways in which they could make buying locally a more viable option.

## Schools and Health Care Institutions

If you want to approach a local school or health care facility, it can help to know some of the language spoken by decision makers at those institutions. Present your farm's products in terms of things that they are concerned about, to gain their interest and give yourself a better chance of being considered as a food supplier.

### Schools

Schools in Minnesota are now required to have a Wellness Policy for their students, and that includes policies on nutritious food. If you can present fresh, local produce as a healthy option

for your local school, that could be attractive to school administrators.

### Health care facilities

"Health Care Without Harm" is a national campaign to raise awareness among health care workers on a variety of topics that impact health of patients. One of the topics is the food served at health care facilities. If you can find health care administrators who are sympathetic to the goals of Health Care Without Harm, that can provide you with an opening to talk about fresh, local food.

## WEST CENTRAL MINNESOTA FARM TO SCHOOL PROGRAM

Preschool and Kindergarten through 12th grade students in the Willmar, Minnesota school district are finding out how good locally grown food can taste, and at the same time are learning about good nutrition, environmentally friendly farming, and the farmers who grow their food.

The program in the Willmar schools is based on a "3 Cs" approach: cafeterias, curriculum, and community. • Using healthy, local foods in the school cafeterias gives children an experience in enjoying fresh, local foods. • Integrating lessons in the classroom curriculum teaches children that their food choices matter to their health, to the environment, and to the people who grow their food. Local farmers come to classes to talk about how foods are grown, and a nutritionist provides information about the health benefits of these local foods. • Partnering with the community gives children experiential learning opportunities on farm

field trips as well as gardening and cooking experiences.

The Willmar School District food service offers local food dishes as part of the menu on special days throughout the year. That means that 2,500 portions of the local food item are served in the five district schools on those days. In the 2005-2006 school year some of the featured foods were local apples, squash, whole wheat flour, bison meat, and Minnesota wild rice. In the 2006-2007 school year September's featured local food was apples from Sunnyside Orchard near Pennock, MN. Roasted local potatoes supplied by Bix Produce were served in October. Wild rice from the White Earth Reservation was featured in November, and local oatmeal from Dry Weather Creek Farm in Milan, Minnesota was used in apple crisp in December. As of December 2006 plans were underway to serve an ethnic dish using organic pinto beans in January of 2007, and more local grain options were being

considered for the later months.

The Farm to School program in Willmar works because of a strong partnership among Annette Derouin, the Willmar Food Service Director; a Kandiyohi County Public Health program called "Steps to a Healthier Willmar;" and the University of Minnesota's West Central Region Partnership. The program builds on local food system work by Pride of the Prairie, a partnership of organizations in western Minnesota. It is beginning to spread out from the Willmar School District--recipes and menu items used in Willmar have been adopted by other schools in western Minnesota because food service directors recognized that the program helps them serve tasty, appealing, and healthful foods.

*Source: Lynn Mader, registered dietitian, consultant for the Farm to School program.*

## Consistent Supply

Year-round consistent supply of fresh, locally grown vegetables is difficult in northern climates, but seasonal sales are acceptable to some food services. Some farmers who market to institutions provide a seasonal supply of fresh vegetables, but manage their plantings to have a consistent supply throughout the growing season.

Another way to have a consistent supply is through careful storage of crops. This is the method that was used by Lee and Judy Stadnyk, who sold potatoes, carrots, and onions to Northland College in Ashland, Wisconsin.

They took produce directly from the field to cool storage, then took it out of storage during the fall, winter, and spring for weekly deliveries to the college (see Profile: Willow Run Farm).

Yet another method of consistent supply is to do some processing and preserving of produce during the growing season. The GROWN Locally farmer cooperative in northeast Iowa is working on a facility that will allow its members to freeze produce for winter sales.

See Season Extension (page 102) for more information.

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## Standard Types of Products

Labor costs are an issue for most food services. This makes it important for them to have products that are easy to prepare and serve. Good, frequent communication with institutional customers to find out their needs for size, uniformity, and preferred packaging is the key to marketing success.

Considerations for packaging and delivery of produce to institutions:

- Delivering clean produce is very important.
- Consistent size of vegetables is usually preferred.

- Check vegetable size preference with the customer. There might sometimes be special orders that are different from the standard sizes used by the produce industry.
- Check packaging preference with the customer. Stadnyks delivered their produce in plastic or mesh bags. GROWN Locally cooperative found that their customers preferred standard vegetable boxes.

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## Liability

Farmers or farmer groups who want to market to institutions need product liability insurance. Some farm insurance policies include coverage for products sold from the farm premises, but this is not adequate for sales to a food service. The amount of insurance that you need may depend on what products you are selling. Fresh, raw fruits and vegetables are considered low risk, and insurance for those might be less than

insurance on higher-risk products like meats. Finding an insurance agent with experience in farm direct marketing can be difficult. If your tried-and-true insurance agent is willing to work with you on a policy that will meet your needs, that's great. If not, it might be worthwhile to shop around for an agent with experience insuring market farms. See the Liability section (page 91) for more information.

## Ordering and Billing Methods

Institutional buyers want ordering and billing procedures that are as simple and streamlined as possible. There are different ways to develop a process that works for both the buyers and the suppliers. Once again, the crucial marketing task for farmers is close and regular communication with customers.

- The GROWN Locally cooperative started out with a system of orders by phone and two paper receipt books: one for the farmers to record their deliveries to a central packing location, and one for a coordinator to record customer orders.

Customers were billed according to the order book, and farmers were paid according to the delivery book. The cooperative has since moved to an Internet-based ordering system.

- Stadnyks, on the other hand, took a weekly phone call from the food service manager and delivered an invoice along with the order. In their situation they were the sole suppliers of the locally grown produce, so there was no need for a more complex system of coordination.

## Resources for Institutional Marketing

Farm-to-College. Community Food Security Coalition. Retrieved December, 2006. [www.farmtocollege.org](http://www.farmtocollege.org). For more information, contact: Kristen Markley, Farm to College Program Manager, Community Food Security Coalition, PO Box 109 Markley Lane, Beaver Springs, PA 17812. (570) 658-2265. [kristen@foodsecurity.org](mailto:kristen@foodsecurity.org). This website links to numerous resources and includes lists of colleges that buy local food, as well as information about food service management companies.

Farm-to-School. Center for Food and Justice, Occidental College. Retrieved December, 2006. [www.farmtoschool.org](http://www.farmtoschool.org). For more information, contact: National Farm to School Program, Center for Food and Justice, Urban and Environmental Policy Institute, Occidental College, 1600 Campus Rd, Mail Stop M1, Los Angeles, CA 900421. (323) 341-5095. This is a comprehensive website resource about farm-to-school food programs nationwide.

Governor's Fit School Program. Minnesota Department of Health. Retrieved December, 2006. [www.health.state.mn.us/fitschool/](http://www.health.state.mn.us/fitschool/). This web page outlines nutrition and physical activity guidelines schools must meet to be designated "Governor's Fit School."

*GROWN Locally Cooperative: A Case Study*. 2002. Practical Farmers of Iowa. Available in full text online or from: Practical Farmers of Iowa, PO Box 349, Ames, IA 50010. (515) 232-5661. [www.practicalfarmers.org/resource/PFIResource\\_62.pdf](http://www.practicalfarmers.org/resource/PFIResource_62.pdf). This case study examines the operating procedures of a cooperative in northeast Iowa. Contains useful information about ordering and billing practices.

Health Care Without Harm, Food Issue. Retrieved December, 2006. [www.noharm.org/us/food/issue](http://www.noharm.org/us/food/issue). This web page links to numerous resources for hospitals about food purchasing, and includes case studies of hospitals that are making changes in their food policies.

Institutional Buying Models and Local Food Markets: The Iowa experience. Rich Pirog, Prepared for "Farm to Cafeteria: Healthy Farms, Healthy Students" Conference Seattle, Washington October 5, 2002. Available in full text online at: [www.leopold.iastate.edu/pubs/speech/files/100502\\_cafeteria.pdf](http://www.leopold.iastate.edu/pubs/speech/files/100502_cafeteria.pdf). For more information contact: Rich Pirog, Marketing and Food Systems Program Leader, Leopold Center for Sustainable Agriculture, 209 Curtiss Hall, Iowa State University, Ames, IA 50011. (515) 294-1854. [rpirog@iastate.edu](mailto:rpirog@iastate.edu).

**Profile: Willow Run Farm**

*Lee and Judy Stadnyk  
Ashland, Wisconsin  
www.cheqnet.net/~wrfarm*

*History*

Lee and Judy Stadnyk and their two children, Nick and Becky, began Willow Run Farm as a dairy operation in 1980. Lee was a professor of environmental studies at Northland College in nearby Ashland, Wisconsin. Judy worked as a nurse. Judy eventually retired from her off-farm job to work fulltime on the farm, but Lee continued to teach. The dairy focus of the farm continued until 1993, when they were chosen for a farm privatization project by the USDA. They sold their cows, rented out their farm, and traveled to Russia to work and learn for about two years. In 1995 they returned to their farm, wealthier in friendships and knowledge, bought new cows, and began milking again.

Their experiences in Russia led them to add a direct-marketed organic produce enterprise. Lee said they discovered that direct marketing is often the most effective marketing strategy for a high-value product. In 1995, Judy and Lee began selling their produce at the Ashland Farmers' Market. Then they added sales to the Whole Foods Cooperative in Duluth, Minnesota, and to Chequamegon Food Cooperative in Ashland. In 1997 they found a great new opportunity with Chartwell food service at Northland College, which was willing to buy fresh, locally grown organic produce. They gained organic certification for their vegetables in 1998. Lee said that he has always been an environmentally conscious person, and they always recycled organic matter and used organic methods on the farm. Becoming certified organic was a natural step for them.

*Farm Operation*

The vegetable production field takes up about 4 1/2 acres. The plots are long and narrow, with grassy strips in between cultivated plots. This allows the use of field-size tillage equipment without constant turning of the tractor. Irrigation lines take water from a nearby pond and run along the length of the plots. The lines

are connected to sprinklers that can reach the full width of the plots. The Stadnyks use cover crops in rotation with the vegetables, and use composted manure from their cattle as fertilizer. An unheated greenhouse lets Judy and Lee cultivate some of their produce for about half of the year. Storage facilities allow them to sell produce for most of the year. Their main crops include potatoes, onions, carrots, winter squash, and beets. They also grow smaller amounts of green beans, peas, broccoli, black currants, summer squash, tomatoes, baby leaf spinach, cucumbers, and peppers. They use succession planting to ensure a steady supply of fresh vegetables at their peak of quality.

To ensure a quality product, the Stadnyks have exacting procedures for harvesting, packaging, and delivery of their vegetables. These quality control procedures take time and careful management, and Lee believes they are only possible for farmers working on a smaller scale. High quality and freshness are factors that set local produce apart from something that has been stored at varied temperatures and shipped across the entire country. Carrots are cooled in water in the field at the time of harvest and within an hour are in the storage cooler at 34° F and 100 percent humidity. When they are prepared for sale in the winter months, they are washed and delivered to the client within four to five hours. Potatoes are stored in a separate cooler at 43° F. Squash are kept at 53° F and low humidity.

The Stadnyks were able to set up their vegetable cleaning and storage facilities at a fairly low cost. One of the storage units is 8 x 16-foot with glass doors and a high capacity compressor, and was purchased for \$500 from an old liquor store. The other, at cost of \$300, is a side-by-side cooler with one 8 x 16-foot unit and the other 10 x 16-foot unit, each with its own compressor and evaporator. For the cleaning process they use a system of stainless steel sinks, pressure washers and hand scrubbing. Lee mentioned that the used sinks were very inexpensive, and the cost for the facilities was minimal. In the summer they do most of the cleaning outside, and in the winter they use an old milk house next to their barn as a packing shed.

*Marketing and Pricing*

The Chequamegon Food Cooperative pays organic wholesale prices for locally grown produce. Northland College had been buying organic vegetables from the Chequamegon Co-op at retail prices, and it paid the same prices to the Stadnyks. Lee mentioned that, “organic vegetables generally command a higher price. I believe that that can only happen in a sustainable fashion if you’ve really got a good product.”

Sales to Northland College each week during the school year include about 100 pounds of carrots, 100 to 200 pounds of potatoes and 100 to 200 pounds of onions. Jeff Spangenberg, the food service director at Northland College, said that Lee’s produce is similar in cleanliness and packaging to what he receives from other suppliers. Carrots are delivered to Northland College in 50-pound reusable plastic boxes with lids, and potatoes and onions are delivered in 50-pound mesh bags. Direct communication between the Stadnyks and Mr. Spangenberg led Lee and Judy to grow a larger Asian carrot (Kuroda) so the college can make carrot sticks from them. This is an advantage small-scale farmers have over larger industrial operations: They can plant varieties that are tailored to a customer’s specific needs.

The Stadnyks keep their ordering and billing methods simple. The food service director at Northland College telephones once a week and tells Lee what he needs. Judy and Lee have a blank order form for the Chequamegon Food Co-op with their products and prices listed. They collect that form on Monday and usually fill the order on Tuesday. They also do special requests by phone. To bill their customers, Lee and Judy have a manager sign a delivery receipt form at the time of delivery. They will then make out an invoice and send their customer a bill.

Judy and Lee have regular meetings with their customers to get their input. Lee emphasized that it is necessary to be very involved with your customers if you are direct marketing: “This kind of farming is totally different. You have to go out and be willing to spend time with

people and cultivate connections.” By always providing high quality produce, they can retain their current customers as well as find new ones. As Lee said, “It’s a slow way to build a business, but it’s a good way.” The Stadnyks have also participated in local food dinners and in educational events at Northland College as a way to engage potential customers.

*Labor*

Lee spends about 10 to 12 hours a day working on the farm during the growing season. The most time-consuming chores are baling hay and caring for their animals, but he mentioned that weed control is one of their biggest challenges. They use a combination of a tine weeder and flame weeding. They hire at least one person full time from June until September, and there are times in September and October when they will hire crews to come in and help with harvest. But while Judy and Lee spend a lot of time and effort making their farm successful, Lee said it is also important to take some time once in awhile to “stop and smell the roses.”

*Local Cooperation*

If one of their customers is looking for a product not offered at Willow Run Farm, Lee said that they would send the customer on to one of their neighbors or friends who might have the product. He explained that the Ashland farmer’s market operates with a healthy dose of “friendly competition,” similar values that were envisioned by Adam Smith.\* The “invisible hand” of the market was meant to direct the self-interest of individuals into a positive benefit for society. In this manner competition would tend to drive down prices. In Ashland, if someone gets to the market early with a product, they may charge a higher price. As competition arrives, prices go down. Those who make an extra effort to show up early gain some benefit from that, but no one gets shut out of the market. Personal and friendly marketing relationships seem to benefit smaller scale farmers, as well as the market in which they participate.

*\* Smith, Adam. 1904 (first published 1776). An Inquiry into the Nature and Causes of the Wealth of Nations. London: Methuen and Co., Ltd., ed. Edwin Cannan. Fifth edition. Online: <http://www.econlib.org/LIBRARY/Smith/smWN.html>. (Retrieved December 2006.)*

#### *Future Direction and Advice*

Lee said that in the future they plan to expand their organic vegetable production and might look into some new marketing outlets for their produce. They are also raising some grass-fed beef, which will be ready for market in the next couple years.

Lee offered some final advice for others who may be considering the possibility of direct marketing produce to an institutional market: "If you're going to market vegetables you have to be a reliable supplier, and you have to have quality." The best things small local farmers have going for them are high-quality varieties of produce and short shipping times. Being prepared with a reliable supply of high quality produce is vital. Farmers should be able to go to a potential buyer and tell them what they can provide, how much and how often they can provide it, and how they will do it. In addition to this, Lee said, "don't be afraid to take your products into a restaurant or foodservice." Let your potential customers see first-hand that you have a high quality product.

#### *Epilogue*

Late in 2004, Judy Stadnyk was diagnosed with an aggressive form of cancer. The Stadnyks scaled back their farming operation for the 2005 season and ended deliveries of vegetables to Northland College. They traveled and made the most of the time they had together. Judy died on June 29, 2006. At the time of this writing Lee Stadnyk was in the process of deciding new directions for the farm, and considering an organic grass-fed beef operation. A memorial to Judy is posted on the Willow Run Farm website: [www.cheqnet.net/~wrfarm/pages/judy.html](http://www.cheqnet.net/~wrfarm/pages/judy.html)

**Profile: Jeff Spangenberg, Food Service Director at Northland College**

Jeff Spangenberg is the food service director for Northland College in Ashland, Wisconsin, and an employee of the Chartwell company. In a brief phone interview, he shared some helpful pointers for farmers thinking of attempting a direct marketing relationship with an institutional customer.

Working within an institution's processing and storage capabilities is often a challenge for local farmers. It can be easier if the institution has fewer people to serve. Northland, relative to other colleges, has a fairly small student body, so it is easier to meet their needs for both amount and quality of produce. Northland also has a vegetarian chef, so it is easier for their kitchen staff to use large amounts of produce in their menu plan.

Size and consistency of the vegetables are important to the school cafeteria. They have to peel the potatoes for many of their dishes, so large potatoes mean less labor. They typically use the carrots they get from Willow Run Farm for carrot sticks, so larger carrots also save on labor. Thus, the Stadnyks grow the large-sized Kuroda variety of carrot for the school.

Farmers should know that food service companies like Chartwell usually work on a fixed budget, which is part of their contract with the school. Smaller private schools often have a greater degree of flexibility to adjust the budget for their food service provider. The bureaucratic layers of a state-run system can make such financial flexibility more difficult for these universities.

It is important for farmers to have an understanding of how these institutions work. Most of the institutions are accustomed to the convenience of large processing and distribution companies, and working with a local farmer often requires some new methods. A successful enterprise between these institutions and their local farmers will require both to be creative and flexible when trying to work out their marketing relationship. Good

relationships and communication between farmers and institutional customers are vital. When asked about the ordering and billing process with Willow Run Farm, Spangenberg said, "Lee is just a phone call away."

One challenge for local farmers may be in dealing with payments from institutions. Spangenberg mentioned that initially, Stadnyks had to wait some time before getting paid for their first deliveries. Because of the complexity of institutional budget systems, it is usually not possible for payment on delivery. Once the payments are initiated, however, they are consistent.

Before telephoning a food service manager, farmers should have a good idea of how to make a direct marketing relationship with an institution possible and how to overcome common challenges. Institutional customers and food service directors may be interested in buying local, but it is vitally important for the farmers to recognize that this can be a challenge even when it is desired. Persistence and good communication are crucial to getting such a project underway.

# BROKERS AND DISTRIBUTORS

## Distributors

Food distributors are a key component of the food system in the United States. Restaurants, caterers, convention centers, school and college food services, and other types of food services all rely on distributors to get them the food and food-related products that they need to serve their customers. A recent University of Minnesota-sponsored study has shown that food service managers like the streamlined ordering system. Often, they can order everything they need from one or two distributors.

