

Farmer and Buyer Toolkit for Wholesale Readiness

A guide to best practices for buying and selling local products for farmers and food procurers.

Best Practices for Buyers

Tip of the trade: Be transparent with what you are looking for, and create documents that can be shared with producers detailing what is needed for delivery and processing.

Things to Consider

What type of licensing, certificates of proof of insurance might I look for?

Different products require different licenses; here are some that a producer might have:

Produce farmers: There are many different certifications that produce farmers can obtain, and few are required to do business. Some things you may want to request are a water test, any food safety or organic certifications, and trade references. These will help you assess food safety and judge whether they are a good fit for you.

Egg handlers: If you are working with a new egg supplier, you may be interested in their growing practices – cage free? Free range? Additionally, you should request a copy of their egg handler's license.

Meat producers: Before purchasing from a new protein supplier, make sure you know where their livestock is raised/harvested/processed. Does the locker slaughter under state or federal inspection? These are similar certifications, but will determine whether their products can cross state lines for commerce.

Food processing plant: A food processing plant is a commercial operation that manufactures, packages and labels food, but typically does not sell directly to a buyer. If you are interested in purchasing from a particular processor, reach out and find the best supplier to purchase from. You can also verify the type of business operation by requesting a copy of their food processor license.

Home food establishment: If you want to purchase from a home business operation, you should request their home based establishment license, which allows the producer to make product in a residence for sale. This is usually only for baked goods, and often applies to people at farmers' markets.

All delivery: Proof of insurance. Determine the type of insurance and amount needed for delivering to your organization. It may also be necessary to determine the liability insurance needed, this will help producers delivering to your organization. Typically, liability insurance is based on sales.

How do I share the types of labeling I want producers to have on their product?

Your facility may have specific labeling requirements, and different products have specific requirements by law – for example, eggs and meat have state-mandated labeling procedures.

Similarly, the FSMA Produce rule also has requirements for produce labeling. Determine what these are, and keep



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open communication between your farmer and yourself. It may also be important for delivery at specific times and locations.

Many farmers include information on the outside of the wax box that describes the contents, including but not limited to: product name, pack date, farm name, weight, and customer name. This can be expanded to displays of necessary licenses for dairy/meat/egg producers.

Do you need all of this information? More? Less? Determine how you would like incoming products labeled, and also what information invoices must contain for your accounting department. Specify where you would like products to be delivered and what time.

How do I want products to be delivered?

Determine your transportation requirements before your first delivery.

Produce vendors: If you are purchasing produce wholesale, make sure you communicate your packaging needs to your vendor prior to your first delivery. Determine whether you need to receive deliveries in wax boxes, or if a reusable plastic tote will work for your institution.



Determining packing requirements, along with food safety concerns, is important for both parties. Most farmers are able to provide whole, fresh produce from their fields, but finding fresh cut local produce can be challenging.

Also consider if you require your products to be delivered in a refrigerated truck or other cold-storage package.

Proteins: While most institutions are used to ordering specific cuts at a volume, when working with a smaller producer it can be helpful to consider how you could use a wider variety of cuts.

Many producers are accustomed to selling livestock as a whole or half – if you can incorporate this variety into your kitchen, it will keep things interesting for you and ensure that your farmer is able to market more of their product.

One important question for you to ask is where their product is processed. Is it state or federally inspected? This will be important especially if you and your vendor are located on different sides of a state line.

How do I define local?

There are no hard and fast rules; this definition varies greatly among institutions. Most businesses decide what distance they define “local products” to be. Whether this is a 50-mile radius to a 300-mile radius, it is up to you as a buyer to decide what local means to you, and how you want to source locally produced food.

This can impact the variety of products you are available to access, the vendors you work with, and even the cost of transportation. Once your institution has defined your definition of local, it can be helpful to set a goal for local food purchases to help you track your progress internally, and to show the impact on both your organization and your local farmers.

How do I determine price points for different products?

Knowing your purchasing capabilities, and communicating them is key. It is important to recognize that some local products may have a different price point than you see from a mainline distributor, and others will be quite comparable. With this comes superior quality and freshness, in most cases.

