

FARM TO INSTITUTION: Changing scale in our region.

What we'll cover:

- Background
- Let's deal with the facts
- Solving for mutual success

What you can do:

- At the institutional level
- At the policy level
- At the farmer level

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BACKGROUND



25 year corporate work

Consultant and Finance Leader – Big 4 and Fortune 500



Land preservation rural Northern MD

Founder and member of several boards, agricultural business development advocate



Executive Director – Future Harvest

Launched the Beginner Farmer Training Program

Founder & CEO Local Food Connection

Regional Food Hub for Wholesale to Restaurants, Schools, Universities, Corporations. 200+ farms.
Merged w/ Large Distributor as its Local Food Division

► WHO WE ARE

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- Strengthening agricultural & aquaculture businesses through tailored technical assistance and market development.
- Championing the regional food economy—when farmers thrive, the entire region benefits



► AWARDED USDA LFPP GRANT IN 2024

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Chesapeake Farm to Institution Value Chain Coordination Project:

- Prepares institutions and farmers for larger, consistent local food transactions.
- Helps partners leverage federal or state funding and comply with state local-food legislation.
- Reduces barriers small farms face when selling into schools and state institutions.

FARM TO INSTITUTION:

What are we trying to achieve



Reinvesting in the local economy

Leveraging the large food buying power of institutions to benefit all local farms