Farmers' opportunities to sell their food products to local or regional food services are limited by time, staffing, and money constraints on the farmers as well as on the food services. Distributors meet the needs of food services for specific quantities of specific products at a specific time. Distributors can also meet the needs of farmers by handling the marketing, ordering, billing, and delivery tasks, thus allowing the farmers to concentrate on their production. Farmers who want to tap into the food service market might consider working with a distributor. For more insights into the needs and wants of distributors and the food services that use them, see "Making the Farm-School Connection" and "From Barn to Banquet" in Resources for Sales to Brokers and Distributors, page 72.

Brad Donnay of Donnay Farms has a small-scale "farmstead" goat cheese operation that uses milk from the farm's own goats. Brad said that when he was starting his business he spent two to three days each week in the Twin Cities metro area, meeting with restaurant managers or corporate managers of restaurant chains and offering samples of his cheese. He found a good market for his cheese at high-end restaurants. As his business grew he needed to spend more time on the cheese production. He asked his restaurant customers which distributors they liked, then approached those distributors and offered them the opportunity to take over the work of selling and delivering the cheese to his

restaurant customers. He still supplies a few restaurants on his own. He has a non-compete agreement with the distributors, and charges the same base price to restaurants that the distributors would charge.

Brad said that it was not difficult to get appointments to meet with managers of restaurants or with the sales staff of distributors. If you want to be successful in marketing you need to be willing to pick up the telephone and call people. It is important to find out who the decision maker is for any organization or business and be prepared to answer that person's questions about how your product can meet his or her needs, as well as questions about your farming practices, your processing and food handling practices, and how you comply with state and federal regulations.

## ADVANTAGES OF WORKING WITH A DISTRIBUTOR

- The distributor handles all of the ordering and billing.
- The distributor can offer products to a wider array of potential buyers than farmers could reach on their own.
- The distributor can smooth out the problem of seasonal availability by buying from local farmers in season, and sourcing products from elsewhere when the local products are not available.
- Farmers can sell larger quantities than they might be able to sell through direct marketing methods.
- Depending on product type, the farmers may not need to develop their own labels, brochures, consumer-oriented packaging, or other brand identity materials.
- Farmers can sell raw fruits and vegetables with minimal processing.
- Payment may be more rapid than with some other forms of sales to intermediate buyers.

## TYPICAL REQUIREMENTS FOR FARMERS WHO SELL TO A DISTRIBUTOR

- Product liability insurance. The amount of insurance required may vary depending on the product and quantity that the farmer is selling.
- “Hold harmless agreement.” Farmers might be asked to sign an agreement accepting responsibility for any injury that may result from people eating their product.
- Product analysis and nutrition labeling. These may be required for processed products.
- Consistent packaging and sizing. Products are offered to the distributor’s customers in standard sizes, and the farmers need to package the products accordingly.
- On-farm storage. Farmers may need to be able to hold their product until the distributor has a need for it.
- Transportation. Farmers may need to arrange shipping for their product to a distributor’s warehouse. This may involve hiring a truck, or it may involve coordinating with a distributor-owned truck.
- Quality product. A distributor may be able to sell product that isn’t considered “premium,” but it still needs to have acceptable quality.

Sources:

*Jeff Larson, SYSCO Minnesota*

*Duane Pflieger, Bix Produce*

## Brokers

Food brokers are business entities that source products from farmers for resale. They are different from food distributors in that they typically do not carry a complete range of food service products, or even a complete line of a certain type of product. They may focus on a few types of products, or a certain specialty line. Or, they may deal with a wider range of products but without the regional or statewide distribution system a distributor has. An example of a broker is a livestock auction house. The auction service sources animals from farmers and provides a central location for buyers to come and bid on the animals. There are some individuals and businesses in Minnesota that function as brokers for local foods.

The local food broker is a model that has potential for creative uses with a variety of farm products. Some farmers discover that they are good at direct marketing their products, but many farmers prefer to concentrate on their farming and would like to have others do the marketing. Local food brokers are one way that this can happen.

Thousand Hills Cattle Company, owned by Todd Churchill, is one example of a local food broker. The company is based in southeastern Minnesota. It buys grass-fed beef raised using a prescribed protocol from regional farmers, arranges processing at the Lorentz Meats processing plant in Cannon Falls, Minnesota, and then markets the beef to grocery stores and restaurants in Minnesota and Wisconsin. The farmers get a premium price for animals sold to Thousand Hills. Thousand Hills adds value to the beef by marketing it as a premium product in urban locations that the individual farmers could not reach on their own. Thousand Hills takes full responsibility for the marketing, and in return the company reaps the benefits of the price spread between what they pay the farmers and what they earn from sales to food retailers. This arrangement allows the farmers to concentrate on what they do best: raising excellent beef on pasture. Todd believes that it

is important to have different types of business risks owned by the proper entities. Farmers are best suited to bear the risks of production, but the marketing risks should be borne by a marketing business. A common downfall of farmer-owned cooperatives is that they do not spend enough money to develop a good marketing program. Todd estimates that Thousand Hills spent half a million dollars to develop its brand and build a stable marketing program with a broad and diverse group of customers. They work to find at least three different types of customers for each cut of meat to ensure that they can sell every cut from the carcass. He views the Thousand Hills business as a relationship of mutual benefit between himself and the farmers. He depends on the farmers to supply top quality grass-fed beef, and they depend on him to market it effectively so that they can make a profit. Todd believes that his for-profit marketing business is a good model for building a sustainable local food system.

Callister Farms is another example of a local food broker. Lori Callister began her business by raising chickens and turkeys, processing them at her on-farm custom processing plant, and selling them at farmers' markets. She found that she had a knack for retailing and in 2005 opened a retail store at the Midtown Global Market in South Minneapolis. The store carries her own poultry, which is now processed at a USDA plant. She is now starting to source poultry from other farmers in her area. This has opened an opportunity for an immigrant family that used to raise chickens in Mexico to begin raising chickens for Callister Farms. Lori's Midtown store also carries products from other farms, including pork products from the Pastures A' Plenty farm in Kerkhoven, Minnesota. The store location in a major metropolitan area adds value to the meat products that the farmers could not capture from their rural locations.

## FORAGERS

Foragers are individuals who are paid to find local suppliers of food. A forager might be hired by a caterer to find the local food products that are needed for a special event meal. For example, the University of Minnesota-Morris campus has

hosted sustainable agriculture events featuring local food meals. The food service hired Anne Borgendale to “forage” for the food needed for those meals. Anne grew up in that part of Minnesota, so she was familiar with the area farmers

and their products. She estimated that for a 600-person meal it took her about 8 hours to locate the food that would be needed, drive to the farms to get the food products, and deliver the food to the Morris campus food service.

### Resources for Sales to Brokers and Distributors

*From Barn to Banquet: Opportunities and Barriers to Greater Use of Minnesota Grown Food at Conferences.* 2005. J. Berkenkamp. Minnesota Grown Program, MDA. Available in full text online at: [www.misa.umn.edu/sites/2e889d49-6a82-4b7e-8d7a-c1c383aa1d65/uploads/from\\_barn\\_to\\_banquet\\_1005.pdf](http://www.misa.umn.edu/sites/2e889d49-6a82-4b7e-8d7a-c1c383aa1d65/uploads/from_barn_to_banquet_1005.pdf). Results of a survey of Minnesota meeting planners to identify needs and preferences for local food at conferences.

*Making the Farm-School Connection: Opportunities and Barriers to Greater Use of Locally-grown Produce in Public Schools.* 2006. J. Berkenkamp. Department of Applied Economics, University of Minnesota. Available in full text online at: [http://www.misa.umn.edu/sites/2e889d49-6a82-4b7e-8d7a-c1c383aa1d65/uploads/Making\\_the\\_Farm—School\\_Connection.pdf](http://www.misa.umn.edu/sites/2e889d49-6a82-4b7e-8d7a-c1c383aa1d65/uploads/Making_the_Farm—School_Connection.pdf). Results of discussions with food service directors to identify potential for greater use of local food in public schools.

*The Packer: The Business Newspaper of the Produce Industry.* The Packer, 10901 W 84th Terrace, Lenexa, KS 66214. Online: [www.thepacker.com](http://www.thepacker.com). This produce industry newspaper contains information about industry standards for handling of fruits and vegetables, requirements and proposals for tracking and identification, price reports, and other information that farmers may find useful for communicating with distributors and food buyers. Access to most of this information online requires a paid subscription.

Thousand Hills Cattle Company. Retrieved December, 2006. [www.thousandhillscattleco.com](http://www.thousandhillscattleco.com). For more information contact: THCC, PO Box 323, Cannon Falls, MN 55009. (507) 263-4001. [shaneb@thousandhillscattleco.com](mailto:shaneb@thousandhillscattleco.com). This website contains information about grass-fed beef and operational guidelines for producers who want to raise cattle for THCC.

# COLLABORATIVE MARKETING

Farmers can work together to accomplish marketing goals that they could not achieve by themselves. Sometimes, farmers and consumers or farmers and nonprofit groups work together to achieve marketing goals that benefit the farmers. Marketing collaboration is an area that is wide open for creative efforts.

Farmer cooperatives, or co-ops, are one specialized form of group marketing; this is what most farmers think of when they think of collaboration with other farmers. Co-ops are owned by the farmers, and the farmer-owners have a lot of hands-on involvement in the day-to-day operation of the business. The MISA publication, "Collaborative Marketing: A Roadmap and Resource Guide for Farmers," details the process of forming a farmer co-op (see Resources for Collaborative Marketing ). Co-ops tend to have some difficult challenges. Sometimes they work well, often they struggle, and sometimes they fail. Farmers who want to form a marketing co-op need to expect to spend a lot of time and effort on activities such as feasibility studies, business planning, and marketing plans. Honest, unflinching analysis of the co-op's financial prospects and sales potential is needed. Another crucial component of co-op success is commitment on the part of the farmer-owners. Building a new business is a difficult and long-term process. Co-ops that have succeeded have had members who were willing to put in "sweat equity" as well as monetary support for the co-op.

Co-ops are not the only way for farmers to work together. There are other models:

- Nonprofit organizations take the lead in developing a marketing effort that benefits a group of farmers. Pros: The farmers have little risk; they are not asked to put in

money up front as they would for a farmer co-op. Interested consumers can be involved in the effort, and grant funding may be more accessible to the nonprofit organization than it would be to farmer-owned entities. Cons: The farmers have little control over the effort. Examples of this model in Minnesota:

Heartland Food Network,  
[www.mnproject.org/food-heartland.html](http://www.mnproject.org/food-heartland.html)  
Pride of the Prairie,  
[www.prideoftheprairie.org](http://www.prideoftheprairie.org)

- Public agencies take the lead in developing a marketing effort that benefits a group of farmers. Pros: The agencies can direct a budget and staff time toward work on the marketing effort, and may have access to other resources that can help—the farmers have little risk. Cons: The farmers have little control over the effort. Efforts may be disrupted by staff changes or by budgeting changes that are beyond the agency's control. Examples of this model in Minnesota: Northwestern Minnesota Local Food Partnership, [www.localfoods.umn.edu/](http://www.localfoods.umn.edu/) Superior Grown, [www.nffi.net/superiorgrown/index.htm](http://www.nffi.net/superiorgrown/index.htm)

## FARMER COOPERATIVE CHALLENGES

- Farmers have to give up some control over their marketing, and sometimes over their production methods as well. This is difficult for many farmers to do.
- Farmers have to sacrifice some short-term self-interest for the long-term good of the cooperative. For example, if livestock prices on the open market are high, the farmers may get less money selling through the co-op than they could just sending the animals to market.
- It takes longer and costs more to get through the business planning, paperwork, and filing stages than anyone anticipates. People get tired of going to meetings, and become frustrated by delays and difficulties that arise. Farmers may be asked to contribute more money than they had planned on to get the co-op organized.
- It takes longer and costs more to get the co-op operations functioning than anyone anticipates. Farmers may be asked to contribute more money than they had planned on to keep the co-op afloat in its early days, when it is still trying to develop its markets.
- Some types of products require processing, and co-op members may be tempted to invest in processing infrastructure so they have control of that aspect. This can lead to large debts that are hard to pay off, and can remove members' focus from important business planning and marketing tasks.
- The farm families often try to do a lot of the co-op work themselves, to save money that would have to be paid to an employee or a consultant. This can lead to overwork and burnout for the farm family members. It can also lead to mistakes made by people who do not have the necessary expertise for the task.
- Some members of the co-op may end up doing more of the work than other members. This can lead to resentment on the part of those doing more work. It can also lead to a sense of disenfranchisement on the part of other members who may feel that they have no right to comment on co-op operations since they are not putting in as many volunteer hours.
- Hiring, training, and keeping employees is a challenge for any business, but a co-op has some special challenges. An employee expects a regular paycheck and regular pay raises for good performance. The farmers may be putting in volunteer time and not getting any higher prices for their product, so that creates some tension over employee expectations.
- Grant funding may help co-ops through some financial troubles, but can also become a burden. The work needed to fulfill the terms of the grant can take time away from work needed to build the co-op's business.

The Heartland Food Network is an example of nonprofit organizations, state agencies and potential buyers of local food coming together to form a marketing effort that will benefit consumers and farmers. The Minnesota Project convened a steering committee which included MDA's Minnesota Grown Program, Food Alliance Midwest, the Farmers Union, and local chef Paul Lynch. In 2006, this group launched a unique collaboration of chefs, farmers, processors and distributors committed to bringing high quality, locally grown, sustainable and organic products to Midwest dinner tables. Initial efforts are

focusing on increasing the amount of local food served in restaurants.

The chefs, processors and distributors make a commitment to buy locally grown food, and to increase the amount of local food that they buy each year. The restaurants in the Network advertise their use of local food to customers. Minnesota farmers have been recruited to supply the products that the distributors and chefs want.

This is a low-risk collaborative marketing effort for the farmers. The chefs and distributors are putting money into the

marketing effort, and the farmers are not. In exchange for little risk, the farmers have limited control over the marketing. Decisions on how the Heartland Food Network is presented to the public are made by the chefs and distributors who are members. Farmers can have some influence over what food is served, though, by being in direct communication with the chefs about what products they have coming available. Chefs need that communication from the farmers, since they do not have time to spend making phone calls to find out what is available.

## Resources for Collaborative Marketing

*Collaborative Marketing: A Roadmap and Resource Guide for Farmers.* 2000. R. King and G. DiGiacomo. MISA. Publication no. BU-07539. Available in full text online or from: University of Minnesota Extension Distribution Center, 405 Coffey Hall, 1420 Eckles Ave, St. Paul MN 55108-6068. (800) 876-8636. ShopExtension@umn.edu. [www.extension.umn.edu/distribution/businessmanagement/DF7539.html](http://www.extension.umn.edu/distribution/businessmanagement/DF7539.html).

This document outlines the steps needed for farmers to organize a farmer-owned marketing cooperative, and profiles ten cooperatives that were formed or in the process of forming during the years 1996 through 1998.

*Romance vs. Reality: Hard Lessons Learned in a Grass-Fed Beef Marketing Cooperative.* 2002. A. Wilson. Available online on the Agricultural Marketing Resource Center website: [www.agmrc.org/agmrc/business/strategyand-analysis/romancevsreality.htm](http://www.agmrc.org/agmrc/business/strategyand-analysis/romancevsreality.htm). Retrieved December, 2006. This is candid reflection about the operations and challenges faced by the Tallgrass Prairie Producers Co-op, written by Annie Wilson, a member and former business manager. Tallgrass Prairie Producers Co-op operated from 1995 to 2000, raising and marketing grass-fed beef from ten Kansas ranches.

**Profile: PastureLand Cooperative**

*Jean Andreasen, Manager*  
[www.pastureland.coop](http://www.pastureland.coop)

PastureLand Cooperative is owned by a small group of grass-based dairy farmers milking roughly 625 cows in southeastern Minnesota. PastureLand’s award-winning butter and cheese are made from the milk of 100 percent grass-fed cows, and are sold primarily at retail outlets in the Twin Cities and Southeastern Minnesota. PastureLand also has a mail order business that ships product nationwide, which accounts for seven to nine percent of sales. PastureLand has built a successful niche within a highly competitive dairy environment.

PastureLand was organized in 1998, and its membership consists of five dairy farms operated by six families. They began selling cheese in 1999, and butter in 2000. Jean Andreasen, their general manager, was hired in 2004. All of the farms are organic and Food Alliance certified. In 2006 the co-op’s gross income was \$1.2 million dollars; \$253k were generated from the sales of value-added products. The co-op’s signature gourmet butter has taken top awards at the American Cheese Society Competition and Judging for three consecutive years. PastureLand recently obtained a Value-Added Producer Grant (VAPG) from the USDA to help it expand its regional sales. The hire of Steve Young-Burns as their sales director in 2006 will help facilitate this process.

Whether to rent processing capacity or purchase processing facilities is always an issue for value added products, and PastureLand chose to not invest in its own processing infrastructure, but works with co-packers to produce their butter and cheese. The co-op produces its butter and cheese during the peak of the grazing season. Product is stored both on a co-op member’s farm, and at Co-op Partners Warehouse in Saint Paul. Up until now the co-op has kept ownership of its distribution system. This has meant more work to get products delivered to markets, but has minimized expenses. As sales increase, it is possible that the co-op may outgrow the capacity of their co-packers and their storage facilities. The lack of dairy processing facilities in the immediate area of their farms has forced them to look at processing options further away.

Finding markets for by-products—skim milk, whey, and buttermilk—can also be difficult because of limited local outlets.

Jean notes PastureLand is fortunate to have members who were truly committed to the co-op from the beginning and willing to invest their time and personal resources to grow and nurture the business. The cooperative is also fortunate to have high-quality products that fill a specific market niche. Natural food cooperatives and retailers have proven to be effective outlets for their products as target customers tend to be well educated, health-conscious and eager to support sustainable farming practices. Other things that have benefited the co-op in recent years include:

- Time spent on a visioning process, which allowed the members/staff to build consensus on where they wanted to take the co-op
- Preparation of a formal business plan
- Regularly scheduled board meetings
- Standardized financial reporting, which gives board members an opportunity to compare recent numbers with past performance.

PastureLand is poised to expand, and with expansion will come additional challenges. The board members will need to spend less time on operations, and more time on governance and developing tools for measuring the co-op’s progress. The co-op members will have to look carefully at the pricing of products to make sure they can sell a good volume of product without harming profitability. The grant funds will help them through sales expansion, but they need to be sure the co-op can pay its expenses with funds generated by the business once the grant is completed. Finally, the co-op will have to expand its membership in order to increase its milk supply as sales increase. Organic milk is a product in great demand, and competition for new producers is fierce. For some dairy producers it can be a temptation to chase short term gains, rather than supplying a co-op with milk and committing to the slower process of growing a business and brand of their own. PastureLand is interested in engaging farmers in building a brand and an organization they can be confident of, and that gives them a good return on their investment.