However, this may also depend on time of delivery and the producer’s practices. If you are able to determine what your baseline price points are, and if there are some products you are able to spend a little bit more on for superior quality, this will help both you and your farmer, and will help you to incorporate local foods.

Number 2 produce can also be used as an affordable option for food service. They can use these No. 2 products in multiple forms of prepared meals.

Consider if there are products that can shine in your menu, and that you can highlight as local? If so, some restaurateurs can justify paying a little bit more for these products.

How much do I need to buy to make this a worthwhile market for producers?

Every producer is different, and it is important to understand what your vendor's needs and expectations are. There may be different price points, contracts, capacity, payment terms, and other factors from farm to farm. Not sure what a certain farm offers? Ask! The more you both know, the better.

When working with a new vendor, it is important to learn their capacity and what products they can offer. If they grow produce, this means the consistency and variety of crops, and at what volume. If they are livestock farmers, make sure you understand how they are able to sell their products to you.

Do they work with a state or federally inspected locker? Are they used to selling whole animals or cuts? Many farmers are willing to work with a new customer's needs, especially if you are able to provide a consistent outlet for their products.

If these needs are easily expressed in a contract between your business and your vendor's, this can be a good way to keep both parties on the same page.

It is important to consider and communicate if the production doesn't yield expected amounts. Consider who is responsible and discuss options with buyer upfront.

Resources for Buyers

Safe Produce website. Iowa State University Extension and Outreach.
www.safeproduce.cals.iastate.edu

Getting Started with Local Foods at Your School or Institution (fact sheets). ISU Extension and Outreach Local Foods Program.
www.extension.iastate.edu/localfoods/tips-for-getting-started-with-local-foods-at-your-school-or-institution

A Guide to Sustainable Food Procurement for Retail Foodservices. ISU Extension and Outreach.
<https://store.extension.iastate.edu/product/14463>

Checklist for Retail Purchasing of Local Produce. ISU Extension and Outreach.
<https://store.extension.iastate.edu/product/12938>

A Toolkit for Institutional Purchasers Sourcing Local Food from Distributors. Farm to Institution New England.
<https://bit.ly/2mr78qU>

Bringing Local Food to Local Institutions. ATTRA.
<https://attra.ncat.org/attra-pub/download.php?id=261>

Farm to School Toolkit. Minneapolis Public Schools.
http://nutritionservices.mpls.k12.mn.us/uploads/2016/mps_farm_to_school_toolkit.pdf

Find Local Producers (web page). Iowa Market Maker
<https://ia.foodmarketmaker.com> Buying Local Foods for Schools (web page). USDA Food and Nutrition Service.
www.fns.usda.gov/buying-local-foods

Food Safety Modernization Act (FSMA) and Labeling Information (web page). US Food and Drug Administration.
www.fda.gov/Food/GuidanceRegulation/FSMA

How to Develop a Local and Regional Institutional Food Buying Program. Northeast Organic Farming Association
<https://nofavt.org/sites/default/files/files/resources/becot-conner-ettman-developing.pdf>

Institutional Food Purchasing. Michigan Good Food Work Group.
www.michiganfood.org/uploads/files/inst_food_purchasing_report.pdf



Promoting Local Purchasing & Farm to School Activities.
CIAS, University of Wisconsin
www.cias.wisc.edu/foodservtools/8-Build-sustainability/model-wellness-policy-language.pdf

Rural Grocery Initiative (web page). Kansas State University. www.ruralgrocery.org

Tip: Don't forget, it's helpful to reach out to your neighbors and ask similar organizations how they are tackling these opportunities.

Best Practices for Producers

Tips of the trade: Be transparent with what you are able to provide, what your wholesale pricing is, and what your growing practices and food safety protocols are, and create documents that explain this information for buyers.

Things to Consider

Do I need insurance? If so, what kind?

Many buyers require you to carry product liability insurance and proof of insurance. This is insurance that protects you, the farmer, in case an individual becomes ill after coming in contact with your product. If you are working with larger customers, many will require product liability insurance.

What kind of regulations apply to my product?

