

The NIFF Coalition met on March 6, 2008 at noon at the County Inn & Suites in Decorah.

Present: Mary Steen, Solveig Hanson, Mary Klauke, Rick Edwards, Randy Uhl, Greg Bernhard, Trampes Curtin, Rick Burras, Liz Rog, Greg Koether, Diane Grimstad, Larry Grimstad, Rachel Gooder, Mike Gooder, Al Peake, Mark Storlie, Joe Organist, Karla Organist, Johnice Cross, Dan Burkhart, Don Arendt, Charlie Baier, Lyle Luzum, Jacque Hahn, Teresa Wiemerslage, Brenda Ranum, Ann Mansfield, Craig Chase, Hal Shroer.

Teresa welcomed everyone and introductions were made. Reminder was made that minutes from February meeting are posted at:

<http://www.extension.iastate.edu/allamakee/info/niffminutes.htm>

Brenda gave the Financial Report. She submitted and received from Rich Pirog at the Leopold Center on behalf of the RFSWG a no-cost Extension until August 31, 2008 and revision of the budgets for the following two grants:

- RFSWG – Iowa DNR/Leopold Center/Wallace Funds grant
  - Honorarium/Services - \$2,107
  - Other Direct - \$1,690 for Producer/Lender Meeting expenses
  - Other Direct - \$1,015 for Marketing and Producer Scholarships
- RFSWG – Wallace Center of Winrock International/Leopold Center
  - Honorarium - \$2,000 for speaker/consultant expenses
  - Other - \$150 for food, room rental and supplies
- Received new grant from the RFSWG – Wallace Center of Winrock International, April 1, 2008 – August 31, 2009
  - Coordinator/Intern for data collection - \$2,500
  - Honorarium - \$1,000 for speakers/consultant expenses
  - Other Direct - \$500 for printing
  - Other Direct - \$5,000 for producer matching grants
  - Other Direct - \$1,000 for food, room rental and supplies for producer meetings
- Received verbal confirmation of a \$2,000 grant award from the Community Vitality Center with Iowa State University. These dollars are to go toward producer grants and will equate to an additional \$400/county for producer grants. Brenda will follow-up with Mark Edleman, CVC director and send written confirmation for these funds to the five county Economic Development Directors.

NIFF members reviewed and approved the financial report. The following requests for registration reimbursement were discussed.

- Teresa made a request for \$10 registration scholarships on behalf of Vicki and Tom McGee and Glen Elsbernd who attended the Sustainable Ag Alternatives workshop in Caledonia, MN. Al Peake made a motion and Jacque Hahn seconded the motion to pay for the \$30 in requests.
- Charlie reported that approximately \$150 in \$10 scholarship requests had been submitted from producers attending the ISUE Organic class that have been offered in the five county region with an anticipate another \$150 to be requested before the program ends. NIFF was reminded they have allocated \$500 for these classes.
- Brenda Ranum reported of a request from Heidi Swets with the Decorah Public Library for financial assistance to bring Nathan Larson, Director of Education at Troy Gardens in

- Madison, WI as a speaker to promote the idea of community gardening. Rick Edwards, Decorah Park & Rec. director reported on the Community Garden project being started in Decorah. Discussion followed. Teresa suggested we open up the event to all five counties so all people could attend and NIFF be recognized as co-sponsor. Liz moved that we put \$100 toward the event. Randy 2<sup>nd</sup> the motion. Motion passed.
- Teresa made a request on behalf of new NIFF Coalition member, Trampes Curtin to give \$30 to cover the registration fee for the MOSES conference he recently attended in LaCrosse. Teresa and Trampes will work to present some information from that conference to the NIFF Coalition about organic farming.
  - Vanette Grover had submitted a request on behalf of Brandon Friedlein – junior in high school that grows local food, plus he coordinates Guttenberg FM. He has requested \$30 registration fee to cover his registration fee to the State FM conference. Larry moved and Karla 2<sup>nd</sup> motion. Motion passed.
  - Liz made motion that the NIFF Coalition approve future standard educational conference registration gifts for up to \$30 until money runs out. Larry seconded. Motion passed. Reports of who have received these registration gifts will be reported at monthly NIFF meetings.