**Profile: Whole Farm Co-operative**

*Long Prairie, Minnesota*  
*Robert Bromeling, Manager*  
*www.wholefarmcoop.com*

The Whole Farm Co-op, based in Long Prairie, Minnesota is an example of a farmer cooperative that has struggled, but has stayed in business for ten years. It is made up of about 30 farm families who pay annual membership dues of \$75, plus 30 percent of sales to the co-op. The annual dues can be paid in \$75 cash, or in \$25 cash plus work at the co-op in lieu of the remaining \$50 cash payment. Annual dues are used primarily for advertising. The co-op operations are funded from the 30 percent of sales retained by the co-op. Running the co-op on 30 percent of sales is an ongoing struggle. Equipment repairs or upgrades are very difficult to finance. When repairs or upgrades have been necessary, one or more co-op members have usually stepped in to help.

All co-op members are eligible to serve on the board of directors, which is elected at annual meetings. Manager Robert Bromeling meets with the entire membership once per year at the annual meeting, but then also has one or two meetings per year with each “product group,” made up of all the farmers that produce a particular product. The farmers have direct control over the prices that the co-op charges for products.

Whole Farm Co-op offers a wide array of products, including beef, pork, chicken, eggs, cheese, jams and jellies, baked goods, fruits and vegetables, flour, pancake mixes, bread mixes, maple syrup and honey, wooden utensils and furniture, gift packages and cards, and teas and coffee. All products are from the local area except the tea and coffee. Robert noted that they carry the line of organic and fair-trade teas and coffees at the request of their customers.

The co-op does not have a limited membership, and has never turned down new members. Prospective members have an entrance interview and a site visit by the board members, then pay their annual dues and are eligible to sell through the co-op. Members hold their products at their own farms until the co-op needs them, then they deliver their products to the co-op. The exception is meat. The co-op schedules processing at a USDA-inspected processing plant. The farmers deliver the animals to the plant and pay for the processing of their animals, but then the processed meat is stored at the co-op building until it is sold. Beef slaughter is typically done in June and October to take advantage of the peak quality times for grass-fed beef.

When several farmers can supply the same product, the co-op rotates orders so that everyone gets a chance to

supply. Farmers do not sign a contract to deliver product to the co-op, but the long-term members have a commitment to the co-op and will deliver their product when called upon. All products sold by the co-op can be traced back to the member that produced them.

Members are paid after their product sells. This can lead to a delay for payment on beef and pork, as some cuts are more popular than others and it takes some time to sell all of the cuts from an animal. Farmers who sell meat through the co-op basically give the co-op a zero-interest loan on the product, and the term of the loan varies depending on the demand for meat.

Whole Farm Co-op has standards of sustainable and humane production that its farmer-members commit to following. Broiler chickens must be free-range, laying hens must never be caged, beef must be raised on pasture and without sub-therapeutic antibiotics, and farmers must use sustainable cropping practices. Co-op board members and the co-op manager do occasional spot-checks on farms to verify that the standards are followed, but thus far they have not used any outside verification of the farmers.

Whole Farm Co-op is unusual among co-ops in that it does not attempt to impose any standard livestock breeds or feeding regimen on its livestock farmers. That means there is a lot of variation in the meat, chicken, and egg products. Robert said that this has not been a barrier to their marketing. In fact, this is a strength of the co-op because the farmers are free to keep their own originality and do not feel “micromanaged” by the co-op. Customers need some education about the variation they must expect in the products, but then they are very accepting of it.

The co-op sells to some grocery stores, and has had a range of responses from the stores. Some stores have “bought in” to the idea of local food, and are reliable customers of the Whole Farm Co-op. Other stores have been looking for a certain type of product, such as grass-fed beef, at the cheapest price and are not concerned about whether it is a local product. The co-op’s customer base is faith communities and nonprofit organizations in the Twin Cities metro area whose members have made a commitment to buying local food. Whole Farm Co-op has more than 30 delivery sites in the metro area, most of them at churches, as well as a few other sites in St. Cloud, Brainerd, Little Falls, and Duluth. Most farmers who choose to work for the co-op in lieu of an annual \$50 payment are asked to travel to some of the delivery sites to meet with the customers there. This is a very important part of the co-op’s marketing effort: the urban customers greatly appreciate the chance to meet with the farmers who are growing their food.

**Profile: Southeast Minnesota Food Network**

*Dover, Minnesota*

*Pam Benike, Manager*

*www.southeastmnfoodnetwork.org*

The Southeast Minnesota Food Network is a business composed of farm families in southeastern Minnesota. The Network sells a variety of products including fresh fruits and vegetables, beef, pork, chicken, and eggs primarily to restaurants and food services in southeastern Minnesota and in the Twin Cities. It is organized as a Limited Liability Corporation (LLC).

The Network has some features that mark it as a true farmer collaborative. All current members are informed when a new member is added. If a member has production questions, the Network manager will help them contact another member who is producing the same kind of product. The Network holds training workshops for the members on topics such as timing of harvest and post-harvest handling of fruits and vegetables. Experienced farmers teach the newcomers at these workshops. Members meet with the manager each spring to plan the product line and assess the likely quantities that will be produced in the upcoming summer season. At this meeting, farmers can sign up for group ordering of plastic bags, twist-ties, boxes, and other supplies.

Farmers can ask to join the Network at any time, but most of the recruiting of new farmers happens during the winter. The Network maintains a waiting list of farmers who can supply products that the Network sells, and new suppliers are added from this waiting list as the demand for the product grows. Members join the Network by buying one share in the company at a cost of \$250. One share equals one vote at the annual meeting. Prospective members also must have a farm visit by a board member and sign a statement that they will follow the Network's sustainable production guidelines.

The Network members must have their own product liability insurance for products that are processed in any way. Vegetables straight from

the field do not require insurance, but washed and bagged salad greens do require it. The farmers have found that it is much easier to find insurance for some items than others. Pam noted that it is fairly easy to find insurance for beef, because insurance companies that work with farmers have a lot of experience with beef sales and because most of the liability is borne by the processor. On the other hand, finding product liability insurance for farmstead cheese can be extremely difficult. If you have trouble finding insurance, Pam recommends calling other farmers who produce a similar product and asking them where they get their insurance.

The Network keeps a portion of each sale for distribution expenses, and another portion for general expenses. Pricing of products is based on the cost of production, including the cost of the farmers' labor to produce it. When the Network began, the farmers pooled their financial data to calculate their costs of production and then added on a profit margin for the farmers and the percentage needed by the Network to arrive at the selling price for products. Now, the Network manager does market research to find reasonable selling prices for products. Then they work backwards to determine how much the farmers would receive and compare that to the farmers' production costs. If the farmers cannot profitably produce a certain product, the Network probably will not carry that product.

There are few models for this type of business, so the Network is learning as it goes. There have been growing pains. Ideas have been tried that have not worked. Some things that the Network would like to do are not possible at this time because a larger operation would be necessary. Grant funding from the USDA has helped the business expand and hire a salesperson. Pam said that the expansion has helped the Network to operate more efficiently and they are moving toward independence from grant funding.

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# LOCAL REGULATIONS

Counties, townships, and cities are local government units that may have regulations that apply to your enterprise. Some typical kinds of regulations include:

- Limits on size or location of advertising signs
- Permits required for excavating or new building construction
- Local health codes regarding food preparation and sale
- Zoning regulations on types of enterprises that can be conducted in certain areas
- Requirements for size and placement of parking areas
- Requirements for bathroom and handwashing facilities (especially for agritourism enterprises)

Local government officials and farmers who have started new enterprises agree that it is far better to work together early to avoid problems, rather than trying to fix things that were not done properly.

County and city governments divide up their responsibilities among departments, and the department names can vary from place to place. You might find the planning and zoning people in the Environmental Services Department, for instance, or they might be in the Land Department. Rural townships usually do not have their own planning and zoning or health departments. They rely on the county governments for those services, and county rules apply within the townships. Townships near an urban area may have their own planning and zoning offices, though, so it is wise to check to be sure.

## HOW TO FIND YOUR LOCAL OFFICIALS:

- Ask around in the neighborhood. Chances are that someone knows who the township officers are. Your neighbors might even be township officers, themselves.
- Visit your nearest library, and ask the librarian for assistance. Many communities have a printed directory of local officials.
- Call or visit the administrative office in your county courthouse. County administrators can direct you to the correct offices for zoning and public health questions.
- Look up county information on the State of Minnesota website, [www.state.mn.us](http://www.state.mn.us). Under the “Quick Links” heading, click on “Cities, Counties, Townships.” Most Minnesota counties have a website that includes information on county offices. Some county websites include lists of township officers for townships in that county.
- Request township information from the Minnesota Association of Townships website, [www.mntownships.org](http://www.mntownships.org), or call (800) 228-0296.

# STATE REGULATIONS

## Overview of Minnesota Food Marketing Regulations

When you decide to market your farm products directly to consumers, or to retail establishments such as restaurants, you enter what can seem like a bewildering tangle of state regulations. The Dairy and Food Inspection Division of the Minnesota Department of Agriculture (MDA) has regulatory authority over food sold in Minnesota. Regulations are driven by food safety concerns.

In practical terms for farmer operations this decision did not change much about what you have to do, despite a great deal of publicity about the ruling. All food offered for sale to the public must still be handled in a sanitary manner, following safe food handling practices and other applicable state regulations, regardless of whether a food handler's license is legally required. Inspected and approved kitchens are still required for processing food that will be sold at retail.

### Less Regulation

Raw, unprocessed foods  
Single-ingredient foods  
Sold from farm premises  
Products grown & sold by the farmer  
Sold to the end consumer  
Small sales volume

### More Regulation

Processed foods  
Multiple ingredients  
Sold at a location off the farm  
Resold products grown by someone else  
Sold to a retailer for sale to the public  
Large sales volume

When marketing to restaurants, grocery stores, food services, or other retailers, there are some situations where a food handler's license is not required by the state. Licensing is still recommended, though, and buyers may be wary of buying from you if you are not formally licensed. The Dairy and Food Inspection Division at the Minnesota Department of Agriculture is willing to issue licenses to farmers who want them, regardless of whether the license is legally required.

A 2005 Minnesota Supreme Court decision declared that farmers are not required to have a license to sell the products of their own farms, but they are required to follow all applicable public health and safety regulations. This ruling caused the MDA to remove some categories of food sales by farmers from licensing requirements. However, licensing and inspection are not the same. **Exemption from licensing does not mean exemption from inspection.**

Minnesota Supreme Court decision: State of Minnesota vs. Diane Marcella Hartmann et al. July 28, 2005. Docket # A03-1674. [www.lawlibrary.state.mn.us/archive/supct/0507/opa031674-0728.htm](http://www.lawlibrary.state.mn.us/archive/supct/0507/opa031674-0728.htm). Print copies of this case are available from the Minnesota State Law Library: Room G25, Minnesota Judicial Center, 25 Rev Dr Martin Luther King Jr Blvd, St Paul, MN 55155. (651) 296-2775. There is a printing and mailing fee for print copies. Be ready to supply the case name, date, and docket number when you make a request for a print copy.

## Maple Syrup

### Type of Sale

### Regulations

Syrup from trees on your own property that you occupy, sold to any individual or business

No licensing required

Syrup from trees at any location, sales up to \$5,000 per year at farmers' markets or community events

No licensing required

Syrup from trees at any location, sales greater than \$5,000 per year or sales to businesses

Food handler's license required

## Vegetables

Type of processing	Direct sale to individuals for use by them, their family, or non-paying guests	Sale to restaurants, grocery stores, food service, other retailers
Fresh, raw, no processing.	No licensing required	No licensing required
Fresh, raw, some processing but no purchased ingredients (shredded coleslaw mix, carrot sticks.)	No licensing required, must use inspected and approved kitchen.	Food handler's license recommended, must use inspected and approved kitchen.
Fresh, raw, processing and purchased ingredients (prepared coleslaw with purchased dressing.)	Food handler's license required, must use inspected and approved kitchen.	Food handler's license required, must use inspected and approved kitchen.
Frozen, no purchased ingredients.	No license required, home kitchen allowed.	Food handler's license recommended, must use inspected and approved kitchen.
Frozen, purchased ingredients.	Food handler's license required, must use inspected and approved kitchen.	Food handler's license required, must use inspected and approved kitchen.
Canned, pH less than 4.6, gross sales less than \$5,000 year.	No license required, home kitchen allowed, training course recommended.	Food handler's license required, must use inspected and approved kitchen.
All other canned vegetables.	Food handler's license required, must use inspected and approved kitchen.	Food handler's license required, must use inspected and approved kitchen.

## Fruits

Type of processing	Direct sale to individuals for use by them, their family, or non-paying guests	Sale to restaurants, grocery stores, food service, other retailers
Fresh, raw, no processing.	No licensing required	No licensing required
Fresh, raw, some processing but no purchased ingredients (melon slices, apple slices)	No licensing required, must use inspected and approved kitchen.	Food handler's license recommended, must use inspected and approved kitchen.
Fresh, raw, processing and purchased ingredients (prepared fruit salad with purchased dressing.)	Food handler's license required, must use inspected and approved kitchen.	Food handler's license required, must use inspected and approved kitchen.
Frozen, no purchased ingredients.	No license required, home kitchen allowed.	Food handler's license recommended, must use inspected and approved kitchen.
Frozen, purchased ingredients.	Food handler's license required, must use inspected and approved kitchen.	Food handler's license required, must use inspected and approved kitchen.

## Dairy Products

Type of Sale	Regulations
Raw milk	No licensing required Customers must bring their own containers to the farm. No on-farm storage of containers of milk.
Pasteurized and bottled milk, cream, half-and-half, butter	Food handler's license required if off-farm ingredients are used. Must use inspected and approved facilities.
Yogurt, kefir, ice cream, flavored milk, sour cream	Food handler's license required. Must use inspected and approved facilities.
Raw-milk cheese	Must be aged minimum of 60 days. Food handler's license required, must use inspected and approved facilities.
Pasteurized-milk cheese	No aging requirement. Food handler's license required, must use inspected and approved facilities.

## Eggs

A license is not required for farmers to sell eggs from their own flock raised on their own farm. If you are selling from a location off the farm premises, you must register with the Dairy and Food Inspection Division of the Minnesota Department of Agriculture.

Type of Sale	Regulations
From the farm premises to individuals for use by their family or non-paying guests	No license required, can reuse cartons; grading, candling, and labeling not required.
From a nonfarm location (such as farmers' market) to individuals for use by their family or non-paying guests	Registration required, can reuse cartons, dry cleaning methods only; grading, candling, and labeling are required.
To a restaurant, grocery store, or food service	Registration required, cartons must be new, dry cleaning methods only; grading, candling, and labeling are required.

## Poultry

Poultry regulations are very complex. For any situation not exactly covered by the descriptions in the table below, contact the Minnesota Department of Agriculture, Dairy and Food Inspection Program at (651) 201-6027 for more information.

Type of Sale	Regulations
The farmer's own birds sold from the farm premises to individuals for use by their family or non-paying guests, less than 1000 birds per year	No license required, slaughter facilities must be sanitary. The MN Department of Agriculture has the right to inspect facilities.
The farmer's own birds sold from a nonfarm location (such as farmers' market) to individuals for use by their family or non-paying guests	No license required, birds must be processed in an inspected and approved facility, packages must be labeled as exempt under P.L. 90-492
The farmer's own birds sold to a restaurant, grocery store, or food service	No license required, birds must be slaughtered and processed at a USDA or state equivalent facility with continuous inspection.

## Meat

"Meat" includes beef, bison, goat, sheep, and hog meat as well as meat from Cervidae (deer, elk, reindeer, moose, etc.)

Type of Sale	Regulations
The farmer's own animals sold before slaughter to individuals for use by themselves, their family, or non-paying guests	No license required, custom-exempt slaughter facility may be used.
Meat from the farmer's own animals, sold as packaged cuts to individuals or to retailers	No license required, animals must be slaughtered and processed at a USDA or state equivalent plant with continuous inspection.
Meat from the farmer's own animals, sold as a processed or multi-ingredient product (breakfast sausage, bratwurst, bacon, jerky, etc.)	Food handler's license required, animals must be slaughtered and processed at a USDA or state equivalent plant with continuous inspection.

## Honey

No licensing required.

For sale to retailers, containers must be labeled with farmer's name and address.

## Minnesota Statutes Regarding Food Sales

Minnesota Statutes are most accessible online. If you do not have Internet access, you can visit a local library to view the statutes online. Print copies are available on a limited basis from the Office of the Revisor of Statutes, 700 State Office Building, 100 Rev. Dr. Martin Luther King Jr Blvd, St. Paul, MN 55155. (651) 296-2868. Minnesota Statutes 2006, Chapter 28A. Licensing Food Handlers. [www.revisor.leg.state.mn.us/stats/28A/](http://www.revisor.leg.state.mn.us/stats/28A/)

Minnesota Statutes 2006. 28A.15. Exemptions to food handler licensing requirements. [ros.leg.mn/stats/28A/15.html](http://ros.leg.mn/stats/28A/15.html)

Minnesota Statutes 2006. Chapter 31. Food. [www.revisor.leg.state.mn.us/stats/31/](http://www.revisor.leg.state.mn.us/stats/31/)

Minnesota Statutes 2006. 31.31. Commercial canneries, regulation. [ros.leg.mn/stats/31/31.html](http://ros.leg.mn/stats/31/31.html)

Minnesota Statutes 2006. 31.392. Canning in dwelling or basement. [www.revisor.leg.state.mn.us/stats/31/392.html](http://www.revisor.leg.state.mn.us/stats/31/392.html)

Minnesota Statutes 2006. Chapter 31A. Meat and Poultry Inspection. [www.revisor.leg.state.mn.us/stats/31A/](http://www.revisor.leg.state.mn.us/stats/31A/)

Minnesota Statutes 2006. 31A.15. Exemptions [to Meat and Poultry Inspection].