Increasing food security

Transitioning more ag land to growing table crops

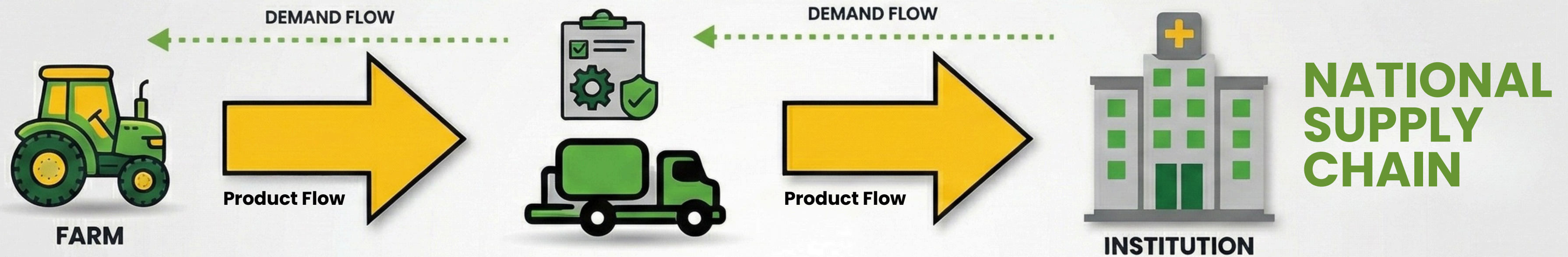


Enhancing land stewardship

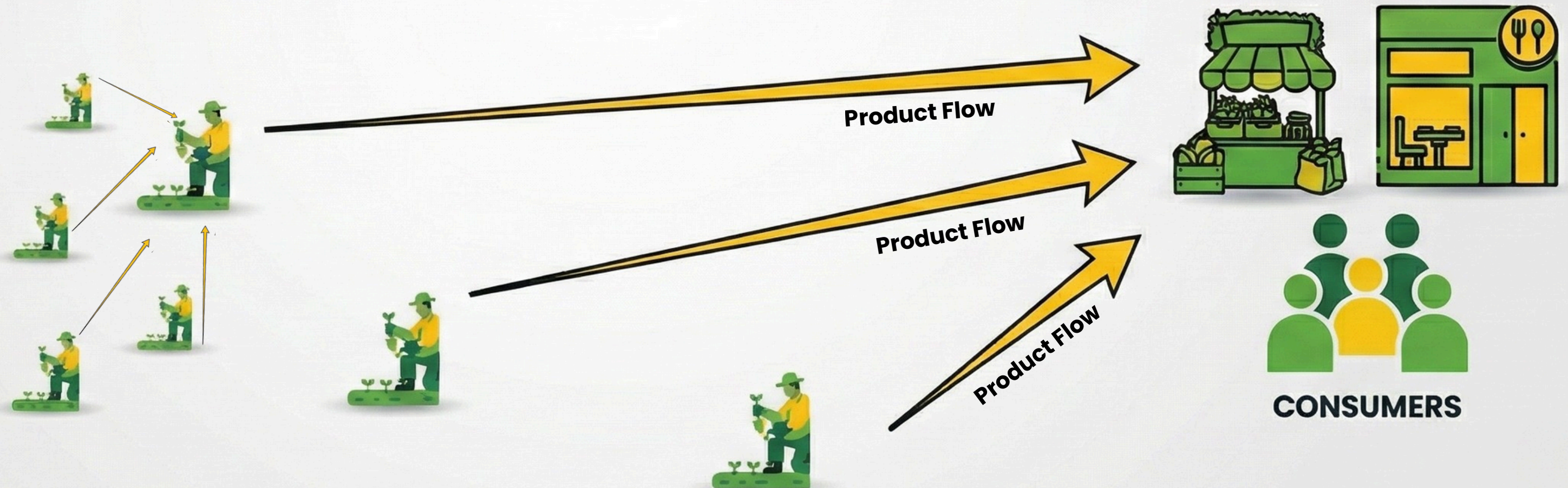
Rewarding production practices that enhance the soil and grow healthier food

FARM TO INSTITUTION: THE CURRENT SYSTEM

2 Independent Food Supply Chains



LOCAL FOOD SUPPLY CHAIN



What is Driving **Institution** Decisions?

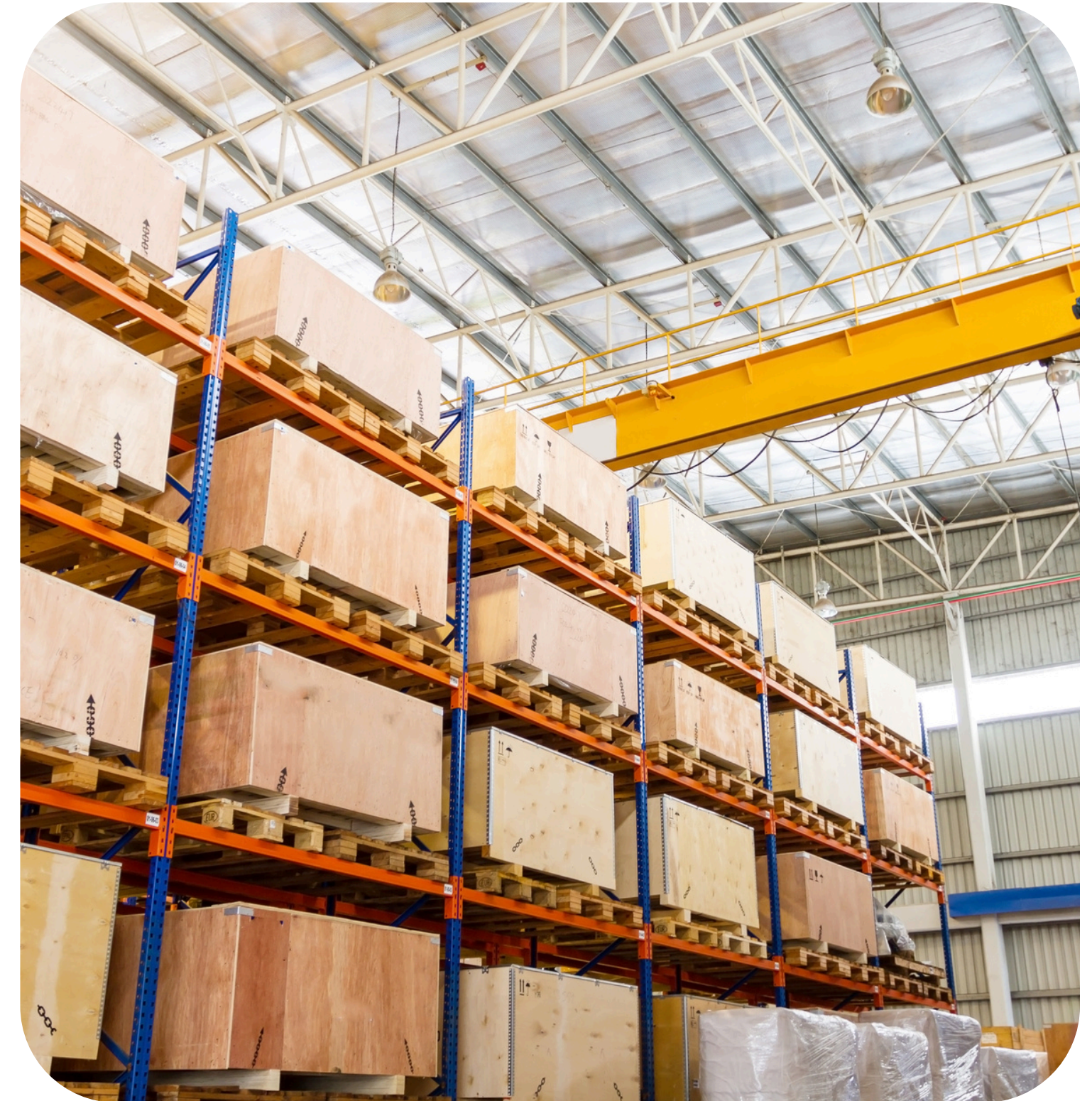
- ✓ Tight budgets – Lowest cost procurement
- ✓ Logistical Efficiency: ordering, receiving, invoicing, tracking
- ✓ Minimizing labor for processing
- ✓ Product reliability: there when you need it, meets all specs