### **Old Business**

- Teresa and Mary Steen gave a quick report on the WAVA Conference, Feb 8-9 held at the Hotel Winneshiek in Decorah. Great experience. Have reapplied for the money to offer experience again next year. Mary Steen reported great conversations around the table and after sessions. Over 100 people attended.
  - Update was provided on the February Producer/Lender meetings
    1. Last week producer meetings were held in all five counties with over 160 people attending. A summary of the comments from these meetings was shared. These ideas will be further explored in future NIFF meetings.
    2. Viewed TV news coverage – KWWL TV covered the Clayton County NIFF Producer meetings at: <http://www.kwwl.com/News/index.php?ID=22259>
  - Shared Upcoming Events – More information about all these events are posted at [www.niffcoalition.org](http://www.niffcoalition.org). Click on Upcoming Events.
- March 11: Marketing and Food Systems Initiative Workshop. Presentation by NIFF—Brenda, Teresa and Lyle attending.
  - March 13: Safe Food Handling on the Farm, Waukon NICC Center, 11-3 pm
  - March 22: Blazing a Trail Organic Conference, Cresco.
  - March 31: Marketing Fruits & Vegetables Locally, Dairy Center, Calmar, 5:30-8:30 pm.
  - Rescheduled April 3 NIFF meeting to April 10<sup>th</sup> due to the Workshop in Ames. At this meeting will approve the mini-grant applications at that time.
  - April 1: Organic Crop Workshop in NE IA sponsored by MOSES.
  - April 3: Making Value Chains Work with Best Practices for Success, Ames. NIFF members attending:
  - April 4-5: Oneota Coop Open House—display and volunteers for NIFF were requested from 8:00 am – 8:00 pm on both days. Estimate about 2,000 – 2,500 people on those two days. We can create a display with a webcast that loops. We

could talk to producers interested in growing local foods. Teresa will send out a sign-up schedule for people to volunteer

- Week of April 17: Conference hosted by Luther College on food sales to institutions.

**Shared NE IA Food & Fitness Initiative Activities – [www.iowafoodandfitness.org](http://www.iowafoodandfitness.org):** At the March County Planning Team meetings, the members will discuss the opportunities in NE IA around local food production.

March 13: Clayton County Planning Team, Central State Bank, Elkader, 6-8 pm.

March 13: Howard County Planning Team, Cresco Hospital, 6-8 pm.

March 14-16: Youth Leadership Networking Meeting, Tuscon, AZ.

March 19: Allamakee County Planning Team, 4:15-6 pm, Dining Center at Waukon Wellness Center.

March 19: Winneshiek County Planning Team, 4-6 pm, Site TBD.

March 20: Fayette County Planning Team, 4-6 pm, Fayette County Extension office.

March 26: FFI Regional Team meeting, Luther College, 11 am-2 pm.

### **Presentation by Hal Schroer**

Brenda introduced our speaker, Hal Schroer who was made available by funds provided by the Alces Foundation (through the Leopold Center's Regional Food System Working Group) to assist our local food working groups with leadership development around local food systems.

Hal Schroer is an independent consultant, who collaborates with value-chain stakeholders to develop profitable food businesses. Hal grew up on a small farm in Indiana, and he has a sister who operates a sustainable grass-fed dairy with a cheese plant on site that markets to farmer's markets. Hal has worked in the food industry his whole career developing new products, improving existing manufacturing and supply chain processes, and developing new businesses. He has an in-depth understanding of the vegetable and dairy value-chains.

Hal spoke to NIFF Coalition members about factors that drive "**Development of a Viable Business Proposition**". What key factors most influence "Profitability" and "Return on Invested Capital"? What are some of the key questions to be asked as one develops a quantitative understanding of the possibilities?

See the presentation handouts. There are 5 steps.