[www.revisor.leg.state.mn.us/stats/31A/15.html](http://www.revisor.leg.state.mn.us/stats/31A/15.html)  
Minnesota Statutes 2006. Chapter 32. Dairy Products. [ros.leg.mn/bin/getpub.php?pubtype=STAT\\_CHAP&year=2006&section=32](http://ros.leg.mn/bin/getpub.php?pubtype=STAT_CHAP&year=2006&section=32)

Minnesota Statutes 2006. 32.486. Cultured Dairy Food; Farmstead Cheese. [ros.leg.mn/bin/getpub.php?pubtype=STAT\\_CHAP&year=2006&section=32#stat.32.486.0](http://ros.leg.mn/bin/getpub.php?pubtype=STAT_CHAP&year=2006&section=32#stat.32.486.0)

Minnesota Statutes 2006. Chapter 157. Food, Beverage, and Lodging Establishments. [www.revisor.leg.state.mn.us/stats/157/](http://www.revisor.leg.state.mn.us/stats/157/)

*This overview was prepared by the Minnesota Institute for Sustainable Agriculture, with assistance from Kevin Elfering, Head of the Dairy and Food Inspection Division at the Minnesota Department of Agriculture. Information in this fact sheet is based on Minnesota Statutes, Minnesota Department of Agriculture regulations, and on previous fact sheets: Fact Sheet for Sale of Meat and Poultry Products to Consumers, Grocery Stores and Restaurants; Fact Sheet for Sale of Shell Eggs to Grocery Stores and Restaurants; Providing Safe Locally-Grown Produce to Commercial Food Establishments and the General Public; and Fact Sheet for Certain Home-Processed and Home-Canned Foods.*

# FOOD HANDLING AND FOOD SAFETY

Learning about safe food handling practices is good business for any farmer who wants to market a food product. When you sell a food product to the public, even if you aren't required to have a food handler's license, you still need to follow safe food handling practices. Handling food safely can protect your customers from illness and you from liability. Some of the best practices for handling food are common sense, but some practices are not obvious. Restaurant and food service personnel get lots of training on food safety. If you are bringing food products to sell to them, they need to see that you are handling those products correctly—or they might even refuse a shipment from you.

Like it or not, fair or not, food sold directly from the farm often comes under greater scrutiny than food sold through the typical distributor or grocery store channels. Some people in the food industry have a perception that food right from the farm is less safe. Farmers can overcome that prejudice by carefully following the food industry standards for safe handling of food. If your potential buyers see that you are following good practices, that will increase their comfort level in buying directly from a farmer.

It can be helpful to learn the guidelines that restaurants and food services must follow. That way you can make your food handling and delivery practices meet the expectations of your buyers. The National Agricultural Library has a free online training course on Standard Operating Procedures for food services, which covers the whole range of food handling activities. The procedures are based on HACCP, which stands for Hazard Analysis and Critical Control Points. This is an internationally accepted protocol for ensuring food safety. The HACCP procedures are useful not only for farmers who might deliver products to food services, but also for anyone who is processing or preparing a food for sale to the public. University of Minnesota Extension also offers

safe food handling courses that are designed for food service and restaurant personnel. These can be taken in a classroom setting or online.

Standard Operating Procedures for Food Services. 2005. National Food Service Management Institute. Available online at: [sop.nfsmi.org/HACCPBasedSOPs.php](http://sop.nfsmi.org/HACCPBasedSOPs.php). This website links to documents on SOPs ranging from "Washing Fruits and Vegetables" to "Preventing Cross Contamination During Storage and Preparation." Include record-keeping log templates.

Safe Food Handling Courses. University of Minnesota Extension—Food Safety. For more information contact: Connie Schwartau, Statewide Food Safety Coordinator, UMN Extension Regional Center, 1424 E College Drive, Suite 100, Marshall, MN 56258. (507) 337-2819. [www.extension.umn.edu/foodsafety](http://www.extension.umn.edu/foodsafety). You can also contact your county or regional Extension office for more information (go to [www.extension.umn.edu/offices/](http://www.extension.umn.edu/offices/) to find your local county or regional Extension office.) The Food Safety program offers a variety of courses and workshops on food safety, ranging from the ServSafe certification class for food professionals, to the "Peddling Your Pickles Safely" workshops designed for those processing food at home or on a small scale.

## Marketing fresh, raw fruits and vegetables

Farmers in Minnesota can sell fruits and vegetables that they raise themselves. They can sell any quantity, to any person or business, without a food handler's license. Farmers are considered an "approved source" for fruits and vegetables that they raise themselves. Even though no licensing is required, farmers still have to take reasonable care to avoid contamination of their produce with disease organisms. Food safety starts in the field, and continues through the process of harvesting, washing, packaging, storing, and transporting those fruits and vegetables. See the food marketing fact sheets in Appendix: A for more information.

## Marketing eggs

Farmers can sell shell eggs that are produced by their own laying flock on their own farm. No license is required, but farmers are required to register with the Minnesota Department of Agriculture, Dairy and Food Inspection Division if they are selling to grocery stores, restaurants, or food services. Farmers are considered an “approved source” for shell eggs if they are so registered, follow the safe handling guidelines for shell eggs, and have the eggs properly labeled. Eggs are a perishable product, and must be handled properly to ensure their safety. Eggs for sale to food retailers must be cleaned by a dry method, such as sandpaper. Wet cleaning of eggs is not allowed because disease organisms can pass through the wet shell of the egg. For more information, see the egg sales fact sheet and supporting information in the appendices.

## Marketing processed or prepared foods

In Minnesota, under certain conditions individuals can sell some kinds of prepared foods without a food handler’s license or an approved kitchen. One of these exemptions allows you to sell jams, jellies, and some types of baked goods at farmers’ markets or community events, up to a limit of \$5,000 per year. The “Pickle Bill” allows you to sell acidic canned items (pH level of 4.6 or less) such as pickles and salsa at farmers’ markets or community events, up to a limit of \$5,000 per year. People who want to sell a canned product are encouraged to take a training course in safe canning procedures. The training courses also teach how to do pH testing of your product.

“Pickle Bill” fact sheet. MDA, Dairy and Food Inspection Division. Available in full text online or from: MDA, Dairy and Food Inspection, 625 Robert St N, St Paul, MN 55155. (651) 201-6027. [www.mda.state.mn.us/dairyfood/factsheets/picklebill.htm](http://www.mda.state.mn.us/dairyfood/factsheets/picklebill.htm). This fact sheet lists requirements related to the “Pickle Bill” legislation, recent legislation which applies to certain home-processed and home-canned foods (Chapter 28A.15 Subd.10).

“Peddling Your Pickles Safely” workshop. Visit the food safety website

[www.extension.umn.edu/foodsafety](http://www.extension.umn.edu/foodsafety) or contact your local or regional Extension office for more information: [www.extension.umn.edu/offices](http://www.extension.umn.edu/offices). These workshops given by University of Minnesota Extension and the Minnesota Fruit and Vegetable Growers Association are for those interested in learning about the requirements of the Minnesota “Pickle Bill” legislation related to the sale of home processed and canned foods at farmer’s markets or community events.

Operational Guidelines for Vendors at the Farmers’ Market. MDA. Available in full text online or from: MDA, Dairy & Food Inspection Division, 625 Robert St N, St. Paul, MN 55155-2538. (651) 201-6027. [www.mda.state.mn.us/dairyfood/fm\\_vendor\\_guide.pdf](http://www.mda.state.mn.us/dairyfood/fm_vendor_guide.pdf). This pamphlet answers many of the frequently asked questions regarding food safety regulations and selling at a farmers’ market.

## Marketing meat or poultry

Farmers can sell meat and poultry products that have been processed at licensed and inspected processing facilities. The rules vary depending on the type and quantity of meat that you are selling, and to whom you are selling it. For more information, see the meat sales fact sheet and supporting information in the appendices.

## FOOD SAFETY LAPSES

A farmer brought a delivery of potatoes to a restaurant. The potatoes were in the back of a pick-up truck. Unfortunately, the farmer's dog was also in the back of the truck. Restaurants or other retail food outlets cannot accept foods that have been in contact with animals.

A farmer who makes jam from berries brought samples of the jam to a tasting event.

Unfortunately, the farmer had opened a large jar of jam and had spooned the jam into several smaller jars prior to the event. This destroyed the germ-free environment that is in a properly sealed jar of jam and exposed the jam to air and to spoilage organisms. By the time the tasting event happened, several of the jars had mold growing on the jam and could not be served.

A farmer brought a delivery of fresh vegetables and frozen chicken to a restaurant. Not thinking about the possibility of cross-contamination, the farmer placed the box of chicken on top of the box of vegetables and carried both into the restaurant. The restaurant manager noticed this food safety violation and refused delivery.

## CROSS-CONTAMINATION

Cross Contamination occurs when disease-causing organisms move from one type of food to another, or from the food handling environment onto food.

Examples:

- You use a knife and cutting board to cut up a chicken, but do not clean the knife, cutting board, or your own hands thoroughly before using them to cut up lettuce for a salad. The lettuce can pick up salmonella or other nasty bacteria from the chicken residue left on the

knife, cutting board, or hands.\*

- You use a utensil to place pieces of raw meat in a pan for cooking. The same utensil is not cleaned before it is used to remove the cooked meat from the pan. Now germs from the uncooked meat are on the cooked pieces.

\* Outbreak of *Campylobacter* Enteritis Associated with Cross-Contamination of Food — Oklahoma, 1996. [www.cdc.gov/mmwr/preview/mmwrhtml/00051427.htm](http://www.cdc.gov/mmwr/preview/mmwrhtml/00051427.htm)

## FOOD CONTAMINATION ON THE FARM

Food contamination can happen in the field during the growing season, during harvest and packaging, or during transport — all before the food gets to a point of sale. Examples of disease potential from contamination in the field:

- A field worker has to use the bathroom and doesn't wash his or her hands thoroughly before returning to pick vegetables. Germs from the dirty hands end up on the vegetables. As few as 10 cells of the *Shigella* bacteria can cause illness in a person who eats the contaminated food.\*
- An outbreak of *E. coli* infections was traced to alfalfa sprouts produced from contaminated alfalfa seed grown in Idaho. Some of the seed fields were adjacent to cattle feedlots, and water

runoff from the feedlots may have caused contamination of the seed. Also, deer regularly visited the fields, and deer feces may have been a source of the *E. coli* contamination.\*\*

- Rain water flows across a barnyard and past the nearby packing shed. The water splashes up on a crate of lettuce being hauled to the packing shed—and the lettuce is contaminated with barnyard germs.

\* *Shigella* spp., The Bad Bug Book, United States Food and Drug Administration. [www.cfsan.fda.gov/~mow/chap19.html](http://www.cfsan.fda.gov/~mow/chap19.html)

\*\* A Multistate Outbreak of *Escherichia coli* O157:H7 Infections Linked to Alfalfa Sprouts Grown from Contaminated Seeds. [www.cdc.gov/ncidod/eid/vol7no6/breuer.htm](http://www.cdc.gov/ncidod/eid/vol7no6/breuer.htm)

## PREVENT FOOD CONTAMINATION IN THE FIELD

- Keep pets and livestock out of areas where food is grown, processed, packaged, transported, or otherwise handled.
- Be aware of wildlife in your fields, remove or cover wild animal feces if possible, and avoid picking fruits or vegetables from areas right next to wild animal feces.\*
- Pay attention to the routes that you take on your farm. Avoid tracking soil or mud from livestock areas into vegetable or fruit areas.
- Direct rain run-off from livestock areas away from vegetable or fruit areas.
- If manure is used for fertilizer, allow plenty of time for it to break down between spreading and harvest of a crop. The National Organic Program rules\*\* require that manure must be tilled into the soil at least 120 days prior to harvest of a crop that has direct contact with the soil (such as lettuce), and at least 90 days prior to harvest of a crop that does not have direct contact with the soil (such as sweet

corn). University of Minnesota research† has provided some evidence that following these time delay rules protects vegetables from contamination.

- If you irrigate, look for ways to avoid contamination of irrigation water.

\* A Multistate Outbreak of *Escherichia coli* O157:H7 Infections Linked to Alfalfa Sprouts Grown from Contaminated Seeds. [www.cdc.gov/ncidod/eid/vol7no6/breuer.htm](http://www.cdc.gov/ncidod/eid/vol7no6/breuer.htm)

\*\* The National Organic Program, § 205.203 Soil fertility and crop nutrient management practice [www.ams.usda.gov/nop/NOP/standards/ProdHandReg.html](http://www.ams.usda.gov/nop/NOP/standards/ProdHandReg.html)

† Preharvest Evaluation of Coliforms, *Escherichia coli*, Salmonella, and *Escherichia coli* O157:H7 in Organic and Conventional Produce Grown by Minnesota Farmers. [www.misa.umn.edu/sites/2e889d49-6a82-4b7e-8d7a-c1c383aa1d65/uploads/preharvestcoliforms\\_3.pdf](http://www.misa.umn.edu/sites/2e889d49-6a82-4b7e-8d7a-c1c383aa1d65/uploads/preharvestcoliforms_3.pdf) (PDF, 719 kb)

## PREVENT FOOD CONTAMINATION DURING PACKING, STORING, AND TRANSPORT

- Wash hands, wash hands, wash hands!
- Watch out for anything that could cause cross-contamination.
- Make sure that water used for washing fruits and vegetables is from a clean source and is not contaminated on its way to the wash area.
- When washing fruits and vegetables, it is generally best to wash them under running water that can drain away rapidly. Soaking a batch of vegetables in a tub of water can cause cross-contamination if one of the vegetables happens to be contaminated.\*

- Keep packaging areas clean. Clean packing tables with a disinfectant solution in between batches of fruits or vegetables.
- Don't stack dirty things on top of clean things. Keep meat, poultry, and egg products physically separated from fruit and vegetable products.

\* A Multistate Outbreak of *Salmonella enterica* Serotype Baildon Associated with Domestic Raw Tomatoes. [www.cdc.gov/ncidod/eid/vol7no6/cummings.htm](http://www.cdc.gov/ncidod/eid/vol7no6/cummings.htm)

## PREVENT FOOD CONTAMINATION DURING PROCESSING AND PREPARATION

- Wash hands, wash hands, wash hands!
- Watch out for anything that could cause cross-contamination.
- Clean all utensils, cutting boards, countertops, or other surfaces in between batches of food.
- Keep meat, poultry, and egg products physically separated from fruit and vegetable products. In a refrigerator, store raw meats that might drip juices in a container that will not leak.
- Follow safe canning procedures. Courses in safe canning procedures are offered through University of Minnesota Extension. [www.extension.umn.edu/foodsafety/](http://www.extension.umn.edu/foodsafety/)

## PROPER HANDWASHING TECHNIQUE FOR FOOD HANDLING

- Wet hands and forearms with warm, running water at least 100° F and apply soap.
- Scrub lathered hands and forearms, under fingernails, and between fingers for at least 10-15 seconds. Rinse thoroughly under warm running water for 5-10 seconds.
- Dry hands and forearms thoroughly with single-use paper towels.
- Dry hands for at least 30 seconds if using a warm air hand dryer.
- Turn off water using paper towels.
- Use paper towel to open door when exiting the restroom.
- After sneezing, coughing, or using a handkerchief or tissue
- After touching hair, face, or body
- After smoking, eating, drinking, or chewing gum or tobacco
- After handling raw meats, poultry, or fish
- After any clean up activity such as sweeping, mopping, or wiping counters
- After touching dirty dishes, equipment, or utensils
- After handling trash
- After handling money
- After any time the hands may become contaminated

### When to wash your hands:

- Before starting work
- During food preparation
- When moving from one food preparation area to another
- Before putting on or changing gloves
- After using the toilet

Source: HACCP-based Standard Operating Procedures, National Food Service Management Institute and United States Department of Agriculture. [sop.nfsmi.org/HACCPBasedSOPs/WashingHands.doc](http://sop.nfsmi.org/HACCPBasedSOPs/WashingHands.doc)

# LIABILITY

## Introduction

Most farms and farm businesses, and certainly farms with direct marketing enterprises, are complex mixtures of personal and business liabilities. Insurers nationwide are gaining experience with alternative farm enterprises. Insurance for these kinds of farm-based businesses is much easier to find than it was just a few years ago. Because farm insurance needs are complex, you should work directly with an insurance agent to identify your particular needs. You might be able to work with your current agent, or you might need to change insurance companies to find one that can handle the kinds of coverage that you need.

Farmers typically have five main areas of insurance needs: liability for products sold, liability for visitors to the farm, liability for farm workers, coverage for the value of crops grown, and coverage for property and equipment owned. Coverage for property and equipment is what most people think of when they think “insurance policy.” The other four categories, though, could be very important to your farm business.

## Resources for Liability and Insurance

*Liability Concerns for Farmers Involved in Direct Marketing of Farm Products.* 2003. C Pugh. The Pennsylvania State University. Available in full text online or from: Agricultural Law Resource & Reference Center, The Pennsylvania State

University, 1170 Harrisburg Pike, Carlisle, PA 17013-1617. (717) 241-3517. [aglaw@psu.edu](mailto:aglaw@psu.edu). [www.dsl.psu.edu/centers/aglawpubs/Directfarmmarketing2.pdf](http://www.dsl.psu.edu/centers/aglawpubs/Directfarmmarketing2.pdf), This publication discusses the different types of liability that farmers may encounter, depending on their means of selling farm products and whether they do any processing.

*Risky Business? An Online Tool to Help Beginning Massachusetts Farmers Address Risk.* Retrieved December, 2006. The Northeast Small Farm Institute. Available online at: [www.smallfarm.org/nesfi\\_library/virtual/riskybusiness.htm](http://www.smallfarm.org/nesfi_library/virtual/riskybusiness.htm). Though some resources listed are specific to Massachusetts, this is a good overview of the types of risk that farmers face and resources for managing those risks.

The North American Farmers’ Direct Marketing Association (NAFDMA) list of member-recommended insurance providers. Available online to NAFDMA members only at: [www.nafdma.com/Public/Benefits](http://www.nafdma.com/Public/Benefits).

Some farmer organizations offer insurance benefits to their members or are associated with insurance companies:

Farm Bureau Financial Services. 5400 University Ave, West Des Moines, IA 50266-5997. (515) 225-5400. [mainmail@fbfs.com](mailto:mainmail@fbfs.com). [www.fbfs.com](http://www.fbfs.com)

Farmers Union Insurance Companies. [www.nfuic.com/ov/wrd/run/portal.show](http://www.nfuic.com/ov/wrd/run/portal.show)

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## Product Liability

Your liability for the food that you sell is called product liability. This can be handled in different ways, depending on where you sell and how much you sell. Sales right from your farm premises might be covered through your regular property insurance package, but don’t assume that is true. Ask your insurance agent if you are covered if someone gets sick from food that you sold. If you are selling to grocery stores or food services, they may require you to carry separate product liability coverage. Also, some farmers’ markets require each vendor to carry their own product liability coverage. If you are

selling your product through a broker or distributor, you probably will be required to carry product liability coverage.

Following safe food handling and food processing practices is a good way to guard against people becoming ill from your products. In fact, some buyers may refuse your product if they realize that you failed to follow safe food handling practices. See the Food Handling and Food Safety section (page 86) for more information.

## Resources for product liability

ATTRA Questions of the Week: Where can I find information about product liability for my eggs, broilers, and beef? Retrieved December, 2006. Available online at: [attra.ncat.org/calendar/question.php/2005/05/23/p516](http://attra.ncat.org/calendar/question.php/2005/05/23/p516).