Regulations can differ from product to product, and even from direct sales to wholesale. Make sure you are aware of the regulations that affect your specific product, and the business or institution you are selling in.

You can find information on marketing regulations for



various types of products in a collection of fact sheets from ISU Extension and Outreach titled *Marketing Local Foods in Iowa* (FS15-25): <https://bit.ly/2NW6hLj>.

What food safety regulations are required? What might my buyer expect me to follow?

Regulations differ depending on your market, but many buyers require some sort of food safety plan for farmers. This can be in the form of GAP (Good Agricultural Practices) certification, participation/documentation of food safety training, or by means of a food safety self-evaluation.

Similarly, the Food Safety Modernization Act (FSMA) Produce Rule also has requirements for produce labeling. There are more stringent regulations in place for dairy, egg, value-added and meat producers. You should familiarize yourself with your state's regulations if considering selling these products, and ask your customer what standards they expect from produce farmers.

Will my prices need to change from my regular farmers market prices?

Wholesale pricing is generally lower than pricing at the farmer's market or through other direct market outlets. This is determined both by the farmer's prices and market and industry standards.

Unsure of what industry standards are? You can discuss this with your customer, similar buyers, and your fellow farmers to get an idea of what you should charge for your product.

Remember to factor in your costs (delivery, packaging, and marketing) and labor when considering pricing. USDA also provides pricing trends by crops and markets national wide.

It may be beneficial to check with USDA for additional pricing information or contact local growers or markets to assess what average sales point are in your area.

What kind of packaging does my customer expect?

Packaging can vary greatly depending on both product and customer. There is a wealth of information available regarding post-harvest practices and packing specific for most produce grown in the Midwest, which is a great starting point.

Make sure you discuss with your customer what they expect; do they need tomatoes packed in pints, for retail sales, or can you deliver in flats for restaurant use?

What information needs to be on my invoice?

Every business or institution can have different requirements, but the following are important pieces of information to include: Farm Name, Address, Date, Item Sold, Quantity Sold, Price Per Unit (lbs, bunches, etc), Total Cost, Payment Terms, PO Number if required by customer, and Invoice Number (this is helpful for your bookkeeping to keep track of customer payments)

What delivery requirements will my customer have?

Some may require cold transportation, some may allow you to deliver in your vehicle; it is important to determine your customer's delivery needs and requirement prior to your first delivery.

Will I need on-farm cold storage if I'm selling wholesale?

It is likely that you will need some sort of post-harvest cooling. Some customers may need frequent deliveries, if this is the case on-farm cold storage could come in handy. If you are storing meat on your farm, you will need a warehouse license.

How much do I need to grow for wholesale customers?

This depends on your customer. You will need to discuss both of your expectations for both quantity and quality before beginning a business relationship. For example, a retail outlet may need uniform sizes and appearance, but order sizes may vary depending on their customers.

A school may be able to take #2 quality produce for processing, but could need consistent order sizes. It is helpful to both the farmer and buyer to understand these details before beginning.

It's important to consider and communicate if the production doesn't yield expected amounts. Consider who is responsible and discuss options with buyer upfront.

Resources for Producers

Food Safety Training Information (web page). ISU Extension and Outreach.
www.extension.iastate.edu/foodsafety/traininginfo

Safe Produce website. ISU Extension and Outreach.
www.safeproduce.cals.iastate.edu

Grower's Manual: A Template for Produce Cooperatives. Leopold Center for Sustainable Agriculture.
http://lib.dr.iastate.edu/leopold_publications/80.

Farm to School Toolkit. Minneapolis Public Schools.
http://nutritionservices.mpls.k12.mn.us/uploads/2016_mps_farm_to_school_toolkit.pdf

Farmer and Rancher Business Plans (web resources). Farm Credit.
<https://farmcredit.com/farmer-and-rancher-education>

Find Local Buyers (web page). Iowa Market Maker.
<https://ia.foodmarketmaker.com>

Food Licensing Table (web page). Iowa Department of Licensing and Appeals.
<https://ia.foodprotectiontaskforce.com/resources1/food-license-table/#tab2>.