#### 1. Generate order and develop customer service.

Do you pull or push items through the system? In FM you put product out and people buy the products. That's a push system. In a pull system, you go to the customer and generate the order up front. That's a pull system. In the Pull system, considerations include:

- The customer will care if the order is complete.
- There's a quality expectation and on-time delivery.
- Many customers have small storage and refrigeration facilities, so how often you deliver and how much you deliver can be important.
- Industrial and retail organizations don't want to rewrite the order to confirm the transaction ----if they didn't get what they ordered or the price has changed.
- Some producers or CSAs are generating order weekly...it's better to get a longer agreement

#### 2. Plan, Establish Farmer Agreement & Purchase Raw Material

#### 3. Grow, Harvest, Crate, & Refrigerate Order

4. Ship Product to Customer Site
5. Review and Consider Customer Requirements and Satisfaction with Farmer Inputs

### **Customer Sourcing Options (Overhead #2)**

#### Current Local Foods sourcing

- Personal Gardening
- Individual farming Sourcing (Farmer's Markets, CSA's)
- Aggregate Farm Sourcing (Food Service, Groceries, Restaurants) – identify your values; market research says this area is vital for growth
- Industrial Agricultural System – would like to move in to Aggregate Farming source but have some difficulty.

In NE Iowa we are working with early adapters who are eating local foods and purchasing through FM, CSA's, and Co-ops. Estimate this would be about 5-10% of our consumers. People willing to see benefit will pay more. As you go toward mainstream...people aren't willing to pay as much...they may be more concerned about other items like healthcare, recreation, etc.

#### Why are some consumers willing to pay more for "Differentiated Food"?

- Food "Tastes" better
- Health benefits
- Benefit Local Economy
- Lower Carbon Footprint
- Food Security
- Environmental Benefits
- Human Treatment of Animals

We are working to make a business proposition around those products that have value. If we try to compare with the commodity price...we won't be able to do the learning we need to do toward growing our volume.

#### Customer Requirements (O.H. #3)

- Product Quality
- Complete Order
- On-time Delivery
- Complete, Accurate & Timely Paperwork

#### Value Chain Financial Model (O.H. #4)

- Blue – Financial Drivers related to cost of goods
- Green – Financial Drivers related to cost of capital
- Red – Income from Customer
  
- How big we want to be?
- What products do we want to support?
- What type of customers we want to target?

Yield loss is important. How much of your product stream is being used? Not all food products are #1 quality. What do you do with #2 quality? You want to use the whole stream and the best margin possible for your return. Industrial folks learn how to use every pound that they've

purchased. For our producers...how much of the stream are they using? This makes a big difference on recoveries.

How do we provide for coordination/scheduling/logistics of supply chain? You need to be profitable even at plateau size.

- How big is that?
- How much money would we need to invest?
- Do we have the assets?

O.H. Return on Investment Capital

We want to make educated guesses around the market around the size of our market, revenue stream and rocks. We'll be off in our estimates, but if we get within 20% we'll be good. We'll be off and then we'll need to adjust after the first year.

We need to check our assumptions. Then get concrete and work through the model.

Follow-up Questions:

Rick Burras - What kind of business structures do you see in the future?

Hal – Some communities have a passionate leader, with voting members and others provide inputs. Others have lots of voting members. There aren't many good models that have been brought to practice. There are problems around what farmers have valued culturally...they are challenged by collaboration and trust. Most success has been with Amish, immigrant Hmong, Hispanics. They don't have the same mind-set around competition. Our culture struggles with how do you trust others...the value others add vs. what you add to the system. American Family Farms has tried to talk about values you can apply across the whole spectrum...but this is a fairly new area around aggregating product. Red Tomato is a group of producers in the East that has a broker. The broker finds the market and they sub-contract out the distributor part. Can a company like Cisco be plugged in for distribution? There are risks and costs associated with the different systems and what you're willing to take on.

Mary Steen – Could a board or co-op assist with some decision-making and contract out other pieces? Some partners can drive up costs. We want to keep \$ locally.

Hal – Easier to think about this from the 5 county area.

Meeting adjourned at 1:40 pm.

Submitted by Brenda Ranum.