*The Legal Guide for Direct Farm Marketing*. 1999. N. Hamilton. Drake University. Available from: Drake University Law School, Agricultural Law Center, 2507 University Avenue, Des Moines, IA 50311-4505. (515) 271-2947. The author is a successful farmer, attorney and professor of agricultural law. This comprehensive guide covers liability, regulations, labor law, processed foods, and meat marketing issues.

*In the Eyes of the Law: Legal Issues Associated with Direct Farm Marketing*. 2002. R. Prim and K. Foede. Publication no. BU-07683. University of Minnesota Extension. Parts of the publication are available online. The publication can be ordered from: University of Minnesota Extension Distribution Center, 405 Coffey Hall, 1420 Eckles Ave, St. Paul MN 55108-6068. (800) 876-8636. [ShopExtension@umn.edu](mailto:ShopExtension@umn.edu). [www.extension.umn.edu/distribution/resourcesandtourism/DB7683.html](http://www.extension.umn.edu/distribution/resourcesandtourism/DB7683.html). This publication provides producers who are considering becoming direct marketers a brief introduction to legal issues that may affect their business so they can avoid or minimize risk and liability.

## Premises Liability

Your liability for people who visit your farm is called premises liability. As with product liability, this might be covered through your regular property insurance package, but do not assume that it is! If your farm enterprises involve having visitors to the farm, ask your insurance agent if your policy covers those visitors. It may cover visitors who are guests, but not customers, of a farm-based business.

When you have a farm enterprise that invites customers to the farm, such as a pick-your-own patch or a petting zoo or a corn maze, there are safety measures that you can take to minimize risk to your customers. Not only do these protect your customers, but they also give you some protection against claims of negligence should an injury happen at your farm.

- Make sure the areas that customers visit are free of debris.
- Get rid of wasp and hornet nests near areas visited by customers.
- Eradicate harmful weeds like poison ivy, stinging nettles, and ragweed.
- Strictly observe re-entry times for pesticides.
- Lock up farm chemicals, such as pesticides.

- Keep farm equipment away from customer areas.
- Post signs to warn of any dangers that you are not able to remove.
- Have a well-marked and large enough parking area.

## Resources for premises liability

*Colorado Tree Farm Tour Guidebook*. 2002 (rev). Available in part online or to order complete guide contact: Colorado State Tree Farm Committee (970) 482-6912. [wes@treefarmer.com](mailto:wes@treefarmer.com). [www.treefarmer.com/images/Tour%20Guidebook.pdf](http://www.treefarmer.com/images/Tour%20Guidebook.pdf)

*In the Eyes of the Law: Legal Issues Associated with Direct Farm Marketing*. 2002. R. Prim and K. Foede. Publication no. BU-07683. University of Minnesota Extension. See access information under "Resources for product liability" in previous section.

*Liability for Visitors to Farm Property*. 2000. P. Kirk Hall. Publication no. ALS-1002-00. The Ohio State University Extension. Available in full text online or from: Media Distribution, 385 Kottman Hall, 2021 Coffey Rd, Columbus, OH 43210-1044. (614) 292-1607. [pubs@ag.osu.edu](mailto:pubs@ag.osu.edu). [ohioline.osu.edu/als-fact/1002.html](http://ohioline.osu.edu/als-fact/1002.html) Though somewhat specific to Ohio statutes, much of the information is applicable to all farms.

## Farm Worker Liability

You have liability for any farm worker that you hire. In Minnesota, most employers—including family farmers—are required to carry workers' compensation insurance for their employees. There are some narrow exceptions for farms that pay small amounts in wages. See "Farmer-Employer Exemption" in Resources for farm worker liability, below. As with product and premises liability, you need to talk to an insurance agent to discuss your insurance needs for your workers. If you are exempt from carrying workers' compensation because of paying small amounts in wages, you still need to make sure that you have adequate farm worker coverage on your regular farm property insurance package. Also, farmers who are exempt may still choose to purchase workers' compensation coverage as a benefit to their employees.

As a farm employer, you have liability not only for injuries to your employees, but also for any injuries or losses that your employees may cause to others. This issue gets very complex. Having clear guidelines and written job descriptions for your employees is recommended. See "In the Eyes of the Law" in Resources for farm worker liability, below, for more detailed information.

### Resources for farm worker liability

*Farm Labor Laws and Regulations in Minnesota*, 1999. B. Lazarus and E. Weness. University of Minnesota Extension Service. Publication no. WW-06528. Available in full text online or from: University of Minnesota Extension Distribution

Center, 405 Coffey Hall, 1420 Eckles Ave, St. Paul MN 55108-6068. (800) 876-8636. ShopExtension@umn.edu. [www.extension.umn.edu/distribution/business-management/DF6528.html](http://www.extension.umn.edu/distribution/business-management/DF6528.html). This publication contains good information but should be used only as a general guideline. Some legal details have changed since 1999.

*Farmer-Employer Exception*. Minnesota Department of Labor and Industry (MDLI). Available in full text online or from: Minnesota Department of Labor and Industry, Workers' Compensation Division, 443 Lafayette Road N, St. Paul, MN 55155. (800) 342-5354. [www.doli.state.mn.us/farm-er.html](http://www.doli.state.mn.us/farm-er.html). This fact sheet details the exceptions that apply to the farmer-employer, is it pertains to Minnesota requirement to provide workers' compensation to employees.

Workers' Compensation Insurance Coverage—General Information. MDLI. Available in full text online or request a print copy from: MDLI, Workers' Compensation Division, 443 Lafayette Road N, St. Paul, MN 55155. (800) 342-5354. [www.doli.state.mn.us/ereegen.html](http://www.doli.state.mn.us/ereegen.html). This document gives a general overview of the insurance coverage requirements under Minnesota workers' compensation law. Since each employment situation is unique, you are encouraged to consult specific statutory provisions to determine how the law applies to your particular set of facts.

*In the Eyes of the Law: Legal Issues Associated with Direct Farm Marketing*. 2002. R. Prim and K. Foede. Publication no. BU-07683. University of Minnesota Extension. See access information under "Resources for product liability" in previous section.

## Crop Insurance

In the past, “crop insurance” usually meant large-scale field crops such as corn, soybeans, and wheat. That is changing. The Risk Management Agency (RMA) of the United States Department of Agriculture underwrites crop insurance for the nation’s farmers. The RMA offers crop insurance programs for a wide variety of crops, including many fruits and vegetables, as well as nuts and nursery stock. You can find the list of crops covered on the RMA website: [www.rma.usda.gov](http://www.rma.usda.gov). In the “Search RMA” box, type in “crops covered.” Then choose the list of crops covered for the most recent year.

The AGR-Lite insurance option is also available in Minnesota through underwriting by the Risk Management Agency. “AGR” stands for “Adjusted Gross Revenue.” This is a whole-farm income insurance policy that is based on a farm’s five-year history of revenue, plus the farm plan for the current year. It is designed to provide protection against revenue fluctuations that happen for any reason, and to give farms a guaranteed level of revenue. This policy may be attractive to diversified farms because it allows total flexibility of farm operations. It is not tied to any specific crop or mix of crops.

You can search the RMA website for an insurance agent near you who is authorized to offer crop insurance: <http://www3.rma.usda.gov/apps/agents/index.cfm>. There are more than 3,000 listings for agents in Minnesota.

Should you buy crop insurance? It is a tool that you can use to manage the risk that you take in planting a crop—the risk that your yield might be poor, and that you would not recover the money that you put in to establishing the crop. A Cornell University article explains the reasons for crop insurance to farmers in the northeastern United States, but the information also applies to the Midwest.

### Resources for crop insurance

*Adjusted Gross Revenue-Lite*. 2006. USDA Risk Management Agency. Available in full text online or from: RMA, St. Paul Regional Office, 307th St E, Suite 1450, St. Paul, MN 55101-4937. (651) 290-3304. [rsomn@rma.usda.gov](mailto:rsomn@rma.usda.gov). [www.rma.usda.gov/pubs/2003/PAN-1667-07.pdf](http://www.rma.usda.gov/pubs/2003/PAN-1667-07.pdf). This fact sheet provides information about RMA’s whole farm revenue protection plan, newly available in Minnesota in 2007. AGR-Lite is accessible to diversified farmers who grow non-program crops and livestock.

*Why Buy Crop Insurance?* J. White. Cornell University. Retrieved December, 2006. Available online at: [www.agrisk.cornell.edu/DOWNLOAD/Why\\_buy\\_crop\\_insurance.pdf](http://www.agrisk.cornell.edu/DOWNLOAD/Why_buy_crop_insurance.pdf). This fact sheet provides an overview of different types of crop insurance and how they work to protect a farmers’ investment.

# PRICING

How do you set a price for your products? That question causes frustration for lots of farmers. Pricing is a balancing act. You need to get a price that is high enough to give you a profit and make you feel rewarded for your work. You have to balance that against the needs of your customers, who want to get full value for the price that they pay.

Direct marketing means that you take responsibility for finding pricing information, deciding on a pricing strategy, and setting the prices for your products. Don't forget that if you are selling directly to the consumer, you are doing the work of marketing—and it is work. It takes time and effort to market a product — to prepare it for sale, package it, advertise it, and get it into the hands of your customers. You need to charge enough to pay yourself for that effort. You might sometime encounter a customer who complains about your price. Don't be too quick to lower your price in response to complaints. You need to recognize the value in your own product and charge a price that reflects that value, but realize that not everyone will agree with your pricing decisions. Experienced direct marketing farmers agree that your price is too low if no one complains.

If you choose to market your products to an intermediate buyer—someone who is not the end consumer of the product—you need pricing information to help you negotiate the terms of the sale. In some cases, you might be offered a “take it or leave it” price for a raw product. Should you take it? Knowing the wholesale prices for your product on the open market can help you decide. What if you have an exceptionally high quality product or a specialty product that costs more to produce than the typical commodity? You need to do your own research on prices for similar products. Be ready to explain to your wholesale buyer why you deserve the price that you are asking and how that buyer can pass along information about your production methods or other special circumstances to help them capture a good price from the end consumer.

Sometimes you need more than a good quality food product to get the price that you want

from a buyer. Well-designed packaging, a label that gives you a brand identity, or third-party certification are all things that can add value to a product in your customer's eyes. These things all have a cost in money and time, though. Can you earn enough extra money as a result of packaging, labeling, branding, or certification to cover your costs for those activities?

You will have to decide on a pricing strategy—or strategies—that will work for you. Combining parts of several strategies can be useful. For example, perhaps you have premium quality tomatoes to sell at a farmers' market. Learning the wholesale and retail prices for products similar to yours can be a first step toward setting your price. The difference between the wholesale and retail price tells you how much the conventional food system charges for shipping, packaging, and the labor needed to put those tomatoes on display in the store and get them sold to customers. Next you can calculate your own costs to produce your tomatoes and your costs for transporting and selling those tomatoes at the market. Compare your costs to the wholesale and retail prices for conventional tomatoes. If your costs are lower, that puts you in a good position to make a profit on your tomatoes. If your costs are higher you could look for ways to cut your costs. If your higher costs are the result of a special growing system then you need to set your price higher to reflect that, and find a way to communicate the value of that growing system to your customers. Now you can work on estimating how much better your tomatoes are than the tomatoes in the store, and therefore how much you should add to your price to reflect the value of a premium quality tomato.

Combining pricing strategies can help you find a variety of ways to market your products. Variety in your marketing keeps you from being dependent on just one buyer, and lets you market different grades of product in different ways. For example, an apple farmer found that top grade apples could command a premium price in the retail market. The smaller apples were not even saleable in that market, but could be sold for a lower price to schools.

## Price Based on the Value Perceived by the Customer

This approach to pricing allows you to take into account the intangible things that are valued by many customers—humane handling of livestock, for instance, or the knowledge that you practice good environmental stewardship on your farm, or the special “taste of place” that no other farm can quite match. These things can make customers value your product more than they would a similar product without those attached values. You might charge more than the average price for similar products. That higher price allows customers to reward you for using farming practices that they like.

Pros: You can achieve profits well beyond what you might expect with the other pricing strategies. Cons: It can be a challenge to find the right customers who highly value what you have to offer. You need to find effective ways to persuade customers that your farming practices have value that is worth the price. Finding pricing information can be difficult, since so much of a product’s value depends on the individual tastes and preferences of your

customers. As your expectations for a premium, value-based price rise, the time that you spend in marketing activities and in educating customers must also rise.

### Resources for value-based pricing

Brad Wedge, Pricing Consultant.  
73379—224<sup>th</sup> St, Albert Lea, MN 56007.  
bradwedge@yahoo.com. He has extensive practical experience with pricing through managing Wedge Nursery in Albert Lea; has pricing charts and information adapted to farmers; has been a presenter at sustainable agriculture and marketing conferences in the Upper Midwest.

Pricing Strategy Resources. Retrieved December, 2006. Marlene Jensen. Available online at: [pricingstrategyresources.com/index.html](http://pricingstrategyresources.com/index.html). Private website run by a business consultant who also lectures at Ansell School of Business, Western CT State University. Website use is free, no subscription required, contains pricing information directed at small businesses but adaptable to farms.

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## Price Based on Your Costs and Your Expectation for Profits (“Cost Plus”)

With this strategy you use your financial records to determine what it costs you to produce your product, package it, market it, and deliver it to your customer. Then you decide what profit you need to make and add that amount onto your costs to arrive at the price you will charge your customer.

Pros: This approach helps you verify that you are making a profit on your product. Cons: You have to keep good, detailed financial records to be sure that you are correctly figuring your total costs and, if you are mistaken, you risk losing profits. Even with good records you might have unexpected new costs at some point that could affect your profits. Also, if you fail to sell quantities of your product at the price you expected, your profits will suffer.

Enterprise budgeting is important for this pricing strategy. The budgeting helps you track your costs for producing your product. See Resources for Enterprise Budgeting (page 6). Don’t forget to account for your time, labor, and other expenses that you put in to processing, packaging, labeling, advertising, and selling your product in addition to the costs of growing it. With some enterprises you might be holding a product in storage for a time, and you need to account for your cost of holding that inventory. Another hidden cost is the cost of a delay in payment. If you sell to an intermediate buyer such as a distributor or a restaurant you will likely wait at least 14 days and maybe up to 60 days between delivery of the product and payment.

## Resources for farm financial analysis

Many commercially available business financial management software packages can be adapted to farm use. Some that are designed for farms are:

FINPACK. Update annually. Center for Farm Financial Management (CFFM) at the University of Minnesota. Available from: CFFM, University of Minnesota, 130 ClaOff Bldg, 1994 Buford Ave, St. Paul, MN 55108. (612) 625-1964 or (800) 234-1111. [cffm@umn.edu](mailto:cffm@umn.edu). [www.cffm.umn.edu/Software/FINPACK/index.aspx](http://www.cffm.umn.edu/Software/FINPACK/index.aspx)

*Market Farm Forms*. 2001 (reprinted). M. Rosenzweig. Available from: Marcie Rosenzweig, 229 NE Atlantic, McMinnville, OR 97128, (503) 434-9019, [full-circle@comcast.net](mailto:full-circle@comcast.net). [www.nwpub.net/page17.html](http://www.nwpub.net/page17.html). Excel spreadsheet-based recordkeeping and calculations for vegetable production.

Quicken for Farm and Ranch Financial Records. 2002. D. Doye. Oklahoma State University. Available online or order booklet with diskette including sample files from: Agricultural Economics Department, 529 Ag Hall, Stillwater, OK 74078. (405) 744-9813. [ddoye@okstate.edu](mailto:ddoye@okstate.edu). [www.agecon.okstate.edu/quicken/](http://www.agecon.okstate.edu/quicken/).

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## Price Based on the Retail Price

Retail prices are the prices that consumers pay for foods at the grocery store. Retail prices for foods can be a bit tricky to determine. The Economic Research Service of the USDA reports average retail prices for crops and livestock each month of the year. Prices change from month to month depending on the season, which products are in short supply, and which products are abundant. Retail grocery prices in your area can be quite different from the national average. If your area is far from shipping terminals, for instance, shipping costs will probably raise the retail prices of foods.

The USDA numbers can help you get an idea of retail prices and their seasonal fluctuations, but there is no substitute for using your own eyes to check prices at grocery stores in your area. Look at prices in grocery stores or sections of grocery stores that carry products similar to yours. If you have a specialty product—such as grass-fed, or Food Alliance labeled, or exceptional quality—you might look at the prices for similar products in a natural foods store or in the natural foods section of a larger grocery store. Compare those prices to prices for similar but non-specialty products to see what amount you might be able to charge for your specialty product.

Pros: The retail price rewards you for the effort that you put into processing, packaging, marketing, and distributing your product. Cons: Customers might be accustomed to buying their groceries at stores that offer discounts, so the prices that they pay for items might be quite different from your estimates of average retail prices. Some grocery stores routinely offer certain products at a loss to bring customers in to the store. This is a sales strategy that most farmers can't match.

## Resources for retail prices

Your own observations of prices at grocery stores in your area.

Economic Research Service, United States Department of Agriculture. [www.ers.usda.gov](http://www.ers.usda.gov). Use the "search by commodity" box to find your crop or livestock. Then look under the "Data Sets" heading for that commodity to find tables that include retail prices. Be patient and persistent in your searching. The titles of reports on this website are not always clear about what information is included, so you might have to look through several reports to find the retail prices.

## Price Based on the Commodity Market Price or Wholesale Market Price

The commodity market price rewards the effort that goes into producing a raw product and getting it to a point of sale. For some products such as raw fruits and vegetables, the commodity market price pays the farmer for the production as well as some first steps in processing and packaging. For example, the farmer might wash vegetables, cut tops off of root vegetables, and pack them into crates prior to selling them to a distributor at the commodity price. Basing your price on the commodity market price could be appropriate if you are selling a raw product right from your farm without any special branding, labeling, or marketing efforts.

“Wholesale” price can mean different things depending on the buyer, but may include some processing, packaging, shipping, and handling costs. Most of the online resources for wholesale prices show the prices on the east and west coasts, and perhaps the Chicago terminal price. Shipping costs can result in higher wholesale prices in areas far from shipping terminals. Prices paid locally by distributors, brokers, or other intermediate buyers can be useful information if you are planning to sell to those kinds of local buyers, or if you are planning to sell through other methods. Learning these local wholesale prices can take some extra work on your part to contact the distributors in your area, or to contact grocery store managers to ask what wholesale prices they are paying for their products.

Pros: There is a lot of information available on what the market prices are for a wide variety of commodities. Cons: If you are putting labor and management effort into packaging and marketing your product, the commodity or wholesale prices might not reflect that. Also, market fluctuations that have nothing to do with

the quality of your product can affect your profits.