What is Driving Distributor Decisions?

Many Pain Points

- 1-5% net margins
 - One single bad pick erases the profit from dozens of successful deliveries
 - Manual work to switch SKUs (conventional to local), adding a “local” bin to pull inventory from, and competition from the big 3
- Increasing Customer expectations: online ordering, 10pm order for 7am delivery, partial cases, etc..
- Highly impacted by standing order changes – wreaks havoc on inventory and profits



What is Driving Distributors' Decisions?

- ✓ Maximize margins – tightly manage procurement
- ✓ Visibility on market demand; meet clients' needs
- ✓ Logistical efficiency: minimal manual intervention, one-offs
- ✓ Product reliability to meet contract requirements and regs: food safety, traceability, transportation



What is Driving Farming Decisions ?

- ✓ Profitable pricing
- ✓ Visibility on demand
- ✓ Production efficiency
- ✓ Market reliability to drive investment (food safety, farm infrastructure, labor)



COMPETING DRIVERS

Institution

01 Pricing & Margin

02 Convenience:
Next day delivery

03 Labor
efficiency

04 Product
Reliability

Distributor

01 Pricing & Margin

02 Visibility on
demand

03 Logistical
efficiency

04 Product
Reliability

Farmer

01 Pricing & Margin

02 Visibility on
demand

03 Production
efficiency

04 Market reliability

In a vacuum: *Procurement is only **MARKET DRIVEN***

Institutions have to be:

- ✓ Budget focused
- ✓ Convenience/Efficiency focused
- ✓ Reliability focused



***This food system can procure local
under certain conditions.***

HOW DOES IT WORK?

 What we **“say”**...

