

Purchasing Directly from a Community Farming Cooperative

GROWN Locally — Postville, Iowa

Purpose

Work directly with hospitals and other area institutions to help them buy local, sustainably raised farm products.

Summary

GROWN Locally has been growing and selling fresh, locally raised products directly to area hospitals since 1999. They also process and distribute their products and continually seek feedback from institutions on ways to make it easier to buy local food.

Background

GROWN locally is a cooperative (co-op) of 15 farm producers in the northeast corner of Iowa who produce and sell a wide range of products—vegetables, apples, berries, eggs, chicken, turkey, beef, pork, baked goods, honey, and goat cheeses—to area families, restaurants, hospitals and other institutions. Though growing practices vary from free-range and pasture-based to Certified Organic, all of their producers are committed to small, human-scale operations. Profiles of their growers will be available soon on their website at www.grownlocally.com.

Working with hospitals

Before GROWN Locally began selling to hospitals and other institutions, they talked to food service staff to see what kind of system they would need to be able to buy from local farmers. Purchasing staff expressed a desire for:

- Good quality product
- One ordering system
- One delivery a week
- One bill per month
- Standardized packaging

This feedback helped the co-op to address some potential barriers up front.

GROWN Locally producers work to deliver their produce to the health care institutions, schools and other clients within 24 hours of being harvested, because they know freshness is key to supplying a quality product.

Providing a fresher, tastier product has helped them to gain new customers. One local school food service director began serving GROWN Locally applesauce to their students following taste testing in which the local applesauce was pitted against the commodity applesauce they usually bought. The students preferred the GROWN Locally applesauce so much that it has resulted in less food waste.

Ordering

GROWN Locally has a flexible ordering system. Many of their institutional customers use the co-op's on-line store—a website where purchasers can view what the co-op has available—to place orders. However, ordering can be tailored to customer needs. For instance, Palmer Lutheran Hospital in West Union, IA, uses the co-op's on-line store to decide what to order based on availability then places the order by phone. Winneshiek Medical Center in Decorah, IA places a standing order, which includes baby salad greens, radishes, cucumbers, cherry tomatoes and any other easily prepared items for their salad bar, at the beginning of the season instead of using the on-line store. The co-op fills the standing order with what they have that fits.

The on-line store is open Monday through Tuesday and from Thursday through noon on Saturday. Growers update the website twice each week before the store opens. A co-op staff member double checks the entries, opens the store and sends out a reminder to customers that also highlights products that the producers have in quantity. Every customer has a password they use to logon to the website. There is no minimum order, and customers are invoiced monthly. Purchases are not made under contract. The co-op finds them to be too restrictive for growers and buyers, so their relationships are based on trust.

Delivery

The co-op delivers produce on Tuesdays and Fridays. Before the growing season starts, customers choose one (or both) of these days to be their regular delivery day. Sunflower Fields, a member of the cooperative, is the staging site for all produce deliveries. Member farmers bring their produce to Sunflower Fields on Monday and Thursday—one day before delivery—where it is washed and packed. Cooperative members and staff make deliveries for the entire cooperative and are compensated. Deliveries are made in either a refrigerated truck or a mini-van equipped to keep the pre-cooled produce at an acceptable temperature.

GROWN Locally staff and growers have found the human connections made on delivery days can be an important way to maintain customer enthusiasm and satisfaction with the program. Food service staff has more time to talk when deliveries are made between meal times. This can be a good time to learn what is going well and what can be changed to better meet their needs.

Processing

Though most sales currently are of unprocessed produce, many institutional customers have expressed a need for lightly processed vegetables and fruits.

Those institutions do not have the staff, money or equipment to fully prepare food from scratch. For example, Winneshiek Medical Center currently prefers to buy the local lettuce blends, cucumbers, radishes and other items that are easy to prep and would like to purchase lightly processed items like vegetable blends, broccoli florets, shredded cabbage, and tipped green beans.

The co-op is able to address these customer needs, because it has access to a state-inspected processing facility that is owned by Sunflower Fields. Having this facility allows Sunflower Fields and other co-op members to peel, slice, dice and even cook vegetables and fruits. The co-op started with processed potatoes using a commercial potato peeler, which allowed them to provide their hospital customers with peeled whole potatoes delivered in food grade 5-gallon buckets in water—just like the hospital was purchasing from another distributor. They have also been able to provide applesauce for a school district, and apple pie kits and squash casseroles for Winneshiek Medical Center.

Liability and safety

Though liability was not an issue raised by institutional customers, both the co-op and member farms carry liability insurance. All produce is washed, rinsed and packed in sanitized boxes. The processing facility is state-inspected and everything is documented so products can be tracked.

Seasonal availability

Mid-May to mid-October is the main growing season when fresh local produce is available in northern Iowa, but some products are available in early spring and well into the winter: cabbage, daikons, carrots, winter squash, winter radishes, pumpkins, onions, garlic, apples and potatoes. Even products that do not store well can be frozen for sale during the winter months. Other products—meats, eggs, honey and baked goods—are available year-round. Co-op growers meet each year

beginning in October to determine what they are going to grow the following year and how much.

Benefits

- Growers can access sizable markets for their produce and know that their food is going to those who need healthy food.
- Patients and staff are more satisfied with food quality and may eat more vegetables because fresh vegetables taste better.
- Food service staffs are pleased because the produce served is grown without synthetic chemicals and helps to support the local farm economy.

Challenges

- The co-op operates on a razor thin margin—constantly balancing the need to compensate producers fairly for their work, while competing against large-scale suppliers whose products are often less expensive. To counter this, the co-op emphasizes the quality of the product, and works with the buyers to establish reasonable prices.
- **Inflexible contracts:** Sometimes hospitals contract out food service to a private company that has existing relationships with suppliers and are reluctant to purchase from local growers for a variety of reasons. The two hospitals that are currently purchasing from GROWN Locally operate their own food service.
- Additionally, many hospitals belong to a group purchasing organization (GPO) and are required to purchase most, if not all, of the food for their facility from contracted suppliers. Even when a hospital has some leeway, it can be difficult for local growers to compete with GPO negotiated contract prices. Maintaining competitive pricing and emphasizing product quality can help to gain these customers.
- **Inflexible menus:** Hospitals and other institutions often use a rotational menu system that may not take seasonal availability into account or provide much room for

creativity on the part of the chef. Having a salad bar available on a consistent basis allows Winneshiek Medical Center to offer a variety of fresh produce as it comes into season. In addition, the use of standing orders allows food service directors to plan their menus to fit with seasonal availability. Unfamiliarity with certain seasonal foods can also be a problem, but one that can be overcome. According to the Co-op, one hospital chef feels more comfortable buying bok choy having learned how to use it.

- **Perceived safety issues:** Hospital customers had an initial misconception that they could not buy produce from local farmers for safety reasons. They have since learned that there are no regulations limiting their purchase of whole, unprocessed produce. If foods are processed—peeled, diced, heated, canned, etc.—a license is required. GROWN Locally products are processed following standard food safety procedures, and their food processing facility is state-inspected.
- **Price:** The pricing of sustainably produced meat and poultry has been a barrier to hospitals purchasing these products to date. However, the co-op continues to work with area hospitals and nursing homes on creative solutions such as buying whole animals that are custom slaughtered. This particular option has worked for other institutions in the Midwest, and has resulted in cost savings.

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