### Resources for commodity and wholesale market prices

The New Farm Organic Price Index, [newfarm.org/opx](http://newfarm.org/opx). This searchable database provides organic wholesale prices for fruits and vegetables at east and west coast markets, and for grains at several terminals across the United States.

Economic Research Service, USDA. [www.ers.usda.gov](http://www.ers.usda.gov). Scroll down the home page to find the “search by commodity” box and select your crop or livestock. Then find reports with the word “Outlook” in the title. The Outlook reports are published several times per year for each commodity and include recent price information as well as market predictions.

Fruit and Vegetable Market News Portal, Agricultural Marketing Service, USDA. [marketnews.usda.gov/portal/fv](http://marketnews.usda.gov/portal/fv). This website provides access to daily shipping and price reports on every type of fruit and vegetable as well as herbs, nuts, honey, and ornamentals.

Livestock and Grain Market News Portal, Agricultural Marketing Service, USDA. [marketnews.usda.gov/portal/lg](http://marketnews.usda.gov/portal/lg). This website provides access to daily and weekly reports on prices and quantities for livestock and meats, grains, hay, and other feedstuffs.

*The Packer: The Business Newspaper of the Produce Industry*. Online: [www.thepacker.com](http://www.thepacker.com). Market Trends: [www.thepacker.com/MarketTrends/MarketTrends-Home.asp](http://www.thepacker.com/MarketTrends/MarketTrends-Home.asp). Free registration is required to view online materials on this website. Includes information about prices, price trends, and volume of produce moving through shipping terminals all across the United States. Access to most of this information online requires a paid subscription.

## FINDING LOCAL DISTRIBUTORS AND BROKERS

Look under “Food Brokers” in the Yellow Pages of your telephone book. Online, use [www.superpages.com](http://www.superpages.com) or [www.anywho.com](http://www.anywho.com) to search for Food Brokers. Type “Food Brokers” into the keyword or business category option on the screen, and then enter the city name or zip code for your locale.

Contact grocery stores that carry products similar to yours, and ask who their distributors are. Natural

foods co-ops typically work with different distributors than the large grocery chains. If your product is more like a food co-op store’s specialty product than it is like a grocery chain store’s product, check with the co-op’s distributors (and vice versa).

See the Brokers & Distributors section on page 69 for more resources.

# BRANDING, LABELING, AND THIRD-PARTY CERTIFICATION

Part of marketing is attaching a name to your product that helps customers to recognize it, and then making certain that people always have a good experience when they buy that name. If you direct market and have face-to-face contact with your customers, your face and your name are your brand. People recognize you and they know that the products you are selling are your products.

If your marketing path takes you a step or two or three away from face-to-face contact with your customer, then it becomes important to find other ways to help your customers recognize your products. Developing a brand identity and a label to proclaim it is one way to become recognizable. It can be as simple as having preprinted stick-on labels that give your name or the name of your farm, perhaps with a logo. It can be as complex as developing your own website or glossy brochures with photos of you and your farm, information about your farming practices, and your mission statement.

Labels can also help you present a larger image of your products to customers. Your brand might just be you, but you can add to your image by using labels that make a statement about your farming practices or beliefs. Some examples:

- Organic. The USDA Organic label on your products informs people that you follow National Organic Program standards on your farm.
- Food Alliance Midwest. This label means that your farm is certified by Food Alliance Midwest as following sustainable farming practices.
- Free-Range. This tells customers that the eggs or the chicken you are selling came from birds that were not in cages and had space to run around.
- 100 percent Grass-Fed. Customers know that the meat or dairy product came from

animals that were always fed on grasses and forages, never grains.

- Minnesota Grown. This label tells customers that the products were raised in Minnesota.

Labels that indicate that you are following sustainable farming practices or that your farming practices benefit the environment are typically called “eco-labels.” Some eco-labels that farmers use are regulated by the USDA. Organic is one example. Grass-fed is a label that is in the process of coming under USDA regulation.

There is a bewildering variety of eco-labels available for farmers, but some of them have little depth of criteria to back them up. It is confusing for customers as well. If you want to use eco-labels that are not as widely recognized as organic, find out exactly what they mean so that you can explain them to your customers. Be aware that excessive use of labels can actually be a turn-off for customers, who can get confused and annoyed by trying to sort out all of the things your product stands for, when all they really want is something that is healthy and tastes good.

USDA Organic and Food Alliance Midwest are examples of labels that involve third-party certification. In order to use the label, your farm must be enrolled in the certification program and must meet the criteria laid out by the program. You have to set up a recordkeeping system to track your farm operations so that you can verify that you continually meet those criteria. An inspector visits your farm annually to check your records and confirm that you are meeting the program criteria.

Food Alliance Midwest, in addition to offering certification of farming practices, also offers marketing opportunities to its enrolled farmers. It does this by partnering with other organizations, such as the Heartland Food Network, that are working to connect potential

buyers with sources of local food. Food Alliance certified farmers become preferred sources for those buyers.

Pride of the Prairie is a labeling and marketing effort that is based in western Minnesota. It offers farmers the “Buy Fresh, Buy Local” labeling and advertising tools that were developed by FoodRoutes, a national campaign to encourage

the growth of local food systems. FoodRoutes offers a nationwide listing of participating farms in a database that consumers can search.

The Internet can be a powerful tool to help you advertise your products. The Minnesota Institute for Sustainable Agriculture maintains a list of online advertising services for farmers: [www.misa.umn.edu/Farm\\_Marketing\\_Services.html](http://www.misa.umn.edu/Farm_Marketing_Services.html).

## MINNESOTA GROWN

Minnesota Grown is an example of a labeling program that includes marketing assistance for the farmers who use it. A program of the Minnesota Department of Agriculture, Minnesota Grown does not audit farm practices or inspect farms. The only requirement is that food with this label must have been grown in Minnesota. Enrollment in the program costs

\$5 per year and is open to farms, farm-based agritourism enterprises, and farmers’ markets throughout the state. Farms or other entities enrolled in the program can get labels, stickers, signs, and produce bags with the Minnesota Grown logo. For a cost of \$40 per year, farmers can be listed in a printed directory that is widely distributed in the state—more than 170,000

directories were distributed in 2006. The \$40 price also buys a listing on an online database that allows customers to search by product type or by region. Minnesota Grown has recently added a partnership agreement with a regional television station for additional advertising. [www.minnesotagrown.com](http://www.minnesotagrown.com)

## Resources for Branding, Labeling, and Third-party Certification

*Consumers Union Guide to Environmental Labels.*

Available online at:  
[www.eco-labels.org/home.cfm](http://www.eco-labels.org/home.cfm). Retrieved December, 2006. Comprehensive searchable guide to labels used for food, household products, and other items.

Food Alliance Midwest.  
Blair Arcade West Suite Y,  
400 Selby Ave, St. Paul, MN 55102.  
[www.foodalliance.org/midwest](http://www.foodalliance.org/midwest).  
(651) 265-3682.  
[bob@foodalliance.org](mailto:bob@foodalliance.org).

Food Alliance Midwest offers third-party certification of farmers who follow sustainable farming practices. Certified farmers can use the Food Alliance label and have access to buyers who prefer Food Alliance-certified products.

FoodRoutes.  
Food Routes Network,  
PO Box 55 - 35 Apple Lane, Arnot, PA 16911.  
(814) 349-6000.  
[info@foodroutes.org](mailto:info@foodroutes.org).  
[www.foodroutes.org](http://www.foodroutes.org).

This website provides marketing materials, research, and tips and information that support the “buy fresh, buy local” campaign.

Minnesota Grown. MDA,  
Brian Erickson,  
625 Robert St, St. Paul, MN 55155-2538.  
(651) 201-6539.  
[brian.erickson@state.mn.us](mailto:brian.erickson@state.mn.us).  
[www.mda.state.mn.us/mngrown](http://www.mda.state.mn.us/mngrown).

Farmers pay an annual fee for participation in this program that promotes Minnesota Grown products through a print and online directory, a trademark Minnesota Grown logo, and advertising through various media.

Organic Program, Minnesota Department of Agriculture. Meg Moynihan,  
625 Robert St, St. Paul, MN 55155-2538.  
(651) 201-6616.  
[meg.moynihan@state.mn.us](mailto:meg.moynihan@state.mn.us).  
[www.mda.state.mn.us/esap/organic](http://www.mda.state.mn.us/esap/organic).  
Information on organic certifiers, National Organic Program rules, etc. The program offers certified organic farmers a free listing in a statewide directory of organic farms, and partial reimbursement for costs associated with organic certification.

Pride of the Prairie. Land Stewardship Project,  
103 W Nichols,  
Montevideo, MN. 56265.  
(320) 269-2105.  
[www.prideoftheprairie.org](http://www.prideoftheprairie.org).  
This program works with schools, colleges, restaurants, grocery stores, and individuals in western Minnesota to promote purchases of local food. Farmers can be listed in the Pride of the Prairie directory that is available in print or online.

*Public Relations and Marketing Toolkit. 2005.*  
Available online or from: Renewing the Countryside,  
2105 First Ave S, Minneapolis, MN 55404.  
(866) 378-0587.  
[info@rtcinfo.org](mailto:info@rtcinfo.org).  
[www.renewingthecountryside.org](http://www.renewingthecountryside.org).  
Click on “Special Projects” in lefthand column and then on “Toolkit.” This public relations kit contains easy-to-use tools: press release templates, fact sheets and resources to publicize your farm, ranch, or rural business.

# SEASON EXTENSION

Length of the growing season is a marketing challenge for Minnesota farmers. A common barrier farmers encounter when they try to sell fruits and vegetables locally is that they can only supply their produce during a few months or a few weeks of the year. The buyers would like to have the supply year-round. Chefs of the Heartland Food Network identified year-round supply of salad vegetables as something they wished for from local farmers.

Seasonal production can also affect meat, dairy, and poultry farmers. When these types of products are labeled “grass-fed” or “pasture-raised” they are often limited to spring and summer production, because the quality of the product suffers if the animals are fed on stored forage. PastureLand Cooperative, for instance, sells butter and cheese made from grass-fed cows. The co-op only produces those products during the summer season when the cows are eating lush pasture. During the winter months they rely on stored product for their sales. This seasonal production requires the co-op to bear the added expense of storage facilities. The Whole Farm Co-op reports a similar challenge with its grass-fed beef. Butchering of the beef animals takes place in June and October, the peak quality times for grass-fed meat. The co-op must maintain adequate freezer space for year round sales of the beef.

Another challenge of seasonal production can be matching your growing season to the season of demand for the product. Sandi Weller, a vegetable farmer near McGregor, Minnesota, explained this situation. She contacted the head chef at a local lake resort before the start of the growing season. He visited her farm, looked at the quantities she would likely produce, and said that he could probably buy all of her tomatoes. Unfortunately, however, the tomatoes didn't start to ripen in sufficient quantities until August. By that time the summer resort season was nearly over. After Labor Day the resort had far fewer guests and needed fewer vegetables, so she was not able to sell as much of her crop as she had planned to that buyer.

Matching seasonal production to seasonal demand can also be a challenge for livestock farmers. Meat goat and lamb producers, for instance, can find it difficult to match the seasonal breeding cycles of their flocks to the times of high demand for those meats. Lamb and goat meat is typically in highest demand at the times of certain religious holidays and ethnic festivals, and the timing of those can change from year to year.

Seasonal supply can be a challenge for farmers' personal finances. If you want to make a living from your CSA, for example, you need to do some careful planning and budgeting to make that seasonal income last until the next growing season. Some CSAs have added greenhouses or storage areas for winter vegetables to help them offer “winter shares,” which gives them some income during the winter months.

Produce farmers can use a number of season extension techniques, alone or in combination:

- High tunnels. Plants are planted directly into the ground within a greenhouse-like structure. These structures are not usually used for year-round production in Minnesota.
- Greenhouses. Plants are typically grown in containers, trays, or shelving units. Year-round production is possible with a heat source.
- Row covers. “Floating” row covers are made of a lightweight fabric that sits directly on the plants. “Low tunnels” are covers of plastic sheeting or fabric that are held off of the plants by hoop-shaped frames.
- Storage facilities. Winter storage of vegetables such as root crops, cabbage, onions, garlic, and squash has allowed some farmers to supply food services, grocery stores, and individual customers throughout the winter.

Farmers who raise seasonal meat, dairy, or poultry products can use some season extension techniques as well. The most likely technique is storage of the product for later sale. Building on-farm storage is one option, but renting off-farm storage is also a possibility. Paul Ehrhardt of JenEhr Farm near Madison, Wisconsin, encourages farmers to view cold storage as a commodity that is available for

purchase. Find out where cold storage warehouses are near you, and contact the warehouse managers to ask about rental rates. Consider matching your marketing efforts to the location of cold storage warehouses. If the nearest warehouse is in a town 50 miles away, for instance, look for opportunities to sell your stored product right in that town.

### Resources for season extension

Cold storage warehouses. Search online at [www.superpages.com](http://www.superpages.com). Type "cold storage warehouse" in the box labeled keyword, and enter the name of your nearest major city in the box labeled "location." You can also enter the words "cold storage warehouse" into any major search engine. If you do not have online access, ask for assistance at your local Extension office.

*Minnesota High Tunnel Production Manual for Commercial Growers*. 2005. D. Wildung and T. Nennich. Available from: the Minnesota Fruit and Vegetable Growers Association, 15125 W Vermillion Circle NE, Ham Lake, MN 55304. (763) 434-0400. [mfvga@msn.com](mailto:mfvga@msn.com). The manual addresses site selection and construction,

layout, irrigation and water management, soil and plant fertility, disease management, insect management, crop production, basic economics of high tunnel production, organic production with high tunnels, and information on where to find other resources.

*Season Extension for Minnesota Farmers*. 2004. J. Adams. Available online at: [www.misa.umn.edu/Season\\_Extension.html#introduction](http://www.misa.umn.edu/Season_Extension.html#introduction). (Retrieved December, 2006). Report details economic considerations for various season extension techniques, use of techniques by Minnesota farmers, and good list of resources for more information.

# VALUE-ADDED PROCESSING

“Value-added” is a term used often in agriculture that can be confusing because it has both a broad meaning and a narrower meaning. In the broad sense, value-added is used to identify farm products that are worth more than the commodity market price because of some feature: The product was raised according to special standards, for instance; or it is part of an agritourism enterprise in which part of the value of the product is the entertainment that goes with it; or the raw product has been processed into something of higher value. In the narrow sense, value-added refers only to processing a raw product into something of higher value. That narrow definition is the one we use in this section.

Many farmers who market locally are interested in value-added products as a way to earn a greater portion of the consumers’ food dollar. Processing raw commodities into ready-to-eat foods can also broaden your market to include customers who are not interested in making their own jam, salsa, bread, sausage, and other products.

Your first steps in any value-added enterprise should be researching your options and developing a business plan. See the Resources for Business Planning section (page 6) for resources to help you do that. If your farm business is a legally recognized business entity (a partnership or an LLC, for instance), or if you are working with a farmer cooperative, you can get assistance from the Agricultural Utilization Research Institute (AURI) to do research and a feasibility analysis for new products. AURI has three locations in Minnesota, in Crookston, Marshall and Waseca. AURI played a major role in helping Connie Karstens and Doug Rathke research, design, and build their on-farm processing facility and store (see Profile: The Lamb Shoppe on page 52). Help for cooperatives seeking to add value to their products is also available from Co-operative Development Services.

Value-added processing of some foods can be done with some restrictions on a small scale in your home kitchen. Any food processing on a larger scale requires inspected and approved kitchen facilities, and sometimes a food handler’s license as well. The categories of allowed and restricted types of processing are complex, so see the State Regulations section on page 81 for the details.

If you want a value-added enterprise on a larger scale than your home kitchen, there are several ways to get access to inspected and approved processing facilities:

- Hire a co-packer to produce your product. With this option, you supply the raw materials and perhaps the recipe for your product. You hire an existing food processing business to do the food processing, packaging, and labeling for you. This option can get very complex very fast. See the *From Restaurant to Retail* book in Resources for Value-added Processing.
- Rent existing facilities to do your own processing. This can be a good transition option if you want to test an expansion from small-scale home-based processing to a larger enterprise. Inspected and approved kitchens that are available for rent can be found in some community centers, churches, clubs, or schools.
- Invest in facilities and equipment to do your own processing. With this option you need to consult early with local and state regulators about licenses, permits, and requirements for the facilities. Used equipment is usually acceptable to regulators, and can save you a large amount of money.

## Resources for Value-added Processing

### *Adding Value to Farm Products: An Overview.*

Available in full text online or from: ATTRA PO Box 3657, Fayetteville, AR 72702. (800) 346-9140 (English) or (800) 411-3222 (Español). [attra.ncat.org/new\\_pubs/attra-pub/valueovr.html](http://attra.ncat.org/new_pubs/attra-pub/valueovr.html). This publication discusses the concept of adding value to farm products, the differences between creating and capturing value, and the implications for value-added enterprises. It describes some different approaches to adding value, including starting a food processing business, with a brief look at non-food products.

Agricultural Utilization Research Institute (AURI). For more information contact: AURI, UMC Campus, Owen Hall, PO Box 599, Crookston, MN 56716-0599. (218) 281-7600 or (800) 279-5010. [www.auri.org](http://www.auri.org). AURI promotes value added agriculture by assisting with research and development of Minnesota agricultural crops. AURI has three field offices located in Crookston (also the AURI State Headquarters), Marshall, and Waseca. The field offices provide services to rural start-up businesses, existing businesses, cooperatives, and commodity groups with ideas for new uses for agricultural commodities. Services include business assessment, feasibility analysis, and product development support.

Cooperative Development Services  
Blair Arcade, Suite Y  
400 Selby Avenue  
St. Paul, MN 55102  
(651) 265-3678 phone [info@cdsus.coop](mailto:info@cdsus.coop)  
[www.cdsus.coop](http://www.cdsus.coop)

*From Restaurant to Retail: A Handbook for Food & Hospitality Professionals.* 2006. B. Lang. RonJon Publishing, Inc., 1001 S Mayhill Rd, Denton, TX 76208. (940) 383-3060.

[www.ronjonpublishing.com](http://www.ronjonpublishing.com). Discusses the process of bringing a new product to market, with information on working with co-packers.

Search online for restaurant equipment suppliers in Minnesota: [www.superpages.com](http://www.superpages.com), type "restaurant equipment & supplies" in the Keyword box, type "MN" as the state, then click the "search" button. This pulls up a link to a list of suppliers of restaurant equipment in MN.

*Starting a Food Business in Minnesota.* 2003. MDA, Dairy and Food Inspection, 625 Robert Street N, St Paul, MN 55155-2538. (651) 201-6027. [www.mda.state.mn.us/dairyfood/startingfoodbiz.pdf](http://www.mda.state.mn.us/dairyfood/startingfoodbiz.pdf). This publication identifies the various state agencies and units of local government responsible for Minnesota food business regulation; provides helpful checklists focusing on regulations, skills assessment and "how to write a business plan"; and addresses specific license and permit requirements, inspections, local regulation, tax considerations, and issues for employers.