“Want to buy local but at the same price as conventional”

“Want to buy local but can’t make any advance commitments on volume or price ”

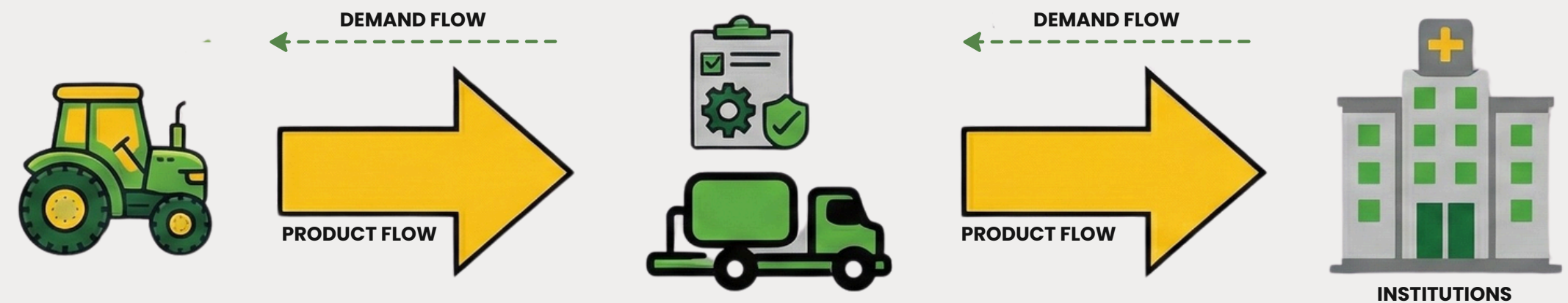
What it **“means”**...

“I will only be buying from a dozen large local wholesale farmers in the region that already sell into the national market”

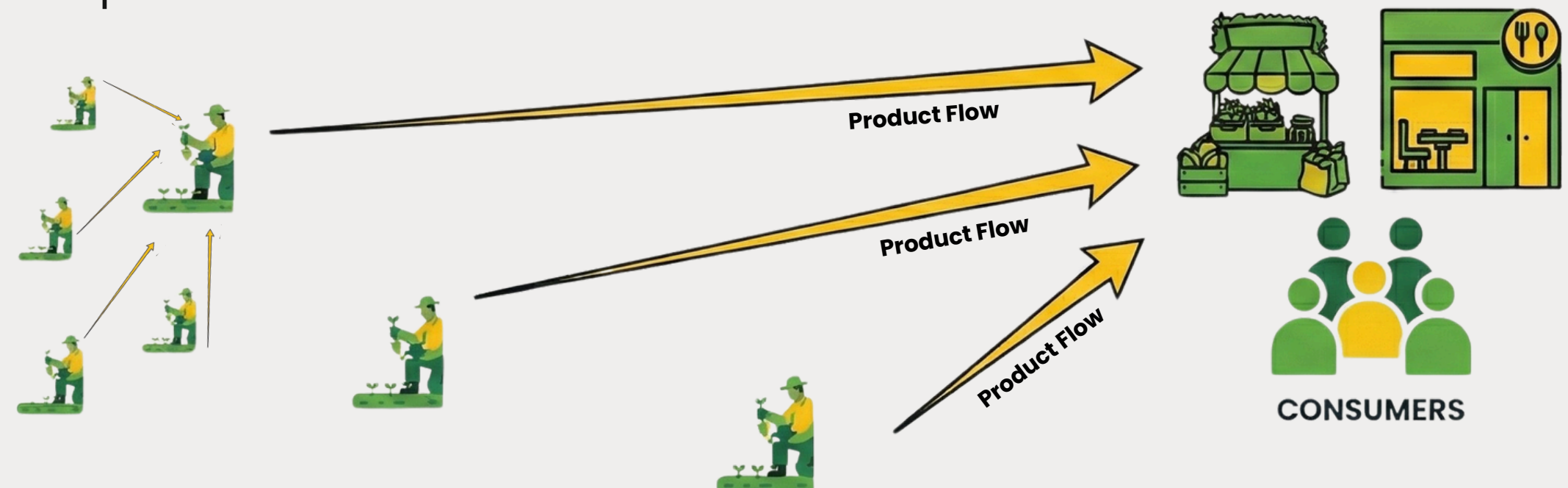
FARM TO INSTITUTION:

The two supply chains

- ✓ Optimizes the food supply chain (logistical cost per case)
- ✓ Meets the growing needs of institutions
- ✓ Increases overall farmer profitability
- ✗ Doesn't pay for the true cost of food
- ✗ Leaves behind small growers



- ✓ Provides fresher healthier food and diversity of local products
- ✓ Supports farmers with a variety of production practices
- ✓ Allows all farmers to participate
- ✗ Doesn't allow scalability of production
- ✗ Doesn't allow scalability of logistics – *cannot compete on logistics*
- ✗ Can't meet the needs for convenience and reliability for institutions



WHAT IS HERE TO STAY: MARKET DRIVEN ECONOMY

Buyers will go to the best priced, most efficient and most reliable solution.

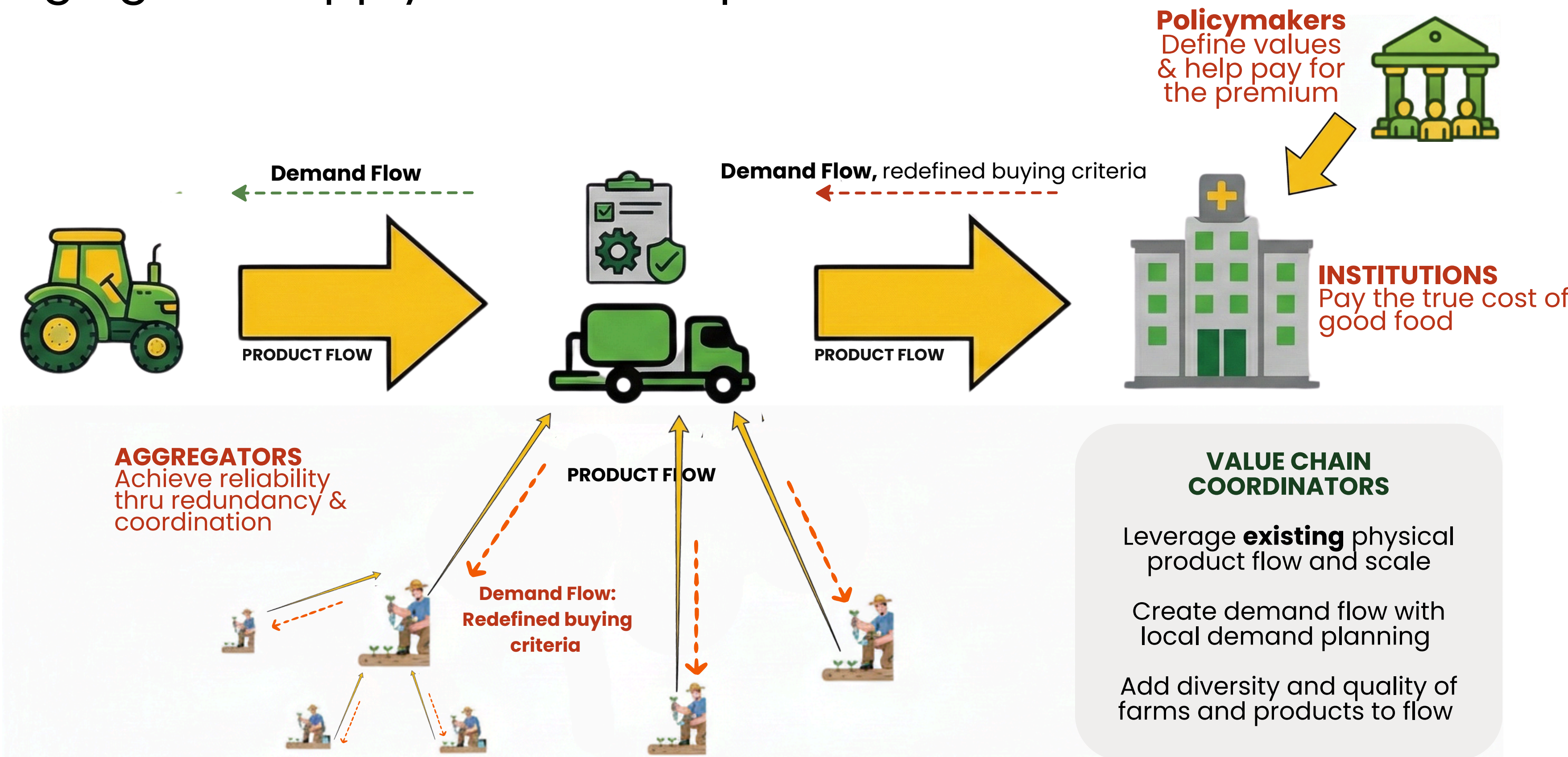
Is the priority to invest in a parallel supply chain that won't be able to scale to match the national chain on these metrics,