Food Safety Modernization Act (FSMA) and Labeling information (web page). US Food and Drug Administration.
www.fda.gov/Food/GuidanceRegulation/FSMA

FSMA/Marketing + More. Purple Pitchfork blog.
www.purplepitchfork.com/tools.html

Grocery Store Pricing Demystified (web page). University of California.
<http://ucanr.edu/blogs/blogcore/postdetail.cfm?postnum=13521>

Guide to Marketing Channel Selection. Cornell Small Farms Program.
<https://cpb-us-e1.wpmucdn.com/blogs.cornell.edu/dist/4/7493/files/2014/07/Guide-to-Marketing-Channel-lib5phn.pdf>



Harvesting Crops for Market. New Entry Sustainable Farming Project.

www.sare.org/content/download/72534/1033975/Harvesting_Crops_for_Market.pdf

Iowa Farm to School Pricing Report. USDA Agricultural Marketing Service.

www.ams.usda.gov/mnreports/lsmiafts.pdf

Iowa Farmers Market Pricing Report. USDA Agricultural Marketing Service.

www.ams.usda.gov/mnreports/lswiowafm.pdf

Livestock, Poultry, and Grain price reports (web page). USDA Agricultural Marketing Service.

www.ams.usda.gov/market-news/livestock-poultry-grain

Marketing Local Foods in Iowa fact sheet series (red meat, poultry, dairy, seafood, produce & more). ISU Value Added Agriculture.

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On-Farm Infrastructure Toolkit. North Carolina Growing Together.

www.ncgrowingtogether.org/wp-content/uploads/2016/11/NCGT-On-Farm-Infrastructure-Toolkit-Early-Release-11-2016.pdf

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<https://mosesorganic.org/broadcaster-pack-shed-design>

Setting Prices for Various Markets. CIAS, University of Wisconsin.

www.cias.wisc.edu/farmertools14/3-prepare-your-business/setting-prices-for-various-markets.pdf

Setting Vegetable Prices for Restaurant and Wholesale (web page). ATTRA.

<https://attra.ncat.org/calendar/question.php/how-do-i-go-about>

Specialty Crops price reports (web page). USDA Agricultural Marketing Service.

www.ams.usda.gov/market-news/fruits-vegetables

USDA AMS Pricing Guides (web page). USDA Agricultural Marketing Service.

www.ams.usda.gov/market-news

Wholesale Packing Resource Guide. New Entry Sustainable Farming Project.

www.sare.org/Learning-Center/SARE-Project-Products/Northeast-SARE-Project-Products/Plain-Language-Guides-for-New-and-Under-Served-Producers/Wholesale-Packing-Resource-Guide

Wholesale Success. Family Farmed.

www.familyfarmed.org/publications/wholesalesuccess

Tip: Don't forget, it's helpful to reach out to your neighbors and ask similar organizations how they are tackling these opportunities.

Acknowledgments

Prepared by the Farm to Institution project team of Dubuque Eats Well. Primary contributors include: Danielle Day and Brittany Demezier of Dubuque County Extension and Outreach; Gwen Hall Driscoll of Mercy Hospital, Dubuque; Sara Wiegel of Sinsinawa Mound Center; Georgia Windhorst of Iowa Food Hub; and Courtney Long of the Iowa State University Extension and Outreach Community Food Systems Program.

Thanks to the following content reviewers: Karen Rodekamp of ISU Dining Services; Amy O'Connell of O'Connell Organic Acres; Tony Thompson of Prudent Produce; Jason Grimm of Iowa Valley Resource Conservation and Development; and Teresa Wiemerslage of the Iowa State Extension and Outreach Local Foods Program.

The Farm to Institution team was started in 2016 as a part of the Community Food Systems Program collaborating with Dubuque Eats Well. The Farm to Institution team's goal has been to encourage and increase local food procurement and sales within the tri-state region.

The team received an Iowa State University Innovation Grant to develop transferable tools for increasing relationships with local farmers and buyers and increasing capacity for growing local. As a part of that grant, this publication was developed to offer a brief overview of best practices for both farmers and buyers.

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