*The Small Dairy Resource Book: Information Sources for Farmstead Producers and Processors.* 2000. Sustainable Agriculture Network. Available online only at: [www.sare.org/publications/dairyresource/dairyresource.pdf](http://www.sare.org/publications/dairyresource/dairyresource.pdf). Retrieved December 2006. Includes list of suppliers of equipment toward the end of the publication.

USDA Rural Development Value Added Producer Grant (VAPG) Program.  
In Minnesota, contact: Robyn Jensen, USDA Rural Development, Suite 410, 375 Jackson St, St. Paul, MN 55101-1853. (651) 602-7812, [robyn.jensen@mn.usda.gov](mailto:robyn.jensen@mn.usda.gov).  
[www.rurdev.usda.gov/rbs/coops/vadg.htm](http://www.rurdev.usda.gov/rbs/coops/vadg.htm). Grants may be used for planning activities and for working capital for marketing value-added agricultural products and for farm-based renewable energy. Eligible applicants are independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.

# INTERNET MARKETING

The Internet is a powerful tool for reaching out to a large, diverse, and worldwide audience. Despite its international reach, the Internet can also be a useful tool for local marketing. Pick-your-own patches or agritourism enterprises can advertise their hours on a web page so that customers have easy access to that information. Listing your farm in an online directory—or several directories—can help local customers find you. Developing your own website can be a great publicity tool as increasing numbers of people turn to the Internet to find information or to do their shopping. A website allows you to convey large amounts of information about

your farm, your practices, and your values without overwhelming potential customers.

The Internet is one possible approach for managing the ordering and billing for retail or institutional sales. Pros: It is available to customers and suppliers at any time of day or night. It reduces the need for paper shuffling and the risk of losing paper receipts. Cons: There is a cost in both time and money to set up an Internet-based system. Electronic records can be lost, too, if not properly backed up.

## Resources for Internet marketing

Access eCommerce website. Retrieved December, 2006. University of Minnesota Extension. For more information, contact: Access eCommerce, University of Minnesota Extension, 405 Coffey Hall, 1420 Eckles Ave, St. Paul, MN 55108-6068. [info@accessE.info](mailto:info@accessE.info). [www.access-ecom.info/index.cfm?xid=MN](http://www.access-ecom.info/index.cfm?xid=MN). This website offers a comprehensive tutorial on the basics of using the Internet to promote a business, develop a website, and market your products.

Access Minnesota Main Street Workshops. University of Minnesota Extension. For more information about the Access Minnesota Main Street workshops, send email to [mainstreet@extension.umn.edu](mailto:mainstreet@extension.umn.edu) or contact the project directors: Bill Bomash (612) 625-8776 or Rae Montgomery (612) 624-2773. This highly interactive, hands-on program consists of four half-day sessions taught in a computer lab with each participant working from a computer with high-speed Internet access. Instruction consists of a combination of lecture, discussion, and online activities. The workshop is designed to teach owners of small businesses the basics of e-commerce and help them decide how best to use new Internet-based technologies to benefit their business.

Food and Farm Directories. Retrieved December, 2006. MISA. For more information, contact: MISA, 411 Borlaug Hall, 1991 Buford Circle, St. Paul, MN 55108. (800) 909-6472 or (612) 625-8235. [misamail@umn.edu](mailto:misamail@umn.edu). [www.misa.umn.edu/Food\\_and\\_Farm\\_Directories\\_2.html](http://www.misa.umn.edu/Food_and_Farm_Directories_2.html). The Minnesota Institute for Sustainable Agriculture maintains a web page with links to Minnesota-based and nationwide directories that allow farmers to advertise their products. Both free and paid directories are available to farmers.

# FINDING FARMERS

In several places this book recommends that you talk to other farmers—to hear their ideas, to learn about their experience with an enterprise you are considering, or to get their advice on practical matters such as good insurance agents. Most farmers are proud of their products and their practices and are very willing to talk about them. How do you find the farmers?

- *The Minnesota Grown Directory*. Available online or from: MDA, Brian Erickson, 625 Robert St, St. Paul, MN 55155-2538. (651) 201-6539. [brian.erickson@state.mn.us](mailto:brian.erickson@state.mn.us). [www.mda.state.mn.us/mngrown](http://www.mda.state.mn.us/mngrown). This printed and online directory of farmers who direct market lists hundreds of farmers from all over the state. The online version allows you to search by region or by product type. The print version is arranged by region, but each farm listing includes symbols that identify its products.
- Other Minnesota-based and national farmer directories. Find links and contact information for these other directories on the website of MISA, the Minnesota Institute for Sustainable Agriculture: [www.misa.umn.edu/Food\\_and\\_Farm\\_Directories2.html](http://www.misa.umn.edu/Food_and_Farm_Directories2.html). Contact MISA for assistance if you do not have Internet access. MISA, 411 Borlaug Hall, 1991 Buford Circle, St. Paul, MN 55108. (800) 909-6472 or (612) 625-8235. [misamail@umn.edu](mailto:misamail@umn.edu).
- Minnesota Organic Farming Information Exchange (MOFIE). Available online or contact: Carmen Fernholz, Organic Ecology, Southwest Research and Outreach Center, 23669 130th St, Lamberton, MN 56152. (320) 212-3008. [fernholz@umn.edu](mailto:fernholz@umn.edu). [organicecology.umn.edu/mofie/](http://organicecology.umn.edu/mofie/). This is a list of organic farmers in Minnesota who have agreed to serve as mentors and share in-depth knowledge with beginning organic farmers.
- *Minnesota Directory of Organic Farms*. Available online or contact: Meg Moynihan, MDA, 625 Robert St N, St. Paul, MN, 55155. (651) 201-6616. [meg.moynihan@state.mn.us](mailto:meg.moynihan@state.mn.us). [www.mda.state.mn.us/esap/organic/directory.htm](http://www.mda.state.mn.us/esap/organic/directory.htm). The Minnesota Department of Agriculture compiles this list of certified organic farmers.
- Visit your local University of Minnesota Extension office to ask about other farmers or farmer groups in your area. Inquire at your county courthouse if you do not know the location of the Extension office. You can also find Extension office listings online at [www.extension.umn.edu/offices/](http://www.extension.umn.edu/offices/).
- *Renewing the Countryside* has many stories of innovative farmers from Minnesota and across the Nation. Read them at [www.renewingthecountryside.org](http://www.renewingthecountryside.org)

## APPENDIX A: Fact Sheets for Sales of Produce, Meat, Poultry, and Eggs

# Providing Safe Locally Grown Produce to Commercial Food Establishments and the General Public

### Can commercial food operators\* buy produce directly from growers?

Yes, if the farmers are selling produce that they have grown on their own land. A license would not be required, as indicated by:

- Constitution of the State of Minnesota, Article 13, Section 7
- Minnesota Statutes, Chapter 28A.15, Subdivision 1
- Minnesota Rules 4626.0130 (B)

### Is a farmer selling produce to commercial food establishments considered an approved source?

Yes, this is considered an approved source if the food is not processed, is grown on the farm or garden occupied and cultivated by the farmer, and has not been prepared or stored in the private home.

### Is a farmer required to have a license for foods that are processed?

Yes, a license is required if foods are processed by cutting, heating, canning, freezing, drying, mixing, coating, bottling, etc., and if off-farm ingredients have been added during any of those processes. A license is not required if no off-farm ingredients are added during processing, but all other applicable regulations must be followed, including use of an inspected and approved kitchen facility. Processing does not include sorting, trimming as part of the harvesting process, or preliminary washing to remove extraneous soil and debris.

A license is required if foods are purchased for resale. In addition, if a person buys produce from another farmer for resale, that person may need to

be licensed as a Minnesota Wholesale Produce Dealer. Further questions on this should be directed to the Minnesota Department of Agriculture.

### If a farmer does not need a license, does that mean he or she does not have to comply with good agricultural and management practices?

No, even though farmers may not be required to have a food handler's license, they are still bound by various federal and state laws. For example, the Environmental Protection Agency (EPA) has chemical restriction requirements, such as what can be used, amounts, and how and when it can be applied. Additionally, state agencies regulate fertilizer and pesticide use, irrigation waters, application of manure or sludge, etc.

Minnesota Department of Agriculture's Dairy and Food Inspection Division's Food Inspection staff periodically spot check farmers at roadside stands, "u-pick" farms, and farmers markets by collecting food samples for laboratory analyses for residues and other possible contaminants.

### How can a buyer or user become more knowledgeable about produce?

- Identify the source of the product (ask for an invoice, etc. that identifies the supplier or grower's name and address). Good record-keeping is particularly important in case of a trace-back of a product due to illness or injury.
- Visit the farm or ask for more information on production practices (if applicable).
- Look at the transportation vehicle for chemicals, cleanliness, odors, and obvious debris.

\* Typical commercial food operators (retail) include restaurants, caterers, school food service, institutions, day cares, grocery stores, food markets, cooperatives, bakeries, convenience stores, temporary food stands, etc.

- Look at pallets, packages, and boxed stored foods for cross-contamination.
- Inspect the produce for signs of insects, disease, bruising and damage, freshness, over-ripeness, and immaturity.
- Examine packages of food products to make sure that they are intact and not leaking, and for signs of contamination by rodents, insects, or birds.
- Check proper transport temperatures for potentially hazardous foods.
- Wash produce before using it to remove soil and surface contamination.
- If the produce is advertised as “organic” ask for documentation that references the USDA Certifying Agent.
- Minnesota Food Code Fact Sheets (food safety fact sheets on the Minnesota Food Code, including information on approved sources and receiving safe food)  
[www.health.state.mn.us/divs/eh/food/foodcode/cooling.html](http://www.health.state.mn.us/divs/eh/food/foodcode/cooling.html)
- Minnesota Department of Agriculture  
[www.mda.state.mn.us](http://www.mda.state.mn.us)
- Minnesota Department of Health  
[www.health.state.us/divs/eh](http://www.health.state.us/divs/eh)
- University of Minnesota Extension  
[www.extension.umn.edu/](http://www.extension.umn.edu/)

For questions or more information, please contact your local health department or:

Minnesota Department of Agriculture  
Dairy and Food Inspection Division  
90 W Plato Blvd, St. Paul, MN 55107  
(651) 201-6027

Minnesota Department of Health  
Division of Environmental Health  
Section of Environmental Health Services  
PO Box 64975, St. Paul, MN 55164  
(651) 215-0870

### Food Safety Resources

Below is a list of websites that contain further information about produce and variety of other food safety topics.

- National Food Safety Programs (a lot of information on produce)  
[www.cfsan.fda.gov/~dms/fs-toc.html](http://www.cfsan.fda.gov/~dms/fs-toc.html)
- Cornell University’s Good Agricultural Practices Project (EXCELLENT food safety information—grower’s guide, farm checklist, PowerPoint presentations, etc.)  
[www.gaps.cornell.edu/](http://www.gaps.cornell.edu/)
- Center of Disease Control’s (CDC) Food Safety Office (information on foodborne diseases)  
[www.cdc.gov/foodsafety/](http://www.cdc.gov/foodsafety/)
- USDA’s National Organic Food Program (organic food law, certifying agents, and more)  
[www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/)
- Minnesota Food Code (regulations for retailers)  
[www.health.state.mn.us/divs/eh/food/foodcode/foodcode/index.html](http://www.health.state.mn.us/divs/eh/food/foodcode/foodcode/index.html)
- Minnesota State Laws (statutes)  
[www.leg.state.mn.us/leg/statutes.asp](http://www.leg.state.mn.us/leg/statutes.asp)

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*This fact sheet was originally authored in 2003 by Lynn Mader as part of a project coordinated by Pride of the Prairie, a collaborative project of area farmers and citizens, Land Stewardship Project, University of Minnesota-Morris; University of Minnesota Extension Service; West Central Regional Sustainable Development Partnership; and the Sustainable Farming Association of Minnesota. The Minnesota Department of Agriculture and the Minnesota Department of Public Health were partners in the project, and financial support was provided by the North Central Sustainable Agriculture Professional Development Program (SARE PDP). The fact sheet was updated in July 2006 by Kevin Elfering, head of the Dairy and Food Inspection Division at the Minnesota Department of Agriculture, (651) 201-6027.*



# Sale of Meat and Poultry Products to Consumers, Grocery Stores and Restaurants

Livestock farmers who wish to sell their products to consumers, grocery stores, restaurants, boarding houses, and other food service institutions, must meet certain requirements relating to food safety prior to sale.

1. The poultry and livestock must be slaughtered and processed in an establishment that is inspected continuously by the Minnesota Department of Agriculture, Meat and Poultry Inspection Program (MDA), or the United States Department of Agriculture (USDA). A list of state-inspected meat and poultry plants is available on the Department website at [www.mda.state.mn.us](http://www.mda.state.mn.us) look under Minnesota Department of Agriculture A to Z, (P-processing plants) or call us for a copy. For a listing of USDA-inspected plants, contact the Minneapolis District office at (612) 370-2400.
2. All packages of product must be properly labeled with the product identity and the inspection brands of either MDA or USDA.



3. Product identity includes the name of the product, a complete list of ingredients, and the name, address, and zip code of the manufacturer or distributor. All labels must be submitted for approval to the respective state or federal inspector at the plant prior to using the inspection legend on any packages
4. In many cases livestock farmers are exempted from licensing if they raise the animals on the farm on which they live and only sell single ingredient products such as steaks, chops, or ground meats. However, the livestock farmer must have an approved facility for the storage

and delivery of the products. In addition the Department does maintain a registration list of those who are exempted from licensing and selling food products. You can register by contacting the MDA Dairy and Food Inspection Division at (651) 201-6027. Please notify them that you are exempted from licensing and need to register as a food handler and you will be referred to the area supervisor or inspector.

Meat processed at a custom-exempt processor cannot be sold and must be identified “Not For Sale.” (A custom meat processor is defined in state and federal law as a plant that is exempted from continuous inspection because they only process meat for the owner of the animal. The meat products can be consumed by the owner, the owner’s immediate family, and non-paying guests, but not sold.)

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Revision 11/07/06



# Sale of Shell Eggs to Grocery Stores and Restaurants

Poultry farmers who wish to sell shell eggs from their production to grocery stores, restaurants, boarding houses, and other food service institutions, must meet certain requirements relating to food safety prior to sale. These requirements do not apply to farmers who sell eggs from their premises for direct sale to the ultimate consumer.

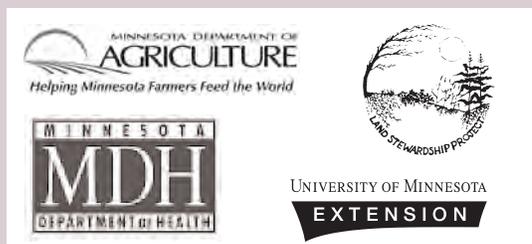
- Eggs sold to grocery stores and restaurants must meet the requirements of Minnesota Statutes 29 and Minnesota Rules 1520. Copies of the statute and rules are available from the Revisor of Statutes web site at [www.revisor.leg.state.mn.us/](http://www.revisor.leg.state.mn.us/) Basic compliance with these requirements includes the following:
  - a. The eggs must be clean and cannot be cleaned by wet cleaning. A sandpaper block or other means of dry-cleaning is acceptable.
  - b. All eggs must be candled and graded either by the farmer or by the grocery store or restaurant that purchases the eggs. A handbook about shell eggs and candling and grading criteria is available on the United States Department of Agriculture (USDA) Agricultural Marketing Service (AMS) web site at [www.ams.usda.gov/poultry/resources/pypubs.htm#L3](http://www.ams.usda.gov/poultry/resources/pypubs.htm#L3)
  - c. Eggs must be refrigerated at 45° F or less after grading and be maintained at that temperature during storage.
  - d. Containers (cartons, cases) of eggs must be labeled with the following mandatory information:
    1. Grade and size of the eggs.
    2. The name, address, and zip code of the packer or distributor.
    3. A pack date in Julian calendar (day of the year) form. For example: The labeling of a Grade A egg packed on June 1 will have a pack date of 152.

4. A freshness date not to exceed 30 days from the date of pack. The freshness date must also have an explanation such as “expires,” “best if used by,” or similar explanation. In the above example using June 1 as the pack date, the freshness date is July 1.
5. The safe handling instructions: “To prevent illness from bacteria: keep eggs refrigerated, cook eggs until yolks are firm, and cook foods containing eggs thoroughly.”

- Farmers who sell only eggs from their production are exempted from obtaining a food handler license. However, they must register with the Minnesota Department of Agriculture, Meat, Poultry and Egg Inspection program at (651) 201-6027

*This fact sheet was originally authored in 2003 by Lynn Mader as part of a project coordinated by Pride of the Prairie, a collaborative project of area farmers and citizens; Land Stewardship Project; University of Minnesota-Morris; University of Minnesota Extension Service; West Central Regional Sustainable Development Partnership; and the Sustainable Farming Association of Minnesota. The Minnesota Department of Agriculture was a partner in the project, and financial support was provided by the North Central Sustainable Agriculture Professional Development Program (SARE PDP). The fact sheet was updated in July 2006 by Kevin Elfering, head of the Dairy and Food Inspection Division at the Minnesota Department of Agriculture. (651) 201-6027*

Revision 11/07/06



## Custom-processed Meat Sales Sample Order Form

\_\_\_\_\_ (date)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Insert your farm name and address here)

Thank you for your order!

Your animal will be custom-processed, which means that your personal selection of the animal substitutes for an inspection at the processing plant.

You are welcome to visit the farm to select your animal. If you would like to schedule a visit, please call us at:

\_\_\_\_\_ or email: \_\_\_\_\_

If you prefer not to visit the farm, and instead authorize us to select an animal for you, please sign and date below:

\_\_\_\_\_

(Customer signs here)

Minnesota Department of Agriculture rules require that our customers own their animals before the animals are processed. Therefore, we are asking for a payment of \$\_\_\_\_\_ at this time. We will bill you for the remainder after your meat is processed.

Thank you, and we appreciate your business!

\_\_\_\_\_

(Signed)

## APPENDIX B: Supporting Information for Sales of Meat, Poultry, Eggs, and Dairy

### Meat and Poultry Marketing Information for Farmers

Selling meat from your animals directly to customers is one way of gaining more profit from the animals you raise. Farmers who direct-market their meat typically keep 75 to 80 percent of the consumer price of the meat, compared to about 45 percent for animals they sell on the open market. Many customers are looking for meat from animals that are raised exclusively on pasture, or without antibiotics or hormones, or any number of other alternative methods. There are farmers who have been successful at tapping into this niche market.