When we can focus on leveraging the national supply chain and the market economy to **DEMAND** better food, at the **TRUE COST OF FOOD**.

*Put the money in the **food** and the **farmers**, not logistical assets*

SOLVING FOR MUTUAL SUCCESS

Leveraging the supply chains' unique differentiators



VCC: Solving for **mutual success**

01

Develop ***the connection tissue***—relationships btw businesses in the food supply chain

02

Leveraging the **soft infrastructure**; support information flow: **demand planning**, identify supply: **farmer fit**, and support product flow: **facilitate logistics**



Examples of VCCs:

- Regional VCCs
- Food hubs
- Aggregators
- Extension, NGOs
- Farm 2 School Coordinators
- Role at the institution or distributor or the government entity



Solve for **values**



Solve for **pricing**



Solve for **efficiency**



Solve for **reliability**

VCC Process Solutions



	Pricing			Efficiency			Reliability		
	I	D	F	I	D	F	I	D	F
Forward Commitments									
Autoswap to local									
Dedicate only a % to local									
Dedicate 1 station to local									
Harvest of the Month/Week									

Forward Commitments

*Justifies the business case **farmers depend on to invest***

*Justifies the business case **for distributors to onboard local farms***

*Meets pricing and reliability needed by **Institutions***

- ✓ **Local Food Connection:** Record local F2S sales in Midwest, Rockies. 253% Increase. Double and triple # of farmers involved
- ✓ **Common Market:** 30 institutions in the SouthEast
- ✓ **Maryland Food Bank 2025:** \$2.6 million committed to MD Farms
- ✓ **4P Foods:** Several universities and schools around the region
- ✓ **Keany and Coastal Sunbelt:** brought on/activated new farmers for school & universities standing orders



What **YOU** can do!

01 Institutional Leadership

Pay for the “**real cost**” of food

Start small!

Build on 2 to 3 products added per season
Start with 30% of the spend for that product

Enable values-based pricing / weighted pricing **in bids**

Hold prime vendors/**distributors accountable**

Require **pre-season forward commitments** for local products

Celebrate the additional efforts made at all levels of the organization and its partners to source “local”

Changing your buying behavior is the single most important decision to improve the food supply chain



What *YOU* can do!

02

Policymakers

Fund financial incentives for “true cost of food” premium

Tie financial incentives to **data gathering/reporting**

Distinctions/**awards for engaged institutions** AND **distributors**

Fund VCC Position(s) solely focused on supporting farm to institution programs

Leverage regional collaboration to reach out to more institutions and the farming community

Funding the price difference between “good” food (meet your guidelines) and not, will improve the food supply chain



What **YOU** can do!

03

Farmers

Understand your true costs of doing business: marketing, delivery, customer service, collections = distributor costs

Determine which 2-3 crops you can grow at scale where you can sell more volume for less \$/lb at a profit

Be a great communicator – on time and clearly: give advance notice **on any changes** from plan to enable backfilling → win-win for farm & institution

Leverage technical assistance to **professionalize your operations and** market to aggregators and distributors

Market Diversification (farmers' market, farmstands, wholesale..) increases overall farm profit and economic sustainability





CAIC

CHESAPEAKE
AGRICULTURE
INNOVATION CENTER



Thank you!

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