The Minnesota Department of Agriculture regulates the direct sale of meat by farmers to consumers. There are several ways to make direct sales, each with somewhat different requirements. This section covers the basic regulations for the common methods of direct sale of meats such as beef, bison, pork, lamb, and goat; a sample form to use if you choose the custom-processed method of marketing; and a list of other useful references.

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### Inspected slaughter and processing

A farmer using this method will have animals slaughtered under inspection at a USDA or state equivalent plant. That means that an inspector will be present at the plant during the slaughter and will inspect every animal. Inspected slaughter has benefits for the farmer and the customer. Inspection assures that the animal was healthy at the point of slaughter, and gives farmers several options for marketing:

- Meat from inspected slaughter can be sold by the quarter, half, or whole animal. The farmer need not wait until the whole animal is sold to have an animal processed. If there is a sale for half an animal, the farmer can have the animal processed and hold the remainder in approved storage until it can be sold.
- Meat from inspected slaughter can be sold in amounts smaller than a quarter, half, or whole.
- Farmers can sell individual cuts of meat from inspected slaughter. A food handler's license is not required if the product being sold is just the meat from the farmer's own animals, with no added off-farm ingredients. If off-farm ingredients are added (sausage seasoning, for instance) then farmers must have a food handler's license to sell the product. Labeling is required for sale of cuts of meat or packages of processed meat products. The label must be approved by

the inspector at the processing plant. It must include the farmer's name, address, and zip code; identification of the product; a safe handling statement on raw products; and any other label requirements. For more information on labeling requirements, contact the Dairy and Food Inspection Division of the Minnesota Department of Agriculture at 651-201-6027.

Farmers need not have on-farm storage for meat in order to sell cuts of inspected meat. Meat can be stored at an approved facility such as a locker plant.

Farmers can pick up and deliver meat from a cold storage facility to customers. Mechanical refrigeration is required for storage of meat, but it is not required for short-term transport of meat. There must be insulated storage that keeps the meat frozen during transport, and transport must be completed within four hours.

Farmers who want to store meat for sale on their farms must have an inspected storage facility that meets stringent requirements similar to a requirements at a grocery store.

There are many details of marketing meat that can differ from farmer to farmer. Farmers should contact the Minnesota Department of Agriculture (MDA) Dairy and Food Inspection Division at (651) 201-6027, to discuss their marketing plan and find out what they can do.

## Custom-exempt Slaughter and Processing

In some areas, inspected slaughter is not available either from USDA or state equivalent plants. Another option that farmers can use is sale of live animals followed by custom-exempt processing. There are a number of restrictions and requirements with this method, but many farmers use it successfully.

With custom-exempt processing, the farmer must sell live animals. Farmers can sell an animal to more than one customer, but an animal must not be slaughtered and processed until the entire animal is sold. Verifying the sale of whole, live animals becomes complicated if an animal is divided among many customers. The MDA Dairy and Food Inspection Division recommends the following guidelines for sale of animals for custom processing:

- Sell quarters, halves or wholes of beef and bison animals and of large Cervidae animals such as elk.
- Sell halves or wholes of hogs, sheep, goats, and smaller Cervidae animals.

The MDA Dairy and Food Inspection Division recommends that farmers have a system to track animals and verify sale of live animals.

Animals should be ear-tagged or otherwise identified so that customers can make their choice. With custom-exempt processing a customer's choice of an animal substitutes for official inspection at the time of slaughter, so farmers must offer customers the opportunity to select their own animals. Customers should be given a form to sign stating that they selected a particular animal, or that they declined to select and instead authorized the farmer to select an animal for them. See the sample form on page 112.

Farmers should sell live animals by live weight. Farmers who do not have livestock scales available can take a payment from customers before slaughter, and then base the final price on hanging weight of the carcass.

Farmers can arrange slaughter and processing for their customers. However, customers pay the farmer for the animal and pay the processor separately for the processing. Farmers should not handle customer payments to custom-exempt processors.

Customers should pick up their own processed meat. Farmers can do occasional delivery to customers who are unable to pick up their own.

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## Poultry

Poultry farmers can process and sell up to 1000 birds per year without a license. The processing must be done on the farm and under sanitary conditions. The birds must be sold directly to customers from the farm premises. The Minnesota Department of Agriculture requires that operators desiring to sell under this exemption be registered. There is no fee and no inspection will be conducted unless a complaint is received.

There are a number of other options for direct marketing of poultry. Poultry processing and marketing regulations are very complex. Contact the Minnesota Department of Agriculture Dairy and Food Inspection at (651) 201-6027 for detailed information.

## Egg Marketing Information for Farmers

Farmers can sell eggs to wholesale businesses. Organic Valley Cooperative ([www.organicvalley.com](http://www.organicvalley.com)) is one business that buys eggs from organic farmers in Minnesota. If you are selling eggs to a cooperative, a broker, or a distributor, follow their requirements for handling of the eggs.

Farmers can sell eggs to the public directly from their farm premises. No licensing is required as long as the eggs are from your own flock of chickens raised on your farm. There are few restrictions. You can recycle used egg cartons for sales from your farm premises, and you do not need to candle, size, or grade the eggs. Eggs should be stored safely at a temperature no higher than 45° F in a clean area so that cross-contamination does not happen.

Farmers can sell eggs to the public at farmers' markets. No licensing is required as long as the eggs are from your own flock of chickens raised on your farm. You can recycle used egg cartons, but you must add a label that gives your name and address. Eggs must be maintained at a temperature of 45° F. Mechanical refrigeration must be used for storage of eggs, but eggs can be transported to the farmers' market in coolers on ice as long as a temperature of 45° F is not exceeded and the eggs are outside of mechanical refrigeration for less than four hours.

Farmers can sell eggs to restaurants, grocery stores, and food services. You must follow the rules given in the Fact Sheet for Sale of Shell Eggs to Grocery Stores and Restaurants (in Appendix A page 111). Those rules can seem daunting, but they are not hard to follow if you take them a step at a time.

### Registering

Call the Meat, Poultry, and Egg Inspection Division at the Minnesota Department of Agriculture, (651) 201-6027. Inform them that you are a farmer who wants to sell eggs to food retailers, and ask for a registration form. When the simple one-page form arrives in the mail, fill it out and send it back.

### Cleaning

Sandpaper with 180 grit works well for cleaning bits of debris from eggshells. You can tack pieces of sandpaper to a wooden block if you like, but it also works well to just cut a small piece of sandpaper and hold that in your hand. The paper is flexible and can follow the curve of the eggshell. Discard sandpaper pieces when they become dirty, or when the grit wears off.

### Grading and sizing

The Fact Sheet in Appendix A includes a link to detailed USDA information about how to grade eggs during the candling process. You use visual indicators of an egg's freshness to decide on its grade. To size eggs, you need a scale that will show fourths of an ounce. You weigh each egg, and put it in a size class according to the Egg Sizing Chart on the next page. Scales designed for sizing eggs are available from farm and hatchery supply companies.

### Candling

Candling means shining a light through an egg so that you can check for cracks in the shell and for indicators of the egg's freshness. Candling devices are basically an enclosed box or container with a light bulb inside and a small opening in the box. You hold the egg against the small opening so that all of the light from the bulb shines through the egg. Egg candler are available from farm and hatchery supply companies. You can see photos of egg candler on the website of NASCO ([www.enasco.com/farmandranch/](http://www.enasco.com/farmandranch/)).

### Refrigerating

Eggs need to be stored in mechanical refrigeration at 45° F or less. That means you need to keep them in a refrigerator. Having a refrigerator dedicated just to eggs is a good idea. If that is not possible then dedicate the top shelf of your refrigerator to eggs, and don't store anything else on that shelf. That will prevent cross-contamination of eggs with any other items in your refrigerator.

### Egg Sizing Chart

Small	Medium	Large	Extra-Large	Jumbo
1½ to 1¾ ounces	1¾ to 2 ounces	2 to 2¼ ounces	2¼ to 2½ ounces	2½ to 2¾ ounces

#### New Cartons

Eggs for sale to food retailers must be packaged in new cartons. For small-scale production, you can buy blank cartons and add the necessary information to the carton. Farm and hatchery supply stores offer blank cartons for sale. Each carton that you pack must contain eggs that are all the same grade and size. You cannot put some medium and some large eggs together in the same carton.

#### Labeling Cartons

Write the grade and size of the eggs on the carton. This information may change from carton to carton: you will likely have some cartons of medium, some of large, and so on. Include your name and address on the carton. Since this is repetitive information, it works well to use either a rubber stamp or a pre-printed stick-on label.

Include the safe handling statement: “To prevent illness from bacteria: keep eggs refrigerated, cook eggs until yolks are firm, and cook foods containing eggs thoroughly.” This information can also be added with a rubber stamp or a preprinted stick-on label.

Write the pack date—the date that you candled, graded, sized, and packaged the eggs—on the carton, in Julian date format. Julian date means that you number the days of the year from 1 to 365, so that January 1 is 001 and December 31 is 365. See the Julian date table at [amsu.cira.colostate.edu/julian.html](http://amsu.cira.colostate.edu/julian.html).

Write the freshness date on the carton. This should say “Best if used by...” and a calendar date that is 30 days later than the pack date. Use the Julian date table to figure this out. Check the pack date in Julian date form, add 30 to that number, and then find the corresponding calendar date. For example, eggs packed on June 1, 2007 have a Julian date of 152. Add 30 to that number to get 182. Look at the Julian date chart, and find that 182 corresponds to July 1. Then your freshness date would read, “Best if used by July 1, 2007.”

#### Pricing your eggs

Remember to figure in your cost of packaging, cost of rubber stamping supplies or preprinted labels, and something for the time that you spend to clean, candle, grade, size, and package eggs. Hens outside of cages, hens on pasture, no antibiotics in the feed—these are farm practices that many customers appreciate and are willing to pay for. If you are selling your eggs to a food retailer, you need to set a price that allows both you and the retailer to make a profit.

## Dairy Marketing Information for Farmers

Farmers have two main options for selling dairy products locally: raw milk or processed dairy products. The sale of raw milk is limited by the requirement that customers must bring their own containers to the dairy farm to get the milk. There are dedicated customers who will do that in order to get raw milk, but dairy farmers can reach a far greater number of customers by processing their milk. Processing of milk includes a wide array of activities such as pasteurization, bottling, and adding flavors to milk; as well as production of ice cream, butter, cheese, yogurt, kefir, sour cream, dips and spreads. Processing can even include the production of non-food items such as goat milk soap! See the Value-Added Processing section (page 104) for more information about processing options.

Any dairy food processing will require a facility that is inspected and approved by the Minnesota Department of Agriculture's Dairy and Food Inspection Division. Depending on the type of processing and the scale of the operation, the facility might not need to be elaborate. If you want to construct a dairy processing facility of any kind you need to contact the inspector for your area in the very early stages of your planning, so that you can find out what will be required. Call the MDA's Dairy and Food Inspection Division at 651-201-6027. Dairy processing operations are also subject to inspection by the federal Food and Drug Administration (FDA). See the Artisan Cheesemaking website in the Resources for Marketing Dairy Products for information about FDA requirements.

You will need a food handler's license for any food processing that involves adding any off-farm ingredients to the products. Even if your processing does not involve off-farm ingredients, you could apply for a food handler's license anyway. Having a food handler's license can be helpful if you want to approach restaurants, grocery stores, or food services about buying your dairy product, because it increases the buyers' confidence that you are a legitimate source for the product.

Farmstead cheese is a category of product recognized in Minnesota state law (see Overview of Minnesota Food Marketing Regulations, page 81). If you want to make cheese on your farm from milk that you produce on the same farm, you can apply to the MDA to use the term "Minnesota Farmstead Cheese." Food safety regulations are the same for farmstead cheese as for any other cheese production. Making farmstead cheese is a common entry point for dairy farmers who want to try some value-added processing. Farmstead cheese is famous for developing a flavor that is connected to a particular farm – a "taste of place" that depends on the way the dairy animals are managed, the soil type and mix of forages available to the animals on that farm, and the mix of microorganisms that live in the cheese room. That special taste of place can help you develop a loyal group of customers who value the flavor and the farm that produced it.

## Resources for Meat and Poultry Sales

*Consumer Information on Buying Meat Direct from Farmers.* 2002(rev). Jenifer Buckley. Available in full text online or from: MISA, 411 Borlaug Hall, 1991 Upper Buford Circle, St. Paul, MN 55108. (612) 625-8235 or (800) 909-6472. misamail@umn.edu. [www.misa.umn.edu/Consumer\\_Guide.html](http://www.misa.umn.edu/Consumer_Guide.html). Includes detailed information for consumers on the process of buying an animal for custom-processing; available for farmers to copy and use in educating customers.

*Guidebook for the Preparation of HACCP Plans and Generic HACCP Models.* Available online or contact: USDA Food Safety and Inspection Service (FSIS) Technical Service Center. (402) 344-5000 or hotline (800) 233-3935. TechCenter@fsis.usda.gov. [www.fsis.usda.gov/OPPDE/nis/outreach/models/models.htm](http://www.fsis.usda.gov/OPPDE/nis/outreach/models/models.htm). HACCP stands for Hazard Analysis and Critical Control Points, an internationally accepted protocol for ensuring food safety that has been adopted by state and federal food safety regulators. Farmers who sell meat should have a HACCP plan, and farmers who sell animals for custom processing could benefit from a HACCP plan as well. The Technical Service Center serves as the Agency's center for technical assistance, advice, and guidance.

*In the Eyes of the Law: Legal Issues Associated with Direct Farm Marketing.* 2002. R.Prim and K. Foede. Publication no. BU-07683. University of Minnesota Extension. See access information under "Resources for product liability."

*The Legal Guide for Direct Farm Marketing.* 1999. N. Hamilton. Drake University. Available from: Drake

University Law School, Agricultural Law Center, 2507 University Ave, Des Moines, IA 50311-4505. (515) 271-2947. The author is a successful farmer, attorney and professor of agricultural law. This comprehensive guide covers liability, regulations, labor law, processed foods, and meat marketing issues.

Meat Price Spreads. W. Hahn, USDA-Economic Research Service Briefing. Retrieved December, 2006. Available online: [www.ers.usda.gov/Briefing/FoodPriceSpreads/meatpricespreads](http://www.ers.usda.gov/Briefing/FoodPriceSpreads/meatpricespreads). Data in table format showing monthly average price values for cuts of beef and pork, as well as turkey, whole chicken, egg, and dairy product prices at the farm, wholesale, and retail level.

Meat Processing Plants in Minnesota. MDA and MISA. Available online or contact MISA for assistance: MISA, 411 Borlaug Hall, 1991 Upper Buford Circle, St. Paul, MN 55108. (612) 625-8235 or (800) 909-6472. misamail@umn.edu. [www.misa.umn.edu/Meat\\_Processing\\_Plants.html](http://www.misa.umn.edu/Meat_Processing_Plants.html). Lists of Minnesota's custom-exempt processing plants and state "equal-to" plants offering inspected slaughter.

*Operational Guidelines for Vendors at a Farmers' Market.* MDA. Available in full text online or from: MDA, Dairy & Food Inspection Division, 625 Robert St N, St. Paul, MN 55155-2538. (651) 201-6027. [www.mda.state.mn.us/dairyfood/fm\\_vendor\\_guide.pdf](http://www.mda.state.mn.us/dairyfood/fm_vendor_guide.pdf) This brochure outlines procedures and regulations farmers must follow if they sell at a farmers' market.

## Resources for Dairy Product Sales

Artisan Cheesemaking. <http://www.sfa-mn.org/cheesemaking.php> Retrieved December 2006. The Sustainable Farming Association of Minnesota has initiated a program to promote farmstead cheese production in Minnesota. The website offers information about cheesemaking courses, regulations, and an online discussion group for cheesemakers moderated by Jodi Ohlsen-Read, an experienced producer of artisan sheep's-milk cheese. Contact the Sustainable Farming Association of Minnesota – Minnesota Dairy Initiative, 17734 335th St., Sunburg, MN 56289. Telephone: (320) 278-2002. Email: [mdi@sfa-mn.org](mailto:mdi@sfa-mn.org).

Cheese Mobile. <http://www.thecheesemobile.com/> Retrieved December 2006. Website reports on a mobile cheese processing plant developed in New York through a grant from Sustainable Agriculture Research and Education (SARE). Contact: Rick Bishop, Agricultural Economic Developer, Sullivan County Division of Planning, 100 North Street, Monticello, NY 12701. Telephone: 845-794-3000 ext 3537. Email: [rick.bishop@co.sullivan.ny.us](mailto:rick.bishop@co.sullivan.ny.us).

*Dairy Your Way.* 2006. ed. Meg Moynihan. Minnesota Department of Agriculture and Minnesota Institute for Sustainable Agriculture. Information about a variety of dairy farming options, including Chapter 7: Value-Added Processing. Online: [http://www.misa.umn.edu/Dairy\\_Your\\_Way.html](http://www.misa.umn.edu/Dairy_Your_Way.html). Retrieved December 2006. Order a print copy from the Minnesota Institute for Sustainable Agriculture, 411 Borlaug Hall, 1991 Buford Circle, St. Paul, MN 55108. Telephone: 800-909-6472 or 612-625-8235. Email: [misamail@umn.edu](mailto:misamail@umn.edu).

*The Small Dairy Resource Book: Information Sources for Farmstead Producers and Processors.* 2000. Sustainable Agriculture Network. Available online only at: [www.sare.org/publications/dairyresource/dairyresource.pdf](http://www.sare.org/publications/dairyresource/dairyresource.pdf); Retrieved December 2006. This book is a few years old and does not include recent resources, but it is a great source of information about older works on cheese and butter production. It includes resources on dairy animal husbandry, pasture management, a list of equipment suppliers, and a nationwide list of courses on cheesemaking.

## Minnesota Institute for Sustainable Agriculture

This publication is part of a series developed by MISA, through its Information Exchange program, a clearinghouse of sustainable agriculture information and materials in Minnesota. These informational materials are accessible to the public by phone (toll-free), fax, e-mail, or online.

The Information Exchange works to bridge the gap between the need for timely, practical information about sustainable agriculture and existing resources and information; to identify gaps in research and education and direct funding and support to address them; and to promote education and discussion of issues relevant to the sustainability of agriculture.

To ensure that all of the Information Exchange's publications are applicable and user-friendly, they are developed by teams and reviewed by individuals who will use the material, including farmers, researchers, extension educators, and other agricultural community members.

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*Minnesota Soil Management Series (PC-7398-S)*  
*Whole Farm Planning: Combining Family, Profit, and Environment (BU-6985)*

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MISA is a partnership between the University of Minnesota's College of Food, Agricultural, and Natural Resource Sciences, University of Minnesota Extension and the Sustainers' Coalition. MISA's purpose is to bring together the agricultural community and the University community in a cooperative effort to develop and promote sustainable agriculture in Minnesota and